

379
N81d
No. 4787

THE ANGLO-AMERICAN COUNCIL ON PRODUCTIVITY: 1948-1952

BRITISH PRODUCTIVITY AND THE MARSHALL PLAN

DISSERTATION

Presented to the Graduate Council of the
University of North Texas in Partial
Fulfillment of the Requirements

For the Degree of

DOCTOR OF PHILOSOPHY

By

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May, 1999

Gottwald, Carl H., The Anglo-American Council on Productivity: 1948-1952
British Productivity and the Marshall Plan. Doctor of Philosophy (History), May, 1999,
290 pp., 1 appendix, 139 titles.

The United Kingdom's postwar economic recovery and the usefulness of Marshall Plan aid depended heavily on a rapid increase in exports by the country's manufacturing industries. American aid administrators, however, shocked to discover the British industry's inability to respond to the country's urgent need, insisted on aggressive action to improve productivity. In partial response, a joint venture, called the Anglo-American Council on Productivity (AACP), arranged for sixty-six teams involving nearly one thousand people to visit U.S. factories and bring back productivity improvement ideas. Analyses of team recommendations, and a brief review of the country's industrial history, offer compelling insights into the problems of relative industrial decline. This dissertation attempts to assess the reasons for British industry's inability to respond to the country's economic emergency or to maintain its competitive position faced with the challenge of newer industrializing countries.

Useful primary sources included the records of the U.S. Foreign Assistance Agencies in the U.S. National Archives, Treasury and Board of Trade documents in the Public Record Office in England, and the records of the Federation of British Industry and Trades Union Congress preserved in the Modern Records Centre at the University of Warwick in England. Most of the productivity team reports are in the University of

Wisconsin Library, Madison. Interviews with James Silberman, Alexander King, and others proved valuable.

Four chapters review Britain's industrial decline, the difficulties in implementing the Marshall Plan, and an interviewee's first-hand survey report of Britain's industrial weaknesses. Three chapters describe the evolution of the AACP, U.S. visits of the productivity teams, and the recommendations of the team reports. Another chapter outlines the increasingly intense American productivity drive in Britain and Western Europe.

The dissertation concludes that much of the responsibility for Britain's industrial dilemma must be attributed to the management style of owner-managers in that country's largely craft-oriented manufacturing industries.

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CHAPTER I

INTRODUCTION

Histories of Marshall Plan involvement in Britain have rarely noticed American post-war efforts to help modernize Britain's manufacturing industries. The half-century celebration of the Marshall Plan, however, prompted a few historians to focus on its productivity-improvement efforts in those crucial postwar years. Since advanced nations establish their country's economic health and standard-of-living largely on a foundation of competitive manufacturing industries, Marshall Planners judged that European industries, and Britain's in particular, needed modernizing if American aid was to succeed. Although this topic has received only meager attention previously, new archival materials and interviews with a few of the key participants in the productivity history of the period now allow a closer examination of Britain's postwar industrial history in the context of the American-sponsored, Anglo-American Council on Productivity (AACP).

At the end of World War II, Britain needed an enormous effort from its manufacturing industries to earn its way in the postwar world, to fund extensive new social programs, and to pay its massive debts. The new Labour Party government, unwilling to defer socialist promises, unable to hasten the end of vast military commitments, and strangled by debt, placed its hopes for economic survival on income from Britain's export industries. During the difficult transition from war to peace, an

inept government bureaucracy created advisory councils, fostered study commissions, and employed extensive media promotion to exhort industry to greater effort. Industry in turn, fearful of more government control and ever more nationalization, fighting its way out of a postwar quagmire of shortages and controls, and still locked in habitual industrial relations battles, deeply resented socialists' attempts to guide their actions. A rigid, unyielding triangle of government, management, and labor danced around the country's productivity problems while Britain faced the prospect of a financial debacle.

The reality was that British industry had been ailing since the 1870s from a sickness some have diagnosed as the 'British Disease.'¹ Like a complex of viruses, the disease thrived on a mosaic of cultural, political, historical, and financial factors that proved resistant to the antibiotic of modernization. At the turn of the century, even though Britain continued to dominate world trade and its gross national income per capita rose, the country's world trade in manufactures slipped as German and American shares increased.² In addition to these long-standing problems, two world wars and an intervening depression helped diminish British industry's global competitiveness.

In the early postwar period, the worst of times for the British was in 1947 when the country's financial affairs seemed headed for utter disaster.³ An almost insurmountable load of transition problems beset this exhausted victor, this newly

¹G. C. Allen, The British Disease (London: Institute of Economic Affairs, 1976)

²Aaron L. Friedberg, The Weary Titan: Britain and the Experience of Relative Decline, 1985-1905 (Princeton, Princeton University Press, 1988), 39.

³Alec Cairncross, The British Economy since 1945 (Oxford: Blackwell, 1992), 86.

socialist country, faded world power, dying empire, and nearly bankrupt nation. The new Labour Party government expected that income from exports would pay for the country's massive debts and new social programs. But industry just would not, or most often could not, cooperate with the government's excessively high export quotas. British industry simply plodded on in its usual, tired, old ways, angry at the prospect of still greater government controls and mired in a quicksand of shortages and labor problems. Those who thought that American help was the answer wondered if the United States would bother coming to the aid of its elderly and impecunious European aunt.⁴

Marshall Plan aid arrived in mid-1948 with money and programs designed to ease Britain's economy into the post-war world. Marshall Plan administrators, anxious to assure a self-sustaining economy in Britain, offered American help in modernizing the country's ailing manufacturing establishment. The Marshall Plan's technical assistance program and its participation in the Anglo-American Council on Productivity offered Britain a historic opportunity. Hoping to rejuvenate British industry the European Cooperation Administration (ECA) arranged tours for sixty-six British productivity teams, representing separate industries or industrial specialties, to observe operations in American factories, talk with workers and managers, write voluminous notes, and take pictures of equipment and processes. The teams returned home to publish reports, make speeches, and submit to interviews. That American industrialists were willing to invite foreign competitors into their industrial homes was remarkable. But ultimately it proved

⁴"Forever Amber," The Economist, July 12, 1947, 49.

even more remarkable that this eagerly-offered helping hand to an ally in distress failed to motivate Britain's rigid and deep-rooted industrial culture. Although the reasons for Britain's relative industrial decline had been studied and argued in painful detail for more than half a century, the enigma remained.⁵ Why had Britain been unable to make the changes necessary to become once again an industrial leader?

Research for this dissertation started by challenging the conventional understanding of the origin and efforts of the Anglo-American Council on Productivity (AACP). Ammunition for a more detailed analysis came from additional archival sources as well as interviews with individuals once in responsible positions during the Marshall Plan period. The U. S. National Archives and Records Administration (NA) facilities in College Park, Maryland proved to be the most rewarding source for European Cooperation Administration (ECA) archival materials. The Public Record Office (PRO) in Kew, England yielded information on British government involvement in AACP-related activities. The Modern Records Centre (MRC) at the University of Warwick Library in Coventry, England made available much of the archival material on the Trades Union Congress (TUC), the Federation British Industries (FBI), and other materials related to productivity and the British side of the AACP. Published documents could usually be found at London's British Library, the Colindale Newspaper Library, or the London School of Economics Library. The AACP productivity team reports, vital to this dissertation, seemed impossible to locate in either the U. S. or England until the

⁵Cairncross, British Economy, 19.

University of Wisconsin library at Madison finally yielded a treasure trove of team reports. Secondary source materials were amply available in U. S. university libraries.

Of significant value in providing the knowledge, energy, and spirit for this undertaking were several individuals who shared interest, information, and enthusiasm for the subject. The spark that ignited a special interest in this topic came from Richard Griffiths then at the European University Institute in Florence, Italy. Of great importance to the hoped-for substantive quality of the dissertation was Nick Tiratsoo in London who shared hours of discussion, source suggestions, and copies of still-to-be-published materials. Jim Tomlinson and Jonathan Zeitlin, both important contributors to this subject's historiography, were also generous with their time and materials.

During the Marshall Plan years, ECA executives reported good progress in British industrial productivity and the AACP programs. The several Americans interviewed for this dissertation, each once involved in the Marshall effort, all felt that the AACP was a success. But this research suggests that their views were based more on enthusiasm for the cause than an objective assessment of the facts. The sixty-six British productivity teams generally had positive things to say about their visit and came home with ideas useful to their employers. But British industry, by and large, abhorred the pressure to implement ideas foreign to their entrenched culture. While Marshall Plan aid may have been the short term solution to Britain's dire balance-of-payments problem, the all-too-brief, four-year, AACP effort had no realistic expectation of reversing Britain's relative industrial decline.

U. S. planners hoped the Anglo-American Council on Productivity would help make British industry more competitive, hoped to sell the 'American Way of Life,' and hoped to obliterate communist influence in British union affairs. For its part, the British Government resigned itself to accepting the AACP idea, fearing that a refusal would trigger a negative Congressional vote on Marshall aid. The Labour Government, concerned that British industry and labor would resist participation in the proposed Council, made it clear to Marshall Planners that the AACP would have to be a voluntary effort without government involvement. The strong U.S. program initially proposed for the AACP was quickly emasculated by the defensive concerns of the country's opposing industry and labor camps. The once-in-a-lifetime opportunity to view the competition at work was diluted to ineffectiveness in listless committees, shorn of value by determined labor and corporate restrictive practices, and dissipated at the factory level by resistance to change. American members of the Council enthusiastically pressed their generosity despite complaints of sophomoric promotion of the American Way. The Anglo-American Council on Productivity failed to dent the rigid armor of a system that produced only one-third to one-half as much per man as American workers did.

The original plan for this dissertation topic was based on the assumption that the AACP program would be revealed as a major turning point in Britain's post-war industrial history. The historiography, however, with few exceptions, generally ignored the AACP or described it as a failed effort that might warrant a more detailed review. Secondary sources that discussed Britain's industrial decline were more readily available and replete with profound analyses of a whole spectrum of reasons for that decline, but

very tentative in offering solutions to the British disease. Research on the decline syndrome suggested an opportunity to link the AACP failure with Britain's century of economic and industrial decline. Archival sources on American involvement in British productivity issues were often meager. The Council, forced on the British government, resented and resisted by British industry and labor, and operated largely by American businessmen who preferred action over memoranda, left behind sparse documentation. Research, however, did yield new insights into the creation, organization, and operation of the AACP and pointed to symptoms in Britain's industrial decline as the basis for the AACP's difficulties.

Excellent sources for an understanding of the AACP program and the associated decline history include Alec Cairncross's, *The British Economy since 1945*, Jim Tomlinson's, *The Failure of the Anglo-American Council on Productivity*, and Nick Tiratsoo and Jim Tomlinson's *Industrial efficiency and state intervention: Labour 1939-1951*.⁶ Jonathan Zeitlin's works, including *Between Flexibility and Mass Production*, review the issues related to mass production in Britain.⁷ Anthony Carew offers a strongly

⁶Alec Cairncross, *The British Economy since 1945* (Blackwell, Oxford, 1992); Jim Tomlinson, "The Failure of the Anglo-American Council on Productivity," *Business History*, vol. 33, no. 1, January 1990; Nick Tiratsoo and Jim Tomlinson, *Industrial efficiency and state intervention: Labour 1939-51* (London: Routledge, 1993).

⁷Jonathan Zeitlin, *Between Flexibility and Mass Production: Strategic Debate and Industrial Reorganization in British Engineering, 1830-1990* (Oxford: Oxford University Press, Forthcoming).

labor-oriented text entitled, *Labour under the Marshall Plan*.⁸ Correlli Barnett's several controversial, yet very compelling, offerings, including his most recent work, *The Lost Victory*, state his version of the numerous British faults and flaws that led to continued decline.⁹

The puzzling voids in AACP sources provided the incentive to seek out individuals once actively involved in Marshall Plan-related activities. Prominent among those available for interview were James M. Silberman, formerly Director of Industrial Productivity and Technological Development in the U. S. Bureau of Labor Statistics; Dr. Alexander King, one-time science advisor in Britain's Labour Government and former head of the European Productivity Agency; and Victor Reuther, U. S. labor leader and co-chairman of the U. S. section of the AACP. Jacqueline McGlade's dissertation, "The Illusion of Consensus," and the first chapter of Carl Glatt's dissertation, "Reparations and the Transfer of Scientific and Industrial Technology from Germany" proved very helpful.¹⁰

⁸Anthony Carew, *Labour under the Marshall Plan: The politics of productivity and the marketing of management science* (Manchester: Manchester University Press, 1987).

⁹Correlli Barnett, *The Lost Victory: British Dreams, British Realities, 1945-1950* (London: Macmillan, 1995).

¹⁰Jacqueline McGlade, "The Illusion of Consensus: American Business, Cold War Aid and the Industrial Recovery of Western Europe, 1948-1958" (Ph.D. diss., Columbia College, 1995); Carl Glatt, "Reparations and the Transfer of Scientific and Industrial Technology from Germany: A Case Study of the roots of British Industrial Policy and of Aspects of British Occupation Policy in Germany between Post-World War II Reconstruction and the Korean War, 1943-1951" (Ph.D. diss., European University Institute, 1994)

Any attempt to understand the reasons for the failure of both British and American post-war efforts to help modernize Britain's manufacturing establishment requires first a review of the country's industrial history. About 1870, despite Britain's overwhelmingly successful leadership in the first industrial revolution, the nation started into economic and industrial decline relative to other newly industrializing countries. Management-labor relations continued to suffer from the residue of exceedingly poor industrial relations left from the first industrial revolution. The Oxbridge, landed-gentry mentality of most managements, the lack of educational opportunities for the masses, and numerous other debilitating factors continuously frustrated industrial progress and technological development. Explanations of Britain's decline explore themes of cultural malfunction, fading imperial grandeur, the dominance of finance capital, and the absence of political will to create a developmental state.¹¹ By the outbreak of World War II Britain lacked even a modern machine-tool industry, making it almost disastrously dependent on German products.

In the midst of war, the government, anxious about laggard productivity in fighter and bomber aircraft, took control of the British aircraft industry and learned much about the weaknesses of industry. Concerned for the nation's industrial and economic future, Britain's war-time Coalition government took time to make plans for postwar reconstruction and the production of export products, but the dilemma of decline was passed on to politicians of a future era.

¹¹Tiratsoo and Tomlinson, Industrial Efficiency, 1.

Immediately following the war a new Labour Party government, flush with victory and a mandate to install socialist programs, expended its energies on full employment, nationalization, extensive welfare plans, and a formidable array of post-war and post-empire problems. Still, Labour recognized that their contract with the voters could only be financed by an industrial establishment willing and able to generate export sales at a very high level. The Socialist leaders, ill-equipped to understand industry's problems and intimidated by long-standing labor and management tensions, avoided confronting its leadership responsibilities by employing advisory committees and media exhortation to spur productivity improvement. The advisory committees, composed of select government, industry, and labor leaders, brought together ideological and policy opponents in a way that was guaranteed to produce memoranda, much talk, but little action. In early 1948, the government and the country's manufacturing establishment, frozen in a state of frightening rigidity, waited anxiously for the United States to bring money.

Desperate for help, the British watched tensely while American politicians and industrialists debated isolation versus involvement. A few key executives of major U.S. corporations had been heavily involved with the government during the war and became a factor in deciding in favor of more aid for Europe. Concern for Europe's survival, a matter vital to the economic and security interests of the United States, produced the Marshall Plan and the European Cooperation Administration (ECA). The nature of Europe's problems mandated that the ECA report directly to President Truman and be structured and staffed to serve its business purpose, Europe's economic recovery. The

challenge the agency faced required that it be staffed largely by experienced business and industry personnel. President Truman selected Paul Hoffman, formerly Chairman of the Studebaker Corporation, as Administrator of the ECA. Philip Reed, Chairman of General Electric, accepted appointment as the U. S. Chairman of the Anglo-American Council on Productivity. Averell Harriman, businessman, politician, and diplomat, shared in the leadership of the ECA as its Special Representative in Europe (SRE).

Europeans needed to go back to work, earn a living, and lead normal lives. Production and trade had to be restored to peacetime levels. Expanded productivity of Europe's factories was the foundation on which to build healthy economies. Marshall Planners anticipated supplying raw materials and replacing some equipment, but expected Europeans to take the initiative in reviving industry, identifying projects that needed aid, and providing the justification that would lead to approval for assistance. As a result, the U. S. law that created the ECA authorized aid in the form of commodities as well as, "Procurement of and furnishing technical information and assistance."¹² The Committee of European Economic Cooperation (CEEC), organized to coordinate the needs of the sixteen participating countries, had not specifically asked for attention to industrial productivity much less intervention. As the ECA began its work in mid-1948, neither the U.S. nor the recipient European countries planned for or wanted American involvement in their productivity problems. The Anglo-American Council on Productivity and

¹²Public Law 472, the Foreign Assistance Act of 1948, titled the Economic Cooperation Act of 1948, 80th Congress, 2nd Session, April 3, 1948. Also referred to as the Marshall Plan and the European Recovery Program; Foreign Assistance Act of 1948, April 3, 1948, section 111 (a) (3).

subsequent productivity programs in other European countries became an enlargement of ECA's mission in response to a newly-perceived need sanctioned only by an interpretation of its technical information and assistance mission.

This dissertation demonstrates that the political pressure for active American involvement in Europe's industrial problems during the Marshall Plan period came from an unexpected source. A uniquely-qualified individual in the U. S. Labor Department's Bureau of Labor Statistics (BLS) gathered facts strongly indicating that Marshall Plan funds would be used to subsidize Britain's inefficient industries unless urgent action were taken. James M. Silberman, BLS's director of Industrial Productivity and Technological Development, on concluding a month-long tour of British factories, told British government and industry elites that many of their factories were like those that existed in the United States fifty years earlier. British responses to his observations ranged from passive understanding to suggestions that he never be allowed to return to the British Isles.

The U.K.'s Chancellor of the Exchequer, Sir Stafford Cripps, realized that Silberman's strong indictment of British industries might be seen by some in the American Congress as a reason to reduce or discontinue the aid program. Silberman's report and recommendations to his Labor Department superiors and to the ECA Administrator, quickly produced discussions where Cripps proposed to Hoffman the joint British-American council of high-level industry and labor leaders that became the Anglo-American Council on Productivity. Although the British hoped to avoid direct American involvement in this politically-sensitive internal matter, the AACP became their

sacrificial lamb designed more to allay U.S. congressional concerns about Marshall aid than to facilitate assistance in industrial expansion. U. S. business and labor leaders assigned to the Council came to the first meeting ready to present a program proposed by James Silberman. The reality of conditions in British industry and the subtly contentious meetings of the Council emasculated American hopes for the venture and suggest reasons for the AACCP's failure. Never the less, with great enthusiasm by the ECA and terrible grumbling by British industry, the AACCP was born.

Four chapters explore the origins and the activities of the AACCP to offer an expanded understanding of its origins and results. One of those chapters, describing an American's assessment of British industry, his recommendations for change, and the responses of British leaders, reveals a country not yet ready to understand or accept its altered position in an increasingly-competitive global economy. The next chapter discusses the difficult birth of the AACCP where angry British denunciation of the idea, continued resistance to change, and appeals to common sense are exercised in memoranda, the House of Commons, and the press until, finally, the AACCP conducted its start-up meetings. The two chapters that follow examine the work and the reports of the AACCP-sponsored, British productivity teams that visited factories in the United States, provide exhaustive proof that British industry badly needed improvement and demonstrate the remarkable opportunity offered the British for modernizing an industry long in decline. Each of the chapters reveal the means by which British industry and labor scorned the potential benefits and the prospects of recovery from the historic

disease that had nearly crippled the economy. Shown too is the enthusiasm, creativity, as well as naivete of the U. S. Marshall Plan productivity personnel.

Since Britain was not the only country with post-war productivity problems, one chapter was required to place the U.K.'s concerns in the wider European context. The Marshall Plan urged European integration, a United States of Europe, as the ideal way to invigorate economies, defend against communist encroachment, and develop thriving markets to energize manufacturing industries. As AACP sent its first productivity teams to tour U.S. industries, continental countries demanded similar attention. ECA-sponsored productivity centers blossomed in all the participating countries under the umbrella of an OEEC-led European Productivity Agency. Manufacturing efficiency became even more important with the advent of the Korean war and the surge in demand for armaments. The AACP, on completing its obligations at the close of the Marshall Plan in 1952, transferred its functions to the British Productivity Council (BPC), another name in the parade of token efforts to cure the British Disease. The concluding chapter correlates the revelations of the AACP reports and the country's industrial history to determine the core reasons for the relative decline of Britain's manufacturing industries.

The ambitious working-title for this dissertation at the beginning was, *The Management of Technology Transfer*, anticipating that the AACP venture would reveal a major turning point in Britain's industrial history. But British industry did not welcome new technology and the AACP failed to become a turning point. The shambles of these expectations, however, left a residue of understanding of British industrial history, a more realistic assessment of an attempt at Americanization of British industry, and a reminder

of lessons already too often experienced by American international projects. Industrial superiority, money, and an almost religious zeal cannot prevent a project's failure when challenging deeply-entrenched habits and threatening the pride of a long-established culture. There is no clear evidence that Britain benefited significantly from the AACP experience.

Postwar British industries did not collapse. Like their neighbors on the continent they suffered from war damage, government controls, material and labor shortages, and a postwar weariness. Even so, industry not only provided jobs and needed products, but also eventually raised the country's gross national product above its prewar levels. The danger to the country's financial security and standard-of-living was Britain's slower productivity growth compared to the progress of the United States and continental neighbors. As its history shows, this one-time leader of the first industrial revolution had lost its competitive edge a long time before. Britain simply was not prepared to face the reasons for comparative decline, admit the impact of decline on its citizens, or accept the political fallout for the changes that would have to come. Understanding the AACP's results thus had to begin with a review of Britain's history of decline. The dissertation concludes, after viewing Britain's industrial establishment through the lens of Marshall Plan efforts, that the AACP did in fact fail its mission in large part because owner-managers of Britain's factories, traumatized by the transitions imposed by two world wars, threatened by the advance of socialism, shielded from aggressive competition, and too comfortable with old ways of running a business, were ill-equipped to make needed changes.

CHAPTER II

A CENTURY OF INDUSTRIAL DECLINE

British industry, victorious in the First Industrial Revolution, led the world in output for a hundred years after 1770. London's Great Exhibition of 1851 proclaimed the glory of Britain's industrial economy, its continuing leadership of the industrial revolution, dominance in world shipping, and ascendancy in the market place. A street ballad available for sale at the exhibition proclaimed, "O, surely England's greatest wealth, is an honest working man . . . it is a glorious sight to see so many thousands meet, . . ."¹ Between 1850 and 1873 Britain had become the world's carrier, shipbuilder, banker, clearing house, workshop, warehouse, and forge. While continentals fought Napoleon and America settled a continent, free trade released the energies that allowed Britain to attain industrial preeminence, accumulate vast amounts of capital and raw materials, develop a merchant marine second to none, and gain an unchallengeable lead over its competitors.² By about 1870, however, Britain's industrial glory started to wilt as did her position as a world power. Protectionism by other countries hobbled Britain's free trade policy and caused trade to falter. During the Great Depression wholesale prices

¹H. C. G. Matthew, "The Liberal Age (1851-1914)" quoted in Kenneth O. Morgan, Oxford History of Britain (Oxford: Oxford University Press, 1988), 518-519.

²Benjamin H. Brown, "The Tariff Reform Movement in Great Britain, 1881-1895," 2-3, as quoted in Aaron L. Friedberg, The Weary Titan: Britain and the Experience of Relative Decline, 1985-1905 (Princeton: Princeton University Press, 1988), 39.

declined. exports fell steadily, and the emigration of British workers increased.³ In 1886 the Royal Commission on the Depression in Trade and Industry reported that, “We are beginning to feel the effects of foreign competition in quarters where our trade formerly enjoyed a practical monopoly.”⁴

British leaders saw ominous signs of change in the last three decades of the nineteenth century as foreign competition threatened the very manufacturing industries that Britain had dominated.⁵ Contemporary literature also reflected the growing concern over signs of Britain’s decline and the increasing competition from Germany, the United States, and other nations.

For much of the period before 1914, Britain’s economic growth fell noticeably short of the growth in the other leading industrializing countries. The country’s earlier industrial dominance waned and then vanished. It was impossible to identify a single industry that escaped from what Allen later called “the British Disease.”⁶ In 1902, the Tariff Problem Report warned that, “All the older staple industries of Great Britain are either visibly declining or maintaining themselves with increasing difficulty.”⁷ At the turn of the century Ashley forecast that the great countries of the world would succeed in

³Ibid, 5-11.

⁴Ibid, 4.

⁵Sidney Pollard, Britain’s Prime and Britain’s Decline: The British economy 1870 - 1914 (London: Edward Arnold, 1989), viii.

⁶G. C. Allen, The British Disease: A short essay on the nature and causes of the nation’s lagging wealth, (London: The Institute of Economic Affairs, 1976), 31.

⁷W. J. Ashley, “The Tariff Problem,” P. S. King, 1902, 112.

making their own staples, the American manufacturers would become more cost-effective and thus more competitive, American manufacturers would batter Britain's primary industries, more British capital would be invested abroad, but advantages would accrue in the production of spirits on a large scale because of the habits of the country's population.⁸ Britain's industrial plant was getting tired while other western nations, with newer technologies, were catching up and surpassing the leader, and former customers were developing more efficient manufacturing industries.⁹ In particular, German science and American mass-production threatened export products. It seemed even in 1902 that Britain's only competitive advantages in international trade came from coal or trades dependent on cheap labor.¹⁰

The brilliance of Britain's economy before World War I blinded its leaders to the continuing deterioration of its economic infrastructure. At the turn of the century the country was flourishing as never before.¹¹ The gross national product grew and national income per capita rose. London ruled as the world's financial center. Britain continued to dominate world trade and ignore the gains being made by an upstart competition that now attacked British industry on a broad front. Masked by a favorable balance of payments, the retreat from the field of economic battle had strategic consequences.

⁸Ibid., 111-113.

⁹Donald M. Royer, "Is Britain Closing Down?," The Indiana Social Studies Quarterly (Winter 1984-85): 85, 79.

¹⁰Allen, The British Disease, 31.

¹¹Aaron L. Friedberg, The Weary Titan: Britain and the Experience of Relative Decline, 1985-1905 (Princeton, Princeton University Press, 1988), 14.

Decreasing wealth and declining technological sophistication left Britain less able to maintain its position in peacetime military competition, its rivals more capable of waging sustained, intensive warfare. Ominously, in the decades preceding the war, the economies of leading industrializing nations, such as Germany, grew markedly faster than Britain's.¹²

A brief review of Britain's basic industries - steel, shipbuilding, coal, cars, cotton, chemicals, and a few others - demonstrates the discouraging trend.¹³ Steel had experienced a depressing history of decline. In 1870 the country had a commanding lead over other nations in the mass production of steel. Steel exports, absorbing 70 percent of national output, represented over three quarters of total world steel exports. But by 1904 the Tariff Commission complained that British iron and steel producers were slow in introducing automatic machinery and were no longer competitive with the Americans.¹⁴ By 1913 Britain, competition had reduced Britain's pig iron and steel exports to 10 percent of world output. By World War I British steel had surrendered world leadership.¹⁵

¹²Alec Cairncross, The British Economy since 1945 (Oxford: Blackwell, 1992), 19.

¹³Bernard Elbaum and William Lazonick, The Decline of the British Economy (Oxford: Clarendon Press, 1986), 51.

¹⁴Allen, British Disease, 31.

¹⁵Elbaum and Lazonick, Decline of the British Economy, 51.

Shipbuilding, once vital to Britain's dominance of world markets, joined the list of declining industries.¹⁶ In 1890, the undisputed leader in international shipbuilding, Britain controlled 80 percent of the world market. Ten years later, due to German, French, Dutch, and American competition and protective barriers, that share was cut to 60 percent. British shipyard employers and workers tended to be conservative. Unions resisted new methods and imposed rules which impeded progress.¹⁷

The automobile industry suffered a similar fate.¹⁸ The Daimler Motor Company starting production in 1896, adopted modern manufacturing techniques before 1914. An entrepreneur, attempting to monopolize the industry, gained control of the production patents owned by Daimler, Humber, New Beeston Cycle, and the Great Horseless Carriage Company. The scheme failed as technological advances rendered his patents obsolete. Like so many British industries, the British motor car industry was enmeshed in the social tensions developing from Britain's decline. The conflict between labor and capital prevented the British car industry from using American organizational form and helped sentence it by 1914 to a poor second place.¹⁹

Cotton, the industry which helped create the first industrial revolution and contributed over one-quarter of Britain's exports, also joined British industry's decline.

¹⁶Ibid, 125.

¹⁷Jonathan Zeitlin, "Reconstruction and Americanization," in Between Flexibility and Mass Production: Strategic Debate and Industrial Reorganization in British Engineering, 1830-1990 (Oxford: Oxford University Press, forthcoming), 8.

¹⁸Elbaum and Lazonick, Decline of the British Economy, 135-137.

¹⁹Allen, British Disease, 32.

Although the cotton industry was the country's largest employer prior to World War I, it used antiquated machines, relied on traditional technologies, and clung to its established products and international markets.²⁰ Seemingly blind to its vulnerability the industry resisted needed changes even though its export customers sought better product opportunities elsewhere.²¹

The contagion of relative decline seemed to infect most of the country's industries. American and German manufacturers had already surpassed British electrical equipment and automatic machinery companies.²² By the start of World War I British industry had become so backward that serious problems arose in the war with Germany.²³ Chemicals, once a pioneering industry claiming important discoveries, had left the country's textile industry almost entirely dependent on German dyes.²⁴ Between 1914 and 1916, Britain managed to prevent a total breakdown by purchasing American, Swedish, and Swiss machine tools in order to create new war industries²⁵

The interwar period seemed to be as devastating to industry and the economy as World War I. The aggravating effects of industrial decline, unemployment, social bitterness, and powerful unions led to the general strike of 1926, which brought Britain to

²⁰Ibid, 18-19.

²¹Elbaum and Lazonick, Decline of the British Economy, 18-19.

²²Allen, British Disease, 32.

²³Friedberg, Weary Titan, 295

²⁴Allen, British Disease, 32.

²⁵Friedberg, Weary Titan, 295, fn 8.

a virtual standstill for nine days.²⁶ It was the worst explosion of class conflict that Britain had ever known. On display for all who cared to see was the historic disenchantment of Britain's workers, the potential economic strength of their unions, and a divisiveness that would continue to plague the nation.

The American stock market crash in 1929 triggered a downward spiral in international trade and employment. Industrial decline and social decay continued.²⁷ Britain's industrial and manufacturing base, tied to such declining industries as coal, steel, textiles, and shipping, contracted violently, shaking the ailing economy to its roots. Employment rose again only after 1935 with the impact of rearmament.

At the outbreak of World War II, Britain was almost entirely dependent on Germany for ball bearings, magnetos, optical glass, and many of the chemicals used in manufacturing dyes, drugs, poison gas, and high explosives.²⁸ Worst of all, the country had virtually no modern machine-tool industry. Shortages of engines, aircraft, and ammunition were the inevitable result.

Large quantities of all types of aircraft were critical to Britain's survival in World War II, but British aircraft output was only four-fifths of German production. It took three times the number of man-hours to build a Spitfire that it took to build a

²⁶Kenneth O. Morgan, "The Twentieth Century (1914-1987)," in The Oxford History of Britain, ed. Kenneth O. Morgan, (Oxford: Oxford University Press, 1988), 602-603 .

²⁷Ibid, 607-609, 612.

²⁸Friedberg, Weary Titan, 295, fn 8.

Messerschmitt.²⁹ In 1940, the urgency of the productivity battle led the Coalition Government to create the Ministry of Aircraft Production (MAP), and in 1942 to assign Sir Stafford Cripps to manage the industry's 12,000 firms.³⁰ Cripps's previous experience as a munitions factory works manager served the Ministry well. The MAP offered advice on manufacturing methods, factory layout, tooling, rate fixing, quality control, time and motion study, and labor utilization. Technical missions went to the United States to glean productivity improvement ideas.³¹ During more than 500 factory visits Cripps found the typical industrialist to be very conservative, deeply suspicious of new methods, and reluctant to accept the changes in shop-floor popular attitudes. Based on wartime investigations, government agencies concluded that managers were inept, tactless, and weak leaders, unions were obstructive, and workers lacked commitment.³² Cripps concluded that private enterprise, if left to itself, would be neither willing nor able to change.³³ When it served war-time goals, the ministry replaced managements and sometimes nationalized companies. Never the less, the innovations that resulted in

²⁹Correlli Barnett, The Lost Victory: British Dreams, British Realities, 1945-1950 (London: MacMillan, 1995), 31.

³⁰Eric Estorick, Stafford Cripps: A Biography (London: Heineman, 1949) 317.

³¹Jonathan Zeitlin, "Flexibility and Mass Production at War: Aircraft Manufacture in Britain, the United States, and Germany, 1939-1945," Technology and Culture, 36, no. 1 (January, 1995): 52-55.

³²Barnett, Lost Victory, 33.

³³Nick Tiratsoo and Jim Tomlinson, Industrial Efficiency and State Intervention: Labour 1939-1951 (London: Routledge, 1993), 46.

productivity successes for the wartime aircraft industry did not seem to find their way into civilian production in other industries.³⁴

American industry was the unmistakable benchmark for postwar improvements in the competitive performance of British industry.³⁵ Even during the war British and American salesmen, buyers, contractors, engineers, scientists, consultants, and military expeditors regularly exchanged visits and information. British subsidiaries of American companies offered potentially helpful examples of modern management and production practices. During the war, representatives of the United States' National Association of Manufacturers (NAM) traveled to London to consult with leading British industrialists on 'war problems.' There is no indication that Britain's peace-time industries benefited from this war-time transfer of ideas.

The Government's experience with industry early in the war led to concerns for the post-war economy. With the prospect of American entry into the war, the British government started planning for postwar reconstruction focused on increasing exports to pay for war debts and for financing needed imports. A 1943 survey entitled, "Influences Affecting the Level of National Income," suggested that in certain industries prewar U. S. productivity per man was three to four times greater than Britain's.³⁶ The president of the Board of Trade (BOT), citing weaknesses in production methods, technical development

³⁴Zeitlin, "Flexibility and Mass Production," 77.

³⁵Zeitlin, Between Flexibility and Mass Production, 1-2.

³⁶Ibid, 1-3.

and standardization, was concerned that many industries would not be able to expand exports without becoming more competitive. At the time of the survey, prospects for electro-mechanical industries (except for motor vehicles) seemed good but the Board of Trade was concerned about the vulnerability of such basic industries as coal and steel, and consumer goods industries like textiles, cutlery, pottery, apparel and footwear, and anticipated the need for extensive state intervention. An interdepartmental committee on "Post-War Resettlement of the Motor Industry" was gravely concerned about too many small companies producing too many different models. The motor vehicle industry was expected to be the litmus test of the country's ability to meet postwar export targets.

In 1943 a Ministry of Reconstruction was created to coordinate overall policy, terminate thousands of wartime contracts, dispose of government factories, plants, and stores, switch industries from war to peacetime production, and eventually to demobilize the nine million people in the armed forces. The Treasury and the Ministry of Reconstruction concentrated on the macroeconomic aspects, delegating the details to subcommittees, individual Whitehall departments, and lower levels of bureaucracy.³⁷

The BOT reported on the long term prospects of British industry, based on various studies of its own and on the views of leaders in fifty-three industries.³⁸ Almost all industries feared foreign competition and asked for government protection. Industries,

³⁷Carl Glatt, "Reparations and the Transfer of Scientific and Industrial Technology from Germany: A Case Study of the Roots of British Industrial Policy and of Aspects of British Occupation Policy in Germany between Post-World War II Reconstruction and the Korean War, 1943-1951," (Ph.D. diss., European University Institute, 1994), 27-31.

³⁸Barnett, *Lost Victory*, 30-31.

ranging from the oldest to the most technologically advanced, displayed the depressing characteristics of the British Disease.

Continuing concerns about the quality of British managers led the Board of Trade to re-examine this question during 1943. They found employers oblivious to certain productivity issues or too conservative to adopt more than simple measures. While some bigger firms had been active in introducing modern practices the majority of small companies were deeply unsatisfactory. L. Urwick, a prominent industrial consultant, reported that it was difficult to persuade even “enlightened business people” who simply regarded the scientific management idea a fad.³⁹ The BOT concluded that, even though many employers might be hostile to the concept, a government-backed body, such as a Business Advice Bureau, could promote good practice, raise overall standards of management, and help productivity. The Board’s Internal Reconstruction Division raised the subject with the Cabinet Committee on Reconstruction Priorities and its Steering Committee on Post-War Employment receiving agreement on further investigation.⁴⁰

By 1943, numerous small management associations were already in existence. But, likely candidates for further development, the three quasi-umbrella organizations, the Institute of Industrial Administration, Management Research Groups, and the British Management Council, each had problems. L. F. Urwick, a management consultant, gathered information that revealed abysmally poor management standards, widespread

³⁹Tiratsoo and Tomlinson, Industrial Efficiency, 33.

⁴⁰Ibid., 31-33.

ignorance of modern methods, few modern books on industrial management, and indifference or hostility to the whole idea. In February 1944, the independent Weir committee offered their Report on Industrial Management.⁴¹ Its conclusions and recommendations encouraged many in government circles to conclude that the key variable in productivity was, in fact, management. Government leaders agreed that without better management all other possible reforms would fail.⁴² A British Institute of Management (BIM), recommended as the government-sponsored answer, failed to materialize.

The inability to get agreement on some form of organized effort to improve management standards was just another example of the gridlock that thwarted most efforts to improve industry. Opinion in government departments was divided. The Ministry of Labour and the Board of Trade supported the proposals. The Federation of British Industries (FBI) was unfriendly, and the Ministry of Production unsympathetic. Businessmen saw it as another attempt at government intervention. Bowing to strong political sensitivities, the war-time government opted to delay further consideration of creating a British Institute of Management.⁴³

Business organizations constantly lobbied the government for advantage and fought efforts to weaken monopolistic practices. In the early years of the war, trade

⁴¹Parliamentary Debates (Commons), 5th ser., vol. 433 (1947), col. 547.

⁴²Tiratsoo and Tomlinson, Industrial Efficiency, 43.

⁴³Ibid, 42-43.

associations lobbied to strengthen their own powers. They wanted a formal role in government policy-making, and they wanted compulsory membership in their associations. The BOT feared that these ambitions would foster inefficiency and lead to consumer exploitation. In 1943 the BOT, investigating restrictive practices in industry, produced the memo, "The Control of Monopoly", arguing for policies that would break up restrictive cartels. Some thought Britain should have either free competition or centrally planned public enterprise. Neither of these reform proposals bore much fruit.⁴⁴

Unions fought to advance their own agenda during the war by trying to influence post-war reconstruction plans.⁴⁵ The union recommendations, offered to the Government's Post-war Reconstruction Committee by George Chester on behalf of the Trade Union Congress's General Council, amounted to a blue print for a planned economy that would involve nationalization of basic industries and state control over the entire economic life of the nation. The unions wanted full employment, improved labor conditions, an extension of workers' influence over "the policies and purposes of industry," and continuation of controls in the post-war transition period. They proposed maximum controls for others and minimum controls for themselves.⁴⁶

⁴⁴Zeitlin, Between Flexibility and Mass Production, 11-12.

⁴⁵Paul Johnson, "The English Disease, 1945-79," *Wilson Quarterly*, Autumn 1987, 115-116.

⁴⁶"Labour and Production," The Economist, October 28, 1944, 580.

Joint consultation and works councils were among the programs urged by union representatives.⁴⁷ Works councils or their production subcommittees accomplished much on such in-plant problems as scarce materials, supply bottlenecks, housekeeping, care of tools, timekeeping, and reducing absences. Regional Boards for Industry, with government, union, and employer representatives, provided a link between the factories and Whitehall. Joint production committees composed of management and labor, functioned in more than 5,000 establishments during the war, although few continued afterwards.

The National Joint Engineering Trades Movement (NJETM), the umbrella organization for several metal working unions, wanted continuation of wartime planning methods to promote efficiency and full employment after the war.⁴⁸ They claimed that their engineering industry was greatly improved during the war because the government had been the main buyer and because organized labor worked to improve output and efficiency. They demanded that the Government create a tripartite Engineering Board with the executive powers to manage the engineering industries through regional boards and joint production committees in individual factories. Reluctant employers were suspicious of lurking nationalization and the Ministry of Supply became guardedly

⁴⁷Jean A. Flexner, "British Labor under the Labor Government, Part II, Position and Role of Trade-Unions." BLS Monthly Labor Review, October 1948, 369.

⁴⁸Zeitlin, Between Flexibility, 16-17.

hostile. Union prospects for post-war 'participation' with employers waned rapidly after war's end.

In 1944, the Board of Trade identified industries that lagged behind their competition because of backward production methods or poor technical development. The BOT named agricultural equipment, wireless apparatus, accounting machines, automatic and special machine tools, synthetic fibre plants, hosiery, bookbinding, laundering, and plastics machinery. The long list of industries succumbing to the contagion of decline suggested a national epidemic.

Energy consumption, stated in millions of metric tons of coal, can measure a nation's industrialization, its economic pulse rate, and its technical ability to exploit available sources of fossil fuels.⁴⁹ The productivity of Britain's coal mines had been a persistent problem.⁵⁰ The wartime Coalition Government passed an emergency measure that made the Ministry of Fuel and Power responsible for oversight and encouragement. By 1944 the Government was deeply concerned about the poor condition of the coal industry and the prospect of continued coal shortages after the war.⁵¹ Unsuccessful attempts were made to increase mechanization and concentrate work on the most

⁴⁹Paul Kennedy, The Rise and Fall of the Great Powers (New York: Vintage Books, 1989), 201.

⁵⁰Alan Booth, British Economic Development Since 1945 (Manchester: Manchester University Press, 1995), 53.

⁵¹Barry Supple, The History of the British Coal Industry, Volume 4, 1913-1946: The Political Economy of Decline (Oxford: Clarendon Press, 1987) 544.

productive pits.⁵² Efforts were made to improve British machinery, import American equipment, hire American engineers, provide training in new systems, and send mining managers to the U.S. to learn techniques and exchange information. The miners and owners, however, were openly hostile and too uncooperative to allow installation of new technology quickly enough to alleviate the coal crisis. In 1944, visiting American mining experts concluded that the problem was, not so much the mines or equipment, but antagonisms that resulted in low morale, non-cooperation, and indifference.⁵³ British industry still functioned as it did in the early stages of the first industrial revolution over a century ago.

In 1944, Sir Frank Platt headed a Cotton Association mission sent to the United States to study the American cotton industry and to return with recommendations.⁵⁴ The Mission reported that American productivity was much better because of automatic machinery, scientific utilization of labor, lower age of workers, and better attitude of employees. American mill managers were found to be young, analytical, and progressive. Long-standing practices and conventions did not straight-jacket American workers. Concluding their study of American industry, the Platt Mission proposed industry policies that they thought would increase productivity per man-hour and thus permit higher wages.⁵⁵ They recommended that the industry develop a higher degree of

⁵²Ibid, 551-552.

⁵³Barnett, Lost Victory, 34-35.

⁵⁴"Platt Mission to U. S.," The Economist, October 28, 1944, 581.

⁵⁵"Labour and Production," The Economist, October 28, 1944, 580.

standardization and specialization, increase the standard of technical equipment, improve working conditions, increase cooperation between spinners and manufacturers, raise the level of scientific training for the managerial staff, and do a better job of managing manpower needs. Two representatives of the cotton union not only signed the Platt Mission report, but also emphasized the need to raise productivity and urged unions to withdraw their traditional opposition to double-shifts in order to make high-speed automatic looms cost effective. The Economist saw no reason why the cotton industry could not become competitive.⁵⁶ Similar missions for other industries became the vogue after the war.

The government, anticipating post-war reconstruction problems, put on a positive face for the public but discussed the anticipated and depressing reality in private.⁵⁷ In a seriously over-optimistic public prediction, it concluded that, under favorable external conditions, it would not take long in the immediate post-war period for industrial productivity to meet the country's needs. A BOT memorandum to the War Cabinet's Reconstruction Committee forecast that few would anticipate the difficulties ahead. Projections of major increases in productivity, the report claimed, were hazily optimistic assumptions, and the prospect of expanding exports was doubtful, unless industry became

⁵⁶Allen, British Disease, 32.

⁵⁷Jean A. Flexner and Ann S. Ritter, "Great Britain: Employment Policies and Production" BLS Monthly Labor Review, March 1949, 278-279.

more competitive, overseas markets more prosperous, and barriers hampering trade decreased.⁵⁸

The BOT analysis of post-war export prospects demonstrated that many leaders were aware of the full range of Britain's industrial deficiencies. Politicians on both sides agreed that a more efficient home industry would have to produce a higher level of exports. The Labour Party believed that Britain's plight was so desperate that its Secretary, Morgan Phillips, could declare before the 1945 election, "We must modernise or perish."⁵⁹ Yet he doubted if private enterprise alone was up to leading a recovery. Conservatives felt, however, that interfering bureaucrats would only stifle the initiative of competent capitalists.⁶⁰

Britain's goal in the First World War had been to win: in the Second World War, it was to win whatever the cost.⁶¹ According to the BBC, victory in the Battle for Production, a battle that went on day and night, was crucial to the outcome in the Battles of France, Britain, and others.⁶² The cost of these battles made Britain's financial balance sheet an accountant's nightmare and had a serious impact upon the country's long-

⁵⁸Glatt, *Reparations*, 40-41, Glatt quotes extensively from the committee's report.

⁵⁹"Labour and Industrial Efficiency," *The Economist*, June 23, 1945, 845.

⁶⁰Ibid.

⁶¹Alan Milward, *Economic Effects of the World Wars on Britain* (London: Macmillan, 1970), 9.

⁶²Tiratsoo and Tomlinson, *Industrial Efficiency*, 21.

declining balance of payments.⁶³ The British merchant marine, once the largest in the world, lost much of its tonnage to U-boats, mines, and surface raiders. Britain had been forced to finance her allies by borrowing from the Empire and selling many of her foreign investments, often at bargain basement prices. Much of her manufacturing industry had been disrupted to concentrate on war supplies. Factories deteriorated because repairs and maintenance were deferred. Skilled manpower often was lost to war industries or the armed forces. Rising material prices increased the costs of imports relative to exports. Government military expenditures overseas had cost £16 million in 1938, but reached £382 million in 1946. In 1943, reconstruction planners did not anticipate that the country's extravagant post-war foreign policy commitments would add up to as much as the entire British deficit in 1946.

Once the world's largest creditor, accumulating debts and shrinking reserves made Britain, in less than a decade, the largest near-bankrupt in history.⁶⁴ The British economy, a miracle of the 19th century, became an enigma in the 20th. Although the country's rate of growth continued to improve, its efficiency and output, relative to its industrial competitors, deteriorated. Productivity per worker in manufacturing fell as did Britain's share of industrial product exports and per capita GNP.⁶⁵ Ambitious post-war

⁶³Glatt, "Reparations and Transfer," 34-38.

⁶⁴Ibid, 36.

⁶⁵Elbaum and Lazonick, Decline of the British Economy, 266.

plans for the reconstruction of industry and for the demobilization of the armed forces had to adjust to the impact of the country's diminished economic condition.⁶⁶

At the end of World War II, industry had become obsolescent and was "... in the hands of old men, prone to take short term views."⁶⁷ They and their Members of Parliament apparently hoped reconstruction meant Government approval of price-fixing arrangements, state subsidies, and increased levels of protection, rather than amalgamation, reequipment, product changes, or improved sales and marketing methods. Unions relished their Labour Party affiliations, pressed for more participation in factory management, demanded more money and shorter working hours, but shunned opportunities for change that would improve productivity. In 1945, a completely new government and a vastly changed parliament assumed responsibility for Britain's future.

⁶⁶Ibid, 34.

⁶⁷Glatt, "Reparations and Transfer," 45.

CHAPTER III

LEADERSHIP BY COMMITTEE: 1945-1946

Britain's total commitment to victory in World War II seemed to leave the country drained of energy and without an understanding of the battle for economic survival yet to come. The wartime Coalition Government thought it had anticipated the basic needs for postwar reconstruction. Key government officials felt certain that they understood British industry's long-standing problems and would be prepared to assist in the transition to a peacetime economy. But when the United Kingdom emerged victorious from the war, the peace that followed brought a socialist Labour Party elected to lead the government and install socialist programs. The new government's cabinet of socialist zealots and industrial amateurs was immediately faced with unanticipated new responsibilities and left with little time or appetite to address the dilemmas of private industry. The only Cabinet member with actual experience in industry, Sir Stafford Cripps, burdened with responsibilities for both trade and financial affairs, wanted to avoid direct involvement in the politically-sensitive problems of industry. The government, choosing a political solution, sponsored tripartite committees representing government, labor, and industry. The tripartite committees were to provide participants with the communications and support needed to achieve the government's unrealistic export

quotas. While wartime controls continued, government exhorted industry to improve productivity, workers continued to resist change as aggressively as before, and angry managements opposed compliance, fearing the onset of central-planning and more nationalizations. The new Labour Party government's idealistic hopes for economic survival based on profitable export industries were left a shambles.

With the defeat of Germany in 1945, Britain celebrated another historic victory that appeared to validate Britain's way of life and Britain's institutions. Through the giddy euphoric haze of victory most saw a reaffirmation of the country's position as a first-class power. The evidence supporting this conclusion appeared overwhelming. In contrast to her European neighbors, the country had not been defeated or occupied. The magnificence of Britain had been displayed in the heroics of Dunkirk and the Battle of Britain, in the exploits of her three million man army, a Royal Navy that ranged the oceans from the Channel to the Pacific, and an indomitable Churchill at wartime summit conferences. Words, such as British Empire, Commonwealth, and sterling bloc, magnified the apparent power of the United Kingdom. Even the country's political parties were in agreement that Britain would continue to be a global and imperial power. The United Kingdom was obviously one of the 'Big Three.' While admitting that the transition from war to peace might be difficult for a few years, Britain's leaders anticipated switching successfully from war-time to post-war production and amassing

the kind of wealth that would maintain Britain's world role, assuring their citizens a standard of living that was among the highest in the world.¹

Euphoria would soon give way to harsh reality. The next government would have to deal with the dilemma of a debtor nation. Britain had lost half of its merchant shipping as well as old sources of invisible trade income. The country was left with a foreign debt of £23 billion and virtually no reserves of gold and dollars. Wartime austerity and American help were still needed.² Britain's commercial, financial, and bargaining power was lost. The country's economic stature, devastated by two world wars, an intervening depression, the increasing cost of empire, and nearly one hundred years of relative decline, could no longer support even the presumption that Britain was a first-rank power.³

In 1945, British politics made a radical turn to the left. To general astonishment, Britain's Labour party trounced Winston Churchill's Conservatives in an unprecedented political landslide. The voters remembered the unemployment of the 1930s depression years and the appeasement of Germany. They wanted state insurance against misfortune as recommended in the wartime Beveridge Report; they remembered that Churchill had avoided making a government commitment to the Beveridge proposals, but that the

¹Correlli Barnett, The Pride and the Fall: The Dream and Illusion of Britain as a Great Nation. (New York: Free Press, 1987), 7.

²Paul Johnson, "The English Disease, 1945-79," Wilson Quarterly vol. 37, no. 3 (Autumn 1987), 111-112.

³Alec Cairncross, The British Economy since 1945 (Oxford: Blackwell, 1992), 286.

Labour Party had adopted the recommendations. The war and Churchill's role as war leader was over but Churchill's reputation lingered as an unpredictable politician who lacked consideration for the working classes. Labour's participation in the wartime coalition government, gave it credibility as a governing party and the stature to apply pressure for an election. Parliament, which had been elected ten years earlier with a massive Conservative majority, was dissolved in 1945.⁴

The voters, eager for more housing, better health facilities, and full employment, launched the new Labour Government towards a social democracy based on a mixed economy and a welfare state. Clement Attlee claimed that, "Our policy was not a reformed capitalism but progress towards a democratic socialism."⁵ Socialism would bring nationalized industries and a major extension of publicly-financed social welfare as well as a major financial burden to an already crushing economic and political challenges.

The results of the 1945 elections demonstrated that unions had become the power behind the Labour Party throne. Unions, having created the Labour Party nearly fifty years earlier, paid election costs, and sponsored Labour MP's, essentially owned the Party and dominated its policies. Britain's constitution now tilted toward the unions.⁶

⁴P. J. Madgwick, D. Steeds, and L. J. Williams, Britain Since 1945 (London: Hutchinson, 1984), 3-9.

⁵Clement Attlee, As It Happened (New York: Viking Press, 1954), 230.

⁶Johnson, "English Disease," 115-116.

While industrialists fumed, the Trades Union Congress prepared to influence Britain's industrial future.

A small group of senior cabinet ministers, Clement Attlee, Herbert Morrison, Hugh Dalton, and Stafford Cripps, actually ran the government of the country, steering the economy through the Cabinet's Economic Policy Committee. Each had been members of the wartime Coalition Cabinet and were strong Socialists. Clement Attlee, the Prime Minister, personified the virtues of Oxbridge, gave his colleagues a free hand, and frustrated them by lacking any charismatic quality or desire to lead.⁷ Morrison, Lord President of the Council, with overall responsibility for economic policy and Dalton Chancellor of the Exchequer, the two leaders most concerned with the country's economy, proved least able to provide leadership.⁸ Ernest Bevin, once a union leader and Minister of Labour, although assigned the role of Foreign Secretary, found time to be very influential in both economic and union matters.⁹ Cripps, President of the Board of Trade, ultimately proved the leader in the Labour Government's efforts to revive the economy.¹⁰

Although there were seven Cabinet members with industrial experience only Cripps had ever served as a factory manager. The others had been unionists experienced in fighting

⁷Alan Bullock, Ernest Bevin: Foreign Secretary, 1945-1951 (London: W. W. Norton, 1983), 54-57.

⁸Ibid., 438-443.

⁹Ibid., 57-59.

¹⁰Ibid., 452-457.

bosses and thinking about the immorality of capitalists exploiting the worker for profit, but not in planning for technological change or world market competition. Barnett calls it the Amateur Cabinet, one that came to power anticipating redistributing the wealth of a rich imperial Britain but instead, discovering a nearly empty treasury, was faced with the onerous task of producing income.¹¹

A Labour party brochure entitled, "Production: the Bridge to Socialism," proclaimed that,

In electing a Labour government, the people of Britain decided that there should be no return to the social injustice and economic disorder of prewar years. Undeterred by the destruction of the nations's wealth in war, they determined that Britain, which had fought in the front-line against Fascism, should march forward in the front-line of the world struggle for a new social order.¹²

Britain's new, would-be, socialist democracy vowed to protect the former victims of unplanned capitalism. It would offer hope to a once-frightened world threatened either by the Big Dictator or Big Business. But the brochure's authors also cautioned its readers that failure, "to send output bounding ever higher" would court disaster. It would mean a return to "the evil things of the past," and put an end to social progress. The resulting economic chaos would bring untold privation for the whole nation and humiliating dependence on other countries. Labour Party members were urged to shoulder their

¹¹Correlli Barnett, The Lost Victory: British Dreams, British Realities, 1945-1950 (London: Macmillan, 1995) , 180-182.

¹²"Production: the Bridge to Socialism," n.d., London School of Economics Library, 3.

mighty responsibilities, build Socialism, and, "Fling open the gates of a new world in which people of all countries will live at peace in the universal brotherhood of man."¹³

Assuring a significant increase in exports from the country's debilitated manufacturing industries was one of the major challenges facing the 1945 Labour Government. Productivity at war's end was below pre-war levels in a large number of industries. Shortages of skilled workers and critical materials, deterioration of equipment, and the apparent lassitude of a war-weary population, hampered factory operations.¹⁴ Britain's war-weary citizens had to be convinced to remain in the trenches and to step up the battle for productivity. The prospect of continued decline after the war in the face of aggressive competition from the United States, did not bode well for the success of the new Welfare State and the survival of the new Labour Government.

Cooperation between government, industry, and labor was urgently needed to assure success in meeting ambitious export goals. The prospect that factory workers and managers would make eager commitment to the government's export goals was more hoped for than realistic. Equally questionable was the prospect that the new Labour Government would be qualified to address, much less manage, the country's productivity needs.

¹³Ibid., 11.

¹⁴"Measures Taken to Stimulate Productivity in the United Kingdom," H. M. Treasury, November, 29, 1949, RG 469, Entry 376, Box 34., NARA.

Further, there was no organization in the government that the Cabinet could call on to plan and execute the remaking of British industry.¹⁵ Under-secretaries wrote memoranda and briefing papers, created committees, enjoyed power that carried no responsibility, but offered no qualifications as industrial consultants. Alan Milward emphasized the weakness of Britain's Cabinet staff support when he claimed that Sir Stafford Cripps's Treasury Department, in addressing the question of Western European integration, offered conclusions that were "extra-ordinarily wishful, a mirage made of optimism and complacency."¹⁶ The long-term conceptions and plans of their politicians may have been founded on "dreams, ignorance, and prejudice." At the highest levels of three ministries, advice was often formulated in an outmoded literary vein where subtleties of opinion and elegance of expression did not hide the almost "complete absence of knowledge" of the things that needed to be known, or the "extraordinary prejudice" about national character which influenced the generalization.¹⁷

The experience of Frank Chappell offers one small look at the government's productivity effort. On quitting his job as the Board of Trade's Director of the Production Efficiency Service, an agency started by Stafford Cripps in 1945, Chappell said that he left in disgust because of unsuitable staff, unbearable red tape, opposition,

¹⁵ Ibid., 182-183.

¹⁶ Alan S. Milward, The Economic Effects of the World Wars on Britain, (London, MacMillan, 1970), 248-249.

¹⁷ Ibid.

and lack of support. “You get it agreed to at the Ministerial level but administrative machinery throttles it.”¹⁸

Early in the new administration, Sir Stafford Cripps, President of the Board of Trade and later the Chancellor of the Exchequer, seemed destined to dominate the Labour Government’s economic and industrial planning. A former chemist, barrister, factory manager, High Church Christian, near-Communist, Labour politician, and diplomat from a Conservative family, added industrial experience during his World War II assignment (1942-1945) as Minister of Aircraft Production (MAP). Cripps, a man with amazing intelligence and superb self-confidence, was a commanding figure who exerted significant influence. Nothing seemed impossible to him. A teetotaler, vegetarian, and hard worker, he became a British symbol of sacrifice, discipline, and the call of conscience.¹⁹ This prominent and powerful man, this unique personality, could be expected to have critics. Dr. Alexander King, one-time cabinet science advisor during the Attlee Labour Government, recalled someone saying of Cripps, “There but for the grace of God, goes God.”²⁰

¹⁸Request for Production Efficiency Service report to the NPACI, November 24, 1948, BT 64/2403, PRO; BOT Advisory Service memo on Production Efficiency cited in Nick Tiratsoo and Jim Tomlinson, Industrial Efficiency and State Intervention: Labour 1939-1951 (London, Routledge, 1993), 46.

¹⁹Kenneth O. Morgan, Labour in Power, 1945-1951 (Oxford, Clarendon Press, 1984), 363.

²⁰Alexander King, interview by author, London, England, Oct 24, 1996. Dr. King once worked in Cripps’ Ministry of Production, was science advisor to the Lord President in the Attlee cabinet, and later was in charge of Britain’s scientific and technical mission in Washington. King understood Cripps to be very religious and have a cold manner, but

Sir Stafford Cripps became the Cabinet member most directly involved in implementing the Labour Government's plans for increased post-war exports. The country's new leaders chose full employment and a welfare state as their priority rather than economic viability. In a June 1945 BBC broadcast, Cripps announced "The Century of the Common Man."²¹ His campaign presentation displayed the remarkable gift for the written and spoken word he often employed in carrying out his subsequent Cabinet responsibilities. In his broadcast speech, he explained the plans he and his party had for industry. His speech also revealed both British labor's long-standing animosity towards employers and the socialist thinking of the Labour Party.

Private enterprise, too, often tends to keep down output so as to keep up prices; an artificial scarcity is created to maintain profits, and for that purpose, too, prices are controlled. . . . So in the past our industry has been planned and controlled by private enterprise but upon an entirely wrong basis. We want to change those controls, to take them out of the anonymous and irresponsible hands of private individuals and place them in the hands of the people's representatives of Government. . . . That way we succeeded in winning the war and in that way we can provide our people with their needs in the peace.²²

Cripps often castigated private enterprise and its inability to keep up-to-date with machinery, buildings, and methods, and its neglect of industrial education, personnel management, and research and development. He complained of family-run businesses

saw that he had an enormous sense of humor, and ". . . found him a lovely man."

²¹Stafford Cripps, "The Century of the Common Man," in Democracy Alive: A Selection from Recent Speeches by the Rt. Hon. Sir Stafford Cripps, K.C., M.P., ed. Alan Jarvis (London, Sidgwick & Jackson, 1946), 34.

²²Ibid.

that did not give technicians, scientists, and skilled workers a chance to help plan industries in the national interest. Directors uncontrolled by shareholders, he said, should be replaced by first-class men. Workers must have their full part in advising on methods. Instead workers now “ . . . have to watch things going from bad to worse, knowing that the end will mean for them unemployment.”²³ Cripps spoke on a wide range of topics covering both domestic and international affairs, oriented each talk to the hopes and plans of the post-war socialist government, and demonstrated a remarkable breadth of understanding of the issues.²⁴

Cripps’s war-time, aircraft-industry experience with the Ministry of Aircraft Production’s tripartite partnership of government, management, and worker, had been a consensus-seeking answer to industrial policy that worked well during the war probably because government was the buyer. As President of the Board of Trade in Attlee’s government, tripartism became Cripps’s policy for mobilizing support in the post-war production campaign with private industry.²⁵ Tripartite advisory committees, a government-initiated, institutional form also called development councils, lacked real executive powers. They gave the committee’s business representatives a de facto veto over proposed policy initiatives, “ . . . while simultaneously stoking their fears of future

²³Ibid., 35-36.

²⁴Democracy Alive: A selection from Recent Speeches by The Rt. Hon. Sir Stafford Cripps, K. C., M. P., ed. Alan Jarvis (London, Sidgwick & Jackson, 1946).

²⁵Eric Estorick, Stafford Cripps: A Biography (London, William Heinemann, 1949), 317-322.

expropriation.”²⁶ Labour leaders had not anticipated the economic crisis that faced Britain at the end of the war and thus built its industrial platform on the weakest possible policy: consensus, voluntarism, and management prerogative.²⁷ The government’s answers to industrial problems included only the “. . .the faith healing of nationalisation and the patent medicine of tripartite inquiry.”²⁸ It was not a policy likely destined to succeed in peacetime.

In 1945, the Labour Cabinet created two top-level, tripartite, advisory councils to serve as the communications link between government and both sides of industry. The National Joint Advisory Council (NJAC) became the government’s major consultative body on collective bargaining issues while the National Production Advisory Council on Industry (NPACI) advised ministers on industrial conditions and general production questions. Cripps chaired the NPACI where production policy was discussed with the membership composed of representatives suggested by the Federation of British Industries (FBI), the British Employer’s Confederation (BEC), the Trades Union Congress (TUC), and the Government. The council’s regional boards offered the government a path to disseminate policies agreed upon in the national council, such as fuel allocations to industry and staggering of work hours to regulate use of electric power

²⁶Jonathan Zeitlin, “Reconstruction and Americanization,” 17-18, in Between Flexibility and Mass Production: Strategic Debate and Industrial Reorganization in British Engineering, 1830-1990, Oxford University Press, forthcoming. Zeitlin has several excellent works on mass production issues in British manufacturing.

²⁷Ibid.

²⁸“Industry and Politics,” The Economist, June 1, 1946, 873-874.

during peak hours.²⁹ The NJAC operated in parallel with the NPACI and also included representatives from the TUC, FBI, and the BEC.³⁰ Labour's productivity drive became a key part of the Government's economic policy in February 1946, when it was announced by Cripps in a speech to the House of Commons and the prime minister's radio broadcast

³¹

The Labour Government's national productivity drive offered mostly information and encouragement. The Government expected individual firms, industry trade associations, and trade unions to take the initiative. It seemed logical to the Government that knowledge of the country's urgent need for vastly increased export sales to assure economic survival and an improved standard-of-living would be sufficient incentive for industry and labor to improve productivity. With the encouragement of the Chancellor of the Exchequer, employers' associations and trade unions ran publicity campaigns, formed production efficiency committees, prepared booklets and bulletins on ways of increasing production efficiency, and made plans to exchange information on production techniques and even exchange plant visits.³²

²⁹"The United Kingdom Industrial Productivity Program," ECA report, 1949, RG 469, Entry 1423, Box 5. NA.

³⁰Anthony Carew, "The Anglo-American Council on Productivity (1948-52): The Ideological Roots of the Post-War Debate on Productivity in Britain," Journal of Contemporary History, 26 (1991): 49-50.

³¹Parliamentary Debates (Commons), 5th ser., vol. 418 (1946) col. 1846.

³²"Measures Taken to Stimulate Productivity," 1-2.

The Government urged owners and workers in the strongest possible terms to increase output of products for export. Ministers hoped industry would attend to government-announced export quotas with the same frenzy that existed in the wartime aircraft industry. The Labour Ministers gave speeches, held meetings, created committees, and offered publicity favoring productivity and export. The government, mainly Sir Stafford Cripps's Board of Trade, employed an indirect, consultative approach to business, often delegating government controls to industry and business trade associations.³³

The Treasury's Economic Information Unit (EIU) was the propaganda ministry for the government's productivity campaign, offering a vast output of pamphlets, publications, films, exhibitions, conferences, and prepared lectures to both labor and industry. The EIU sent a publication each month to the managing directors and workers' representatives of all factories employing over 100 workers. It described a variety of successful practices that could be of interest to factories. The Economic Information Unit published pamphlets such as, "Productivity Pays ... And How," defining productivity, its benefits, and the need for increased productivity. The EIU advertisement appeared weekly in about 100 newspapers and monthly in 24 trade union journals. Their Bulletin for Industry offered a monthly review of the economy for trade associations, the FBI, BEF, and the TUC. In addition, the EIU sponsored about 125 trade fairs such as a

³³Morgan, Labour in Power, 128.

“Manchester Week,” where it presented films, press and radio information, and exhibitions in order to point out the contributions of given areas in raising productivity.³⁴

The success of the government’s productivity drive would depend in part on the kind of relationship developed between the Labour Government and the private economy. Business, however, feared and resisted the continuance of wartime controls and socialist advances into central planning. Industry largely ignored government propaganda about the need for exports and concentrated instead on products and profits in the hungry seller’s market. The government proved incapable of providing the leadership or the programs that would get cooperation from the private sector.³⁵

An industry analyst proclaimed that the September 1945 Board of Trade appointment of Working Parties on Industry to be one of Britain’s “. . . first constructive efforts to beat our swords into ploughshares after the War.”³⁶ Labour’s tripartite policy mandated that each of the seventeen Working Parties be served by four representatives each from employers, unions, and the BOT. They were designed to be, “. . . purely consultative, self-contained, and finite in their powers, with no authority to direct the

³⁴“The United Kingdom Industrial Productivity Program,” ECA report, 1949, 6-7, RG 469, Entry 1423, Box 5, NA.

³⁵Madgwick et al, Britain Since 1945, 8-10.

³⁶S. E. Davson, The State of British Industry: An Objective Survey Of Reports Of The Working Parties Investigating Britain’s Medium Industries (London: National News-Letter, 1948) 3.

overall course of the industries they represented.”³⁷ The BOT charged the Working Parties with investigating the major industries which supplied both the export and home markets, reporting on the working of private enterprise, examining suggestions for improvement of organization, production, and distribution methods, and recommending steps needed to strengthen industry. The Government anticipated that the Working Parties would reveal if British plants and production methods were actually obsolete, provide the basis for future policy, and reveal the key to Britain’s economic recovery.³⁸

The Working Parties’ seventeen industries employed over a million workers and represented a sixth of all manufacturing industries in Britain. Although instructed to avoid such controversial subjects as labor matters, the strikingly unanimous reports offered a comprehensive view of each industry and demonstrated a willingness to consider new ideas.³⁹ Despite the fact that the reports were developed by cautious antagonists seated in tripartism’s triangle, the reports proved remarkably frank and professional.

Davson reported that it was, “. . . fashionable to talk about the inefficiency of British industry.”⁴⁰ If the reports verified British inefficiency then, “her people will

³⁷Morgan, Labour in Power, 94-99, 128-129; Davson, State of British Industry, 3, 8. Working Parties investigated the cotton, wool, heavy clothing, light clothing, rubber-proofed clothing, hosiery, carpet, pottery, glassware, boot and shoe, furniture, cutlery, jewelry, linoleum, lace, china-clay, and jute industries.

³⁸Davson, State of British Industry, 4.

³⁹ *Ibid.*, 4, 10.

⁴⁰*Ibid.*, 10.

ultimately starve.” It was important to know the facts about alleged obsolete equipment, out-of-date production methods, high profits, and unwilling or exploited workers.⁴¹

Curiously an analyst concluded from the reports that “. . . Britain remains the second greatest and most efficient industrial power in the world.”⁴²

Excellent Working Party research and reports clearly identified many of the long-recognized factors that contributed to British industry’s decline. The action-oriented tone of recommendations made in the reports gave hope that positive change was achievable. The seventeen Working Parties, each in industries important to Britain’s export drive, produced surprisingly useful, but often overambitious reports. Many Working Party recommendations, if implemented, could have made a positive impact on those industries and the country. But the projects proposed by the seventeen individual Working Parties in 1945 and 1946 were expensive and when added together proved beyond the existing means of the nation. Postwar optimism influenced Working Parties and blinded them to the mountain of simultaneous proposals for rebuilding factories in nearly every industry, massive new housing targets, modernization of coal mines and railways, new developments in steel and agriculture, plans for new schools, hospitals, and government offices. Industries wanted new equipment, increased supplies of raw materials, modern buildings, accommodations for research centers, and more workers. The Government, after sponsoring the Working Parties, next advocated major cuts in capital expenditures

⁴¹Ibid.

⁴²Ibid., 18.

and decided it had to choose a few essential industries, like cotton, for development. Thus, interest in the Working Party proposals simply faded away.⁴³ As with other actions of the Labour Government directed at private industry, the Working Parties became another toothless example of leadership by committee.

The Economist noted that the Battle of Britain could not have been won without the full cooperation of organized labor and pointed out that the Battle for Production could not be won without similar cooperation from trade unions.⁴⁴ The principal support for the Labour Government's productivity policies should have come from the unions. The TUC urged their unions to cooperate with government plans. Union members in factory shops most often preferred to resist change.

The TUC, as leader of the trade union movement, publicly expressed support for the government's production drive. But it also blocked a BOT plan to promote analysis of work study⁴⁵ and piecework fearing that they would result in the forced speed-up of work, unemployment, and excess profits.⁴⁶ Individual union organizations and the rank-and-file conducted themselves largely as in the past. In April 1946, The Economist saw slender hope for a successful production campaign. The TUC had avoided giving guidance to its unions about their attitude towards mechanization, rationalization,

⁴³Ibid., 33-36.

⁴⁴"Labour and Production," The Economist, October 28, 1944, 580.

⁴⁵Work study can also be described as time and motion study, a management tool for improving work performance and establishing pay rates.

⁴⁶Carew, "Anglo-American Council on Productivity," 51.

restrictive practices, demarcation lines between crafts, and trade union structure that would have a bearing on efficient industrial organization.⁴⁷ The TUC spoke of their own support for national productivity policies but was unwilling to take a strong stand with their affiliates. Union members, shop stewards, and local unions would fight the Battle for Production only if it was by their rules.

In early 1946 the General Council of the TUC emphasized, “. . . that most of the difficulties which are at present being experienced were foreseen as an almost inevitable accompaniment during the period of transition.”⁴⁸ The Council noted that the “sudden” end of the war with Japan triggered the abrupt end of Lend-Lease and an increase in transition difficulties. Quoting a wartime TUC memorandum for discussion by the Reconstruction Joint Advisory Council (whose members represented the government, TUC, FBI, and BEC) the Council pointed out that,

. . . no one should expect that the end of hostilities would bring any sudden or substantial increase in the various resources of the country available for the production, import or export of raw materials, capital equipment and finished products on a scale sufficient to enable a normal peacetime level of output and consumption to be established and maintained.⁴⁹

The TUC advocated continuance of “measures of public control” as long as necessary to assure the fastest possible adjustment from war to peace, and a very substantial increase

⁴⁷“Trade Unions and Production,” The Economist, April 6, 1948, 524.

⁴⁸“TUC Statement of Policy on Problems of Production,” TUC, London, March 6, 1946, 6.

⁴⁹*Ibid.*, 6-7.

in exports essential to standard of life. The TUC accepted the government's view that exports would need to be 75 percent above the prewar level.⁵⁰

Management, the third partner in the Battle for Production, had been under constant criticism since the end of the nineteenth century. During World War II, Sir Stafford Cripps's experience with the Ministry of Aircraft Production led him to conclude that private industry was very conservative, deeply suspicious of new methods, and if left to itself, would be either unwilling or unable to change.⁵¹ Britain's hundred year history of relative decline necessarily points to management in private industry as a major contributing factor in lagging productivity. Charismatic, all-powerful, senior managers were prevalent in a large number of companies, dominating a hierarchy of lower level managers, differentiating them by varying privileges and badges of status, as in a small imperial court. In the meantime, industrial relations still suffered from shop floor barriers erected in the First Industrial Revolution and management's fear of change.⁵²

A business journal exposed the status of Britain's management culture as it, "... adopted a not uncommon tone of languid superiority in stating: There is something rather endearing about the business efficiency of the United States."⁵³ The journal's sarcasm

⁵⁰Ibid., 7-8.

⁵¹Tiratsoo and Tomlinson, Industrial Efficiency 46.

⁵²Ibid.

⁵³Nick Tiratsoo, "British Management 1945-1964: Reformers And The Struggle To Improve Standards," in E. Abe and T. Gourvish, eds., Japanese Success? British Failure? Comparisons in Business Performance Since 1945 (Oxford: Oxford University Press, 1997), 90.

focused on American business's willingness to pay for criticism from hired consultants, management experts, company doctors, and professors of business administration. In Britain criticism was free, but it was applied to books, sports, and theatrical productions.⁵⁴ Proliferation of management literature and professional organizations seemed to make little impact on the existing management culture. Before and during World War II there were no business schools in Britain comparable to those in America. Government reports, critical of management, received wide press circulation. "Civil servants and ministers were especially shocked by their contacts with industry, expressing bewilderment, for example, at the technical ineptitude and autocratic attitudes displayed by managers."⁵⁵

In early 1946, Sir Stafford Cripps announced plans to form an Institute of Management to provide a center for studying and raising the standards of management..⁵⁶ But attempts at management reform were met mostly with deliberate obstruction from those organizations wedded to long-established ideas. Most managers felt that public denunciations of management reflected unwarranted criticism and an anti-capitalist bias. To them Labour's 1945 election victory meant large parts of the economy would be nationalized. Management in general simply became more determined to defend the status quo. Membership in organizations that defended industrialists, such as the

⁵⁴Ibid.

⁵⁵Ibid., 79.

⁵⁶"Measures Taken to Stimulate Productivity," 8. The idea fell victim to the 1945-1947 gridlock.

Federation of British Industries and the National Union of Manufacturers, doubled in size, trade associations prospered, and money poured into pro-industry propaganda organizations.⁵⁷ British management's emphasis was on leadership qualities (or rather, generalship qualities) but little attention was paid to technical competence. Informed opinion accepted the view that the managers of British industry must accept the greater responsibility for Britain's productivity under-performance.⁵⁸

The competitiveness of British exports of manufactured goods, and of domestic production relative to potential imports, depended heavily on British labor costs relative to labor costs in other countries.⁵⁹ But the statistical information on labor and factory performance needed by industry and government to assess economic performance of companies, to make comparisons with industry in other countries, or evaluate the competitive position of Britain in international trade, was essentially unavailable. Both sides of British industry resisted the application of time and motion study for factory operations; workers because it might result in work speed-up or lost jobs, managers because it might not be worth the fight with the unions or the cost of collecting and analyzing the data. Industry associations and unions simply reflected the attitude of their members. But now the new government, while urging industry to increase production

⁵⁷Tiratsoo, "British Management," 15-20.

⁵⁸Ibid., 13-16.

⁵⁹Jerome A. Mark, "Statistics for Assessing International Competitiveness." Paper presented at the U.S.-Israeli Department-to-Ministry Seminar Program, Jerusalem, Israel, October 17, 1988.

and meet demanding export targets, claimed it needed production information because, “. . . the absence of precise facts on this vital question seriously hindered remedial action.”⁶⁰

The Federation of British Industries replied orally to the proposal for a long-term productivity study, stating they were hesitant about agreeing to further statistical requests unless they could be convinced that there was a real need.⁶¹

Eager for progress reports, the Board of Trade’s productivity review meetings complained about the paucity and quality of the country’s statistical information. The only information available for the pre-1914 years was a wool report showing that raw materials used per worker rose 260% between 1851 and 1911.⁶² Because of census difficulties, there was a problem at a national level of correlating reliable indices of output with comparable manpower figures.⁶³ Analysts were forced to use simple and often grossly inaccurate measures to develop Ministerial reports. There was simply

. . . very little quantitative information either as to the trends of productivity in industry generally or as to variations between individual firms. . . . this ignorance was hampering remedial action calculated to improve productivity.⁶⁴

⁶⁰Lazlo Rostas et al., "Notes on Proposed Long-Term Productivity Study, November 5, 1947, BT 64/2313, PRO.

⁶¹Ibid.

⁶²"The Working Party Reports and Productivity," 1, November 5, 1947, BT 64/2313, PRO.

⁶³"Productivity in the United Kingdom," Reference Division, Central Office of Information, London, quote No. R.2 205, January 7, 1951, p.14-19, RG 469, Correspondence Files of F. E. Rogers, NARA.

⁶⁴ Rostas et al., "Notes on Proposed Long-Term Productivity Study," BT 64/2313, PRO.

The Economist asserted that there was an acute need for information on productivity and complained that there was no satisfactory measurement of productivity-per-man-hour (PMH) in industry.⁶⁵ At a productivity measurement conference of production engineers and cost accountants, one expert “drew attention to the remarkable lack of comparable statistical data upon which to base comparisons of the efficiency of firms within the same industry.”⁶⁶

Rational decisions for change needed a basis in solid productivity per man hour measurement, but virtually nothing useful was available at either factory or industry level. Dr. Lazlo Rostas, a professional statistician at the Board of Trade, managed to complete a productivity study comparing prewar productivity in Britain, the United States, and Germany, despite a general disinterest in his own organization.⁶⁷ His statistics showed Britain in a poor light and were thus suspect, criticized, and even ridiculed.⁶⁸

⁶⁵“The Drive for Production,” The Economist, January 11, 1947, 55.

⁶⁶Ibid.

⁶⁷Lazlo Rostas, “Industrial Production, Productivity, and Distribution in Britain, Germany, and the United States,” from the Journal of the Royal Economic Society, April 1943, for the National Institute of Economic and Social Research, in the Review of Recent British Productivity Statistics and International Productivity Comparisons, RG 469, Entry 50, SRE, NA.

⁶⁸Dr. Alexander King, interview by author, London, October 24, 1996. Dr. King was at that time the Secretary of the Advisory Council on Scientific Policy (ACSP) and also Scientific Advisor to the Lord President of the Council; Anthony C. Hubert, interview by author, Brussels, October 18, 1996. Mr. Hubert is currently Secretary General of the European Association of National Productivity Centers in Brussels.

While the definition, measurement, and use of productivity information remains a complex and controversial subject, the measure of productivity can be as simple as units produced per man hour. Today there is general recognition that availability and effective use of productivity information is critical to the survival of an industrial organization. The U.S. Bureau of Labor Statistics asserts that there is a definite connection between wages and man-hour output, standard-of-living, and individual firm survival.⁶⁹ In the long run, a nation's standard of living and competitive advantage in world trade depend on continual improvement in productivity levels. Rising or falling productivity create corresponding changes in employment levels, wages, costs, and prices.⁷⁰ But the typical post-war British organization had not yet progressed to this level of sophistication. Foreign competitors were already taking advantage of Britain's inability to analyze industry performance and deal with her declining competitiveness. Britain's competitors had already taken the initiative in determining Britain's standard-of-living.

The year 1947 seemed to offer Britain only crises, bad news, and painfully difficult decisions. Coal, critical to the country's economic health remained in short supply. The night of January 28-29 was the coldest since 1929. Power cuts became frequent and factories began to go on short time. The Times headline read: "All Britain Freezes."⁷¹ The continuing cold spell shut down a number of power stations. Electricity

⁶⁹"A Measure of Economic Well-Being," Bureau of Labor Statistics, Monthly Labor Review, February 1950, 169-176.

⁷⁰Ibid.

⁷¹Bullock, Ernest Bevin, 361.

could no longer be supplied to industry over the greater part of the country, and production stopped for three weeks. Unemployment hovered at 2.3 million. According to The Times, the government's Economic Survey for 1947 was "... the most disturbing statement ever made by a British Government."⁷² At the same time the country's imperial and foreign aid commitments reached crisis proportion in Palestine, Greece, Turkey, Egypt, India, Ceylon, and Burma,⁷³

The Cabinet now recognized the absence of state direction on productivity and exports. That realization led them in 1947 to a reorganization of central government, new powers for the Economic Planning Board, a Department of Economic Affairs under Cripps, and the creation of the new Cabinet committees on Economy, Production, and Priorities.⁷⁴ These bodies in turn created Development Councils, the Committee on Industrial Productivity, and the British Institute of Management, and promoted Joint Production Committees, but did not venture into central planning. Labour's strategy had always been to continue the physical and financial controls of wartime, to encourage exports, to urge industry towards areas of the country that needed developing, and to direct the use of vital raw materials.⁷⁵ The Socialist movement and the Labour Government would have been satisfied with nationalization of the Bank of England, civil

⁷²"Under Production," The Times, February 22, 1947, 5.

⁷³Bullock, Ernest Bevin, 362-363.

⁷⁴Morgan, Labour in Power, 134-135.

⁷⁵Ibid., 130.

aviation, cable and wireless, coal, railways, long-distance road transport, electricity, gas, iron and steel, cotton, and no more.⁷⁶ The government, still believing that the managerial and technical skills needed to solve the productivity crisis could only be found in private industry, made no plans to take over control of private industry. The government thought more about a partnership with industry. Although a few ministers were anxious for more nationalizations in the future they saw the need to reassure private capitalists in the short term to establish the kind of financial stability needed to build their democratic socialist commonwealth.⁷⁷

In the summer of 1947, Cripps attempted a slightly more positive form of industrial regulation. Since nearly all of the Working Party reports urged that organizations be set up to implement their proposals, the BOT responded with the idea of tripartite Development Councils for each industry. Proposed as industry advisory bodies composed of employer, worker, and independent representatives, they were not intended as a disguised form of nationalization, a means of introducing worker control, or a means to control union activities. The Development Councils would act as channels of communication between the industry and the Government, organize and coordinate research, advise on training, test new work methods, collect statistics, introduce costing systems to allow for efficiency comparisons, and work on design improvements, standardization, and welfare questions. The Trades Union Congress favored the concept

⁷⁶Ibid., 98, 140-141.

⁷⁷Ibid., 129-130.

and the Federation of British Industries claimed it not to oppose it provided that Development Councils would not be forced on unwilling industries. The TUC claimed that the BOT had assured them it would create Development Councils, if necessary, over the objections of even a majority of employers in the target industries. Still, industries willing to adopt Development Councils were hard to find. The government's Industrial Organization and Development Act in 1947 empowered the BOT to set up a Development Council in any industry. Employers said publicly that they were not opposed to the idea but privately saw Development Councils as another starting-point for government control of industry.⁷⁸

Another government action considered threatening by industry included efforts to reintroduce Joint Production Committees (JPC). Also called Works Committees, Joint Industrial Councils, or Works Councils, seventy three such committees had existed thirty years earlier, their results usually limited by conflict over managerial functions and later handicapped by the depression. Revived during World War II to help improve the munitions and engineering industries, JPCs did a good job of consulting and advising on productivity. After World War II the number of committees declined once again. Workers worried that JPC efforts would improve manufacturing efficiency at their expense and simply increase management's profits.⁷⁹

⁷⁸Davson, State of British Industry, 6-8.

⁷⁹"Joint Labour/Management Efforts," Anglo-American Council on Productivity, London, October, 1948, MSS 552.3/1, Modern Records Centre hereafter cited as MRC.

In 1947, pressed by difficult economic circumstances, the National Joint Advisory Council to the Ministry of Labour and National Service agreed to support enlargement of this tripartite JPC system for exchange of views on production questions. Regional Boards for Industry and their District Committees, Local Employment Committees, and the Personnel Management Advisors associated with the Ministry of Labor, were to promote factory committees.⁸⁰ The National Joint Advisory Council (NJAC) emphasized that Joint Production Committees were to be purely voluntary and advisory, would not deal with employment terms and conditions, and be structured, “through ordinary negotiating arrangements,” to suit the particular circumstances. The Ministry of Labour, hoping for an enthusiastic response, polled fifty-four companies, but received only tepid replies.⁸¹

Lack of scientists and the application of science to industry were also considered factors in lagging industrial performance. The government’s Department of Scientific and Industrial Research, responsible to the Lord President of the Council, Herbert Morrison, directed the work of some thirty-six Industrial Research Associations, each serving a single industry.⁸² But despite such earlier technical achievements as the

⁸⁰Ibid.

⁸¹“Joint Consultation in Industry, OEEC, Paris, January 11, 1949, RG 469, Entry 376, Box 34, NA.

⁸²The Lord President’s responsibility for science policy in the Labour government simply continued a war-time arrangement where the Lord President, as Minister of Economics, allocated resources through various controls and the Chancellor was Minister of Finance. Cairncross, British Economy, 287.

development of radar, scientific advances rarely found their way to industry.⁸³ British social mores of the time still saw pure science as an intellectual exercise contemplated by gentlemen with liberal educations. Technology, on the other hand involved manual labor, and was not the proper task of gentlemen.⁸⁴ Thus, obsolete management systems and the bias of gentlemen were among the factors that retarded the incentive for technological change in industry.

The Advisory Committee on Scientific Policy (ACSP), formed after the war by the Lord President, Herbert Morrison, deliberated on appropriate organization for scientific research, scientific manpower needs, and the form of research necessary to maximize national productivity increases.⁸⁵ The ACSP created a committee under the industrialist, Sir Claude Gibbs, to study how science could best help in rebuilding the United Kingdom. It concluded that the country's lack of capital made it difficult to expect new research to produce results quickly enough to affect the near-term productivity crisis.⁸⁶ The committee did urge the government to increase the pool of scientists and technicians and to support research necessary for industry's long term benefit.⁸⁷ The Committee on Industrial Productivity proposed by the ACSP was to advise

⁸³Eric H. Biddle, "British Program for Increased Productivity, ECA-Washington, 10/10/1949, RG469, Entry 376, Box 34, NARA.

⁸⁴D. C. Coleman, "Gentlemen and Players," Economic History Review, 2nd series, 26 (February 1973): 101.

⁸⁵Biddle, "British Program for Increased Productivity," 4-5.

⁸⁶Alexander King, interview by author.

⁸⁷Biddle, "British Program for Increased Productivity, 4-5.

on scientific research that could “. . . best assist an early increase in industrial productivity” Inaugurated in December 1947, it reported jointly to the Chancellor of the Exchequer, Sir Stafford Cripps, and the Lord President, Herbert Morrison.⁸⁸ Provided with a list of priority problems by the Economic Planning Board, the Committee defined key productivity problems and established four panels to develop projects leading to increased productivity. These panels focused on Operations Research, Imports Substitution, Human Factors, and Technical Information Services.⁸⁹

Dr. King, Secretary for the ACSP, was also Chairman of the Technical Information Services panel for the Committee on Industrial Productivity. It was his opinion that,

Unless we got the support of the unions on the productivity movement, we hadn't a chance of succeeding in the U. K. at that time. They had to be persuaded that there was something in it for them, naturally. We worked very hard on the concept of productivity and the tripartite relationship between industry, government and the unions and the whole range of related subjects such as the human factor in industry, ergonomics, and operations research.⁹⁰

The Committee expanded its membership, developed ad hoc study groups, and appointed technical experts, but offered no tangible results.⁹¹ The Economist was openly sarcastic.

⁸⁸Ibid., 5.

⁸⁹“The United Kingdom Industrial Productivity Program,” 1949, 9-10, RG 469, AID Mission to UK, Entry 1423, Box 5, NA.

⁹⁰King interview. Dr. King visited several times with James Silberman of the U. S. Bureau of Labour Statistics on matters relating to British productivity.

⁹¹Biddle, “British Program for Increased Productivity,” 5.

The general remarks of the Committee and of the panel on Technology are almost without exception blameless generalities on the desirability of research, redeployment, and the necessity of maintaining quality. This is coupled with a curiously naive belief that progress can be claimed because a survey has been instituted or a committee convened. . . Its remarks on the gap between research and development show that it shares the curious belief -- current in government -- that such problems can be settled by the studies and admonitions of government bodies or trade associations rather than by the provision of incentives to make development worthwhile.⁹²

The committee attempted too much, succeeding primarily in reporting the progress of other committees, and later, in recommending its own discharge, with the claim that most of its work had been completed.⁹³ As production of self-satisfied, tripartite-committee reports increased, prospects for meeting export targets waned.

Factory managers, after Cripps's September 1948 crisis speech, anticipated standing by for the rapid changes in demand they had experienced in war-time.⁹⁴ A war-conditioned habit led many to look to government for leadership, but nothing much happened. The government, determined to maintain its tripartite policy, supplied earnest encouragement. But the export drive conflicted with easier profits for industry in the post-war consumer-products seller's market. In the short term, the seller's market won out in preference to the hazards of foreign markets. British industry was not yet able to cope with problems at home, much less eager to venture into the unknowns of price and

⁹²"Straw without Bricks," The Economist, April 9, 1949. 647.

⁹³S. A. Dakin, minutes on committee membership, December 23, 1947, BT 64/2360, PRO; Cabinet Progress Report on the Production Committee, June 21, 1948, BT 64/2360, PRO; Lord President of the Council, "Second Report of the Committee on Industrial Productivity," July 1950, BT 64/2360, PRO.

⁹⁴"British Industry in 1948," The Manchester Guardian Weekly, BT 64/2313, PRO.

delivery competition, new import and exchange restrictions, continuing supply shortages, international political problems, the need for packaging and design changes, and possible sterling devaluation.⁹⁵

Businessmen were very uneasy. The public concluded that the problem was due to something outside the country. Few recognized that it was largely a crisis of production, a need to change attitudes, organization, equipment, and methods. It was often said that the British economy could produce more wealth almost overnight if all classes could see the need to have one man do what two were doing at the moment. Ministers, trade union leaders, and industrialists all offered the same solution, the same tired platitude that everyone should work harder. Instead, everyone and everything resisted change.⁹⁶ The government's half-apologetic approach to industrial planning and leadership by committee, just wasn't working. Britain went to work everyday but couldn't earn enough to pay its bills.

"Labour seemed in fact not to be entirely masters of their fate . . ."⁹⁷ Significant financial, economic, fuel, empire, and foreign affairs crises often distracted the government's concentration from socialist programs and productivity campaigns.⁹⁸ The country's economic survival lay victim to the log-jam of problems on the socialist

⁹⁵Ibid.

⁹⁶Madgwick et al., Britain Since 1945, 8-10.

⁹⁷ Ibid., 10.

⁹⁸Madgwick et al., Britain Since 1945, 8-10.

government's agenda. Evidence suggests that tripartism, the Government's effort to please both unions and business, resulted in contradictory official policies. The industrial leadership offered by Cripps-sponsored committees simply brought stalemate to war-wounded industries. The degree of control exercised by government remained limited while the amity between private industry and government continued to decline.⁹⁹ The habit of resistance to change, acquired by management, labor, and government during Britain's near 100-year history of decline, endured despite the serious threat to the country's economic survival. Britain now yearned for American money, but not for American interference in its affairs.

⁹⁹Morgan, Labour in Power, 129-130.

CHAPTER IV

PRODUCTIVITY AND THE MARSHALL PLAN

In early 1947, American leaders were shocked to discover that the U.S. might be at risk again from another European menace. Nearly two years after World War II Western European democracies struggled painfully with postwar recovery efforts and feared the imperial ambitions of the Soviet Union. The United States, after an arduous gestation period of more than a year, brought forth the Marshall Plan. It came as a business proposition, managed by businessmen, focused on rebuilding the productive infrastructure of European economies as the basis for recovery. The United States, wanting to protect its own economy and security, offered to be investment banker and consultant for an integrated recovery plan to be created by Europeans. Vastly improved industrial and agricultural productivity would be the foundation for healthy economies, jobs, lower prices, and a better standard of living. Supporting factors, such as the balance of payments, exchange rates, customs unions, freedom of trade, and the like, would have to provide incentive for industries to grow and compete. This chapter reviews the evolution of the Marshall Plan and the reasons for its emphasis on productivity.

Economic reports from Britain, in the latter part of 1946, on evidence that productivity had risen above the level of 1938, seemed to confirm that their postwar transition was well underway. But in early 1947, extreme bad weather, a fuel crisis, and a

dollar shortage slowed production and threatened to bring recovery to a complete halt. These problems would traumatize the country's leaders well into the summer of 1948 when U. S. Marshall aid appeared.

U. S. leadership recognized that Britain's transition from war to peace might be difficult but took comfort from the knowledge that Britain still had income from investments in overseas territories that could help alleviate short term problems.¹ In addition, funds from the International Bank for Reconstruction and Development, the Export Import Bank, and a \$3.75 billion loan were to provide the needed margin for recovery. Thus, shortly after the war, the U.S. leaders, feeling they had fulfilled their obligations to Britain, expected lend-lease loans to be repaid.²

The British had reason to be encouraged as the first eighteen months of the postwar transition period ended. Production in some industries exceeded 1938 levels. Export results were encouraging. But this progress had been fueled by funds that producers and consumers had been unable to spend during the war, earnings from Britain's remaining foreign investments, the country's rapidly dwindling gold and dollar reserves, and assistance that still came from the United States.³

¹Mark Blacksell, Post-War Europe: A Political Geography (Boulder, Colorado: Westview Press, 1977), 36-37.

²Michael J. Hogan, The Marshall Plan: America, Britain, and the Reconstruction of Western Europe, 1947-1952 (Cambridge: Cambridge University Press, 1987), 29-31

³Alec Cairncross, The British Economy Since 1945 (Oxford: Blackwell, 1992), 36-37.

Early in 1947, despite \$9 billion in various forms of postwar aid, economic problems increased in all of Western Europe. American leaders had not realized the extent of the war's impact on Europe's economies or understood the reasons why industry and agriculture failed to achieve necessary production levels. The implications for U. S. trade began to dawn on Americans⁴

Security became an additional concern after Potsdam as increasingly strained Soviet-American relations yielded to a general recognition of serious problems.⁵ Eastern and part of Central Europe had already succumbed to Russian pressure. Western Europe, still attempting economic recovery after the shattering experience of World War II, seemed to be the next target of Russian imperialism.⁶ Western European civilization, the chief source of strength for democratic institutions could disappear and leave a serious vacuum affecting the destiny of the American continents. The security of free institutions throughout the world were linked to the health and strength of Western Europe.⁷ The United States government's concerns about Europe's future, and above all its own, stimulated consideration of plans to aid Europe.⁸

⁴Hogan, The Marshall Plan, 29-31.

⁵Ibid.

⁶P. J. Madgwick, D. Steeds, and L. J. Williams, Britain Since 1945 (London: Hutchinson, 1982), 291

⁷U.S. Congress. House and Senate Committees on Foreign Relations. The European Recovery Program: Basic Documents and Background Information (Washington, D.C.: GPO, 1947), 12-14.

⁸U. S., Department of State, House and Senate Committees on Foreign Relations, Foreign Relations of the United States, 1947, hereafter cited as FRUS (Washington, DC:

In the aftermath of World War II, the countries of Europe shared very similar problems. They all faced inflation and a major drop in foreign trade. They all wanted to live better than they had before the war. Possessed of considerable industrial capacity they all had common problems feeding their countrymen, obtaining raw materials for their factories, and marketing their products. The war had consumed existing stockpiles, exhausted most stores of natural resources, and increased dependence on imports. North America often became the only source for necessary raw materials, components, and equipment. Europe's rapidly depleting dollar reserves started to restrict the flow of supplies, and debilitating shortages became a menacing hazard to productivity, export targets, dollar income, and economic recovery.⁹

Britain and all of Europe had completely disrupted their entire economies to serve the needs of war. A serious deterioration in the normal ways of doing business handicapped recovery. War damage in Britain was greater than the nation had suffered in any previous conflict. A world-wide shortage of raw materials and industrial and transportation equipment, even when funds were available, slowed the pace of reconstruction. Labor was less available and less productive than before because of war losses, aging, and declining incentive. Available stocks of raw materials and components were being used up quicker than they could be replaced. Maintenance of

1972), 3:230-2; Dean Acheson, Present at the Creation: My Years in the State Department (New York: W. W. Norton & Company, 1969), 231.

⁹U.S. Congress, The European Recovery Program, 12-14.

railways, public utilities, and factories remained long overdue.¹⁰ Much of British coal mining equipment had become obsolete. A vast number of firms, including foundries, gas and electric power stations, and railways, still waited delivery or installation of new equipment.¹¹

Terms of trade, due to a world-wide inflation, seriously affected the ability of European nations to trade among themselves. Products available for export were difficult to sell. Imports cost more than before. Attempts to balance trade with other countries led to quotas, barter, compensation agreements, and other restrictions. Britain's reserves dwindled in all currencies needed to buy imported products.¹² The pressure to make urgently needed purchases continued to deplete Britain's dollar reserves. In early 1947, as a dollar shortage appeared all over Europe, recovery seemed to grind to a halt.¹³

Economists, remembering the post-World War I period, had predicted an economic problem by 1947. The experience of the previous postwar transition suggested that the need to rebuild inventories would cause a temporary boom and then a depression. As forecast, postwar restoration of war damage, inventory rebuilding, and liberation of pent-up purchasing power resulted in high levels of demand that laid the ground for a

¹⁰"British Industry in 1948," The Manchester Guardian Weekly, March 11, 18, 25, and April 1, 1948.

¹¹"Waiting for Mechanization," Mechanical Handling, vol. 34, no. 1, January 1947, 9.

¹²Ibid.

¹³Cairncross, British Economy, 36-37.

repeat of the early 1920s trauma.¹⁴ With a crushing certainty 1947 brought only crises, bad news, and painfully difficult decisions. Coal, critical to revival, remained in short supply. In the terrible winter of 1946-1947, newspaper headlines read, "All Britain Freezes."¹⁵ The severe cold spell shut down power stations, and electricity could no longer be supplied to industry over the greater part of the country. A fuel crisis in February 1947 cut off electricity from much of industry stopping production for three weeks and reducing exports by at least £100 million. The number of unemployed workers rose to over 2.3 million.¹⁶

On February 6, 1947, The Manchester Guardian Weekly started a four-part survey, "The Struggle for Production," to consider the impact of production problems reported by government bureaucrats, "on real factories with real people in them."¹⁷ It asked, "How do things look to the director, works manager, or foreman who has the practical job of organizing production."¹⁸ They found the conversion from war to peace about complete, but that fuel and many raw materials had become short. The shortage of labor in the coal mines, iron foundries, and textile mills indirectly held up nearly every

¹⁴Alan S. Milward, The Reconstruction of Western Europe: 1945-51 (Berkeley: University of California Press, 1984), 1.

¹⁵Alan Bullock, Ernest Bevin: Foreign Secretary, 1945-1951 (New York: W. W. Norton, 1983), 361.

¹⁶Cairncross, British Economy, 54-55.

¹⁷"The Struggle for Production," The Manchester Guardian Weekly, February 6 to March 13, 1947.

¹⁸"The Struggle for Production," The Manchester Guardian Weekly, February 6, 1947.

other industry in the country. Some manufacturers and government departments had set excessive and conflicting targets, making fulfillment impossible. Government controls caused “delays and muddles” requiring excessive personal follow-up and increased overhead costs. Coal allocations had been much greater than the available supplies, making it hard to plan production. Some managements were seriously discouraged or even paralyzed by the government’s controls.¹⁹

The British government’s Economic Survey for 1947, published on February 21, 1947, stated that, “. . . we have not enough resources to do all that we want to do. We have barely enough resources to do all that we must do, . . .”²⁰ The Times considered the survey the most disturbing statement ever made by a British Government.²¹ It defined the central problems first and foremost as coal and power, and then the need to expand the national labor force, the failure to achieve maximum increases in output, the necessity of positioning workers where they were needed most, and improving the ability to pay for imports by steady recovery of exports.²² The Times report emphasized that the urgent requirement for increased national production could only be achieved by greater output per man-year.²³ The government saw the country’s industrial crisis as fundamentally a

¹⁹Ibid.

²⁰“Lack of Resources,” The Times, February 22, 1947, 4.

²¹“Under Production,” The Times, February 22, 1947, 5; Cairncross, British Economy, 362.

²²“Central Problem,” The Times, February 22, 1947, 8.

²³“The Task Before the Nation,” The Times, February 22, 1947, 4.

problem of coal.²⁴ The White Paper stated in conclusion, "Unless we concentrate upon these really important things we may never restore the foundations of our national life."²⁵

There seemed to be no way to stop the looming tragedy without outside help. If Europeans could no longer buy from America's greatly expanded industries, then the American worker would soon feel the impact. An economic collapse in Europe would be a serious blow to the American economy. Unless the United States acted quickly enough, impoverished and desperate Europeans might resort to revolutions ignited by Communists eager to remove American influence from all of Europe. Americans had much to lose if they failed to act. American leaders watched with growing alarm but were uncertain whether the American public understood that their country's prosperity and security could be in jeopardy and whether taxpayers and Congress would support a massive aid program.²⁶

Until early 1947 Britain fulfilled responsibilities in both Europe and the Middle East. But deepening economic problems at home, concerns about security in Europe, and the prospect of American isolationism made the British realize that it could not go it alone.²⁷ A communist insurrection in Greece, when added to the growing strength of communist parties in Italy and France, gave U.S. State Department officials cause for

²⁴"Higher Output Needed," The Times, February 22, 1947, 4.

²⁵"Central Problem," The Times, 8.

²⁶Lewis Paul Todd, "The Marshall Plan: a Program of International Cooperation," The Advisory Committee on Education, ECA, Washington, DC., 1950, 1-6.

²⁷Madgwick et al, Britain Since 1945, 291.

serious concern. The prospect of communist governments under Soviet control being established in Western Europe loomed ominously. Anxiety finally gave way to action on February 24, 1947, when the British Government informed the United States that it lacked the financial resources to continue aid to the Greek Government. The United States announced the Truman Doctrine and the provision of \$400 million in aid to Greece and Turkey.²⁸

The U.S. Government's real shock had been the realization that its own security could be in danger. Britain's economic troubles left it helpless to share growing global burdens. The extent of economic dislocation in Western European countries made them potential prey to Soviet aggression. Secretary of State George C. Marshall returned from the Council of Ministers' meeting in Moscow on April 28 convinced that the Soviet Union wanted economic breakdown in Europe. European recovery had been slower than expected and already showed signs of disintegration. He concluded that, "Whatever action is possible to meet these pressing problems must be taken without delay."²⁹

Despite urgent need for an aid program the American public had already settled into a postwar mood, was glad the war had ended, happy to be back home, and perhaps ready to return to the isolationism that followed World War I. American politicians and the public had to be educated about the issues and answers. Politicians and public

²⁸Department of State, Bureau of Public Affairs, The Marshall Plan: Origins and Implementation, ([Washington, D.C.] : U.S. Department of State, Bureau of Public Affairs, April 1987), 2.

²⁹Ibid.

opinion in the proposed recipient countries would also require equally sensitive consideration. It would take Americans until mid-1948 to enact the Marshall Plan.³⁰

Under Secretary of State Dean Acheson gave the first official indication that a European recovery program was under consideration by the United States. In a speech on May 8, 1947, Acheson described the devastation in Europe and the collapse of normal international trade, declaring that “Until the various countries of the world get on their feet and become self-supporting, there can be no political or economic stability in the world and no lasting peace or prosperity for any of us”³¹ The U.S., he concluded, would have to finance Western Europe’s recovery. Outlining American international political and economic policies he proposed increased American exports, elimination of trade barriers, U. S. emergency assistance, restoration of Germany and Japan, and continuation of congressional delegation to the executive branch of powers to export commodities.³²

Secretary Marshall assigned a career Foreign Service officer, George Kennan, to head a Policy Planning unit and the task of recommending a solution to Europe’s economic crisis. Kennan’s proposal on May 23rd included an immediate program to ease production bottlenecks in Europe with particular emphasis on relieving the coal shortage. For the long term task Europeans themselves, with the promise of U.S. financial support, were to devise a plan to become self-supporting. William L. Clayton, Under Secretary of

³⁰Ibid.

³¹Ibid.

³²Ibid.

State for Economic Affairs, serving abroad since early April 1947, concluded that Europe was steadily deteriorating. Tighter budgets, he felt, would result in revolution.

Americans had to make sacrifices to save Europe from starvation and chaos.³³ In his June 5, 1947 speech at Harvard University, Secretary Marshall repeated most of Acheson's earlier proposal. He offered, not a plan, but a statement that the United States would determine what assistance it could provide if European countries wished to plan and cooperate in a program of reconstruction.³⁴

British leaders were immediately enthusiastic. Foreign Secretary, Ernest Bevin, welcomed Marshall's inspiring lead, and offered to take the initiative in getting "the great machine of Europe" working again.³⁵ On the invitation of French Foreign Minister, Georges Bidault, representatives of European countries convened in Paris for a three day conference on raw materials, tariffs, currency, and priorities of aid.³⁶ The British press was enthusiastic over Marshall's challenge.³⁷ The Soviet press attacked the U.S. plan as an attempt to interfere in the domestic affairs of foreign countries.³⁸

³³U. S., Department of State, FRUS, 1947 (Washington, DC: 1972), 3:232.

³⁴U. S., Department of State, FRUS, 1947 (Washington, DC: 1972), 3:230-2; Dean Acheson, Present at the Creation: My Years in the State Department (New York: W. W. Norton, 1969), 231.

³⁵"Ernest Bevin," The Times, June 14, 1947, 5.

³⁶U. S. Congressional Committees on Foreign Relations, The European Recovery Program, (Washington:1947), USGPO, 3.

³⁷"Mr. Marshall's Challenge," The Economist, June 14, 1947, 921- 923.

³⁸The European Recovery Program, 3

On June 22, 1947, President Truman appointed three fact-finding committees to determine the resources available, the effect such a program would have on the American economy, and to develop public and congressional support for an aid program. The most important of these, the Committee on Foreign Aid, was headed by Commerce Secretary Averell Harriman. It was a nonpartisan group of nineteen representatives from organized business, labor, agriculture, and universities.³⁹ The State Department hoped the committees would help assure the American people and the Congress that the U.S. could and should support a massive recovery program.⁴⁰

Two State Department groups, the Policy Planning Unit and the European Recovery Program Committee, worked on preliminary goals for Europe. Arguments arose between the free traders and planners among them over the best way to enhance production and foster integration. Free traders wanted priority given to a currency-clearing scheme and a customs union. Planners, certain that the free traders were impractical, preferred to concentrate on restoring Europe's existing industries, to increasing production in bottleneck areas, to reducing restrictions on intra-European trade and payments, and to integrating European economies. A compromise resulted which gave priority to production and trade but including transnational planning and market incentives to integrate economies and increase production. In the short term, the United

³⁹Harriman, in 1948, became the European Cooperation Administration's Special Representative in Europe, a responsibility of equal rank to that of the ECA's Administrator.

⁴⁰Hogan, Marshall Plan, 56.

States would insist on a European planning authority with power to allocate resources, set production targets, and foster integration. It would also provide basic grants for essential commodities and capital equipment to achieve immediate gains in production. As production increased, European leaders would have to permit the free market to regulate resources and eliminate unproductive companies..⁴¹ Both the Policy Planning Staff and European Recovery Program committee adopted similar positions towards Great Britain, stressing restoration of existing industries and increasing output.⁴²

U.S. business leaders were influential in creating the Marshall Plan. A close government-business relationship in the United States had contributed greatly to the successful conclusion of the war. But in the aftermath of war a debate raged among prominent American business leaders over the role of business and government beyond the borders of the country. Organizations of leading businessmen, the Business Advisory Council, Council for Economic Development, National Association of Manufacturers, National Foreign Trade Council, National Industrial Conference Board, and the Twentieth Century Fund, provided information and propaganda promoting their competing agendas. Business traditionalists urged executives to provide leadership for American's postwar recovery but did not favor involvement in global economic reform. Business expansionists promoted greater capitalist statesmanship and U.S. leadership of world economic recovery. Several of the leading lights among business internationalists,

⁴¹Committee on the European Recovery Program, June-July, 1947, RG 353, Lot 122, box 26, folder: REP minutes, NA.

⁴²Hogan, Marshall Plan, 58-59.

including Paul Hoffman, Averell Harriman, and Philip Reed, would soon play prominent roles in the Marshall Plan.⁴³

On June 19, 1947, Ernest Bevin, speaking of Marshall's proposal, told the House of Commons that Britain, ". . . will seize this opportunity and try to turn it to the greatest possible account."⁴⁴ But with the British economy heading into a dollar insolvency crisis some in Britain worried that Americans would want to know what accounted for British industry's lower productivity and why America should pay for the consequences.⁴⁵ An editorial pointed out that while at least half of the country's deficit in balance of payments was due to outside influences, the other half of the deficit was of the country's own making. Although aggregate output was 10 to 20 percent higher in volume than in 1938 there was underproduction in coal and textiles and a general atmosphere of slackness.⁴⁶

The Government continued to urge industry to greater effort to solve the country's balance of payments problem but avoided mention of the heavy economic burden that socialism expected its industrial camel to carry. Labour had added the economic load of a full employment policy, a new national health service, an extension of the national educational system, and a considerable extension of social insurance. Britain had to

⁴³Jacqueline McGlade, "The Illusion of Consensus: American Business, Cold War Aid and the Industrial Recovery of Western Europe, 1948-1958," Dissertation, George Washington University, 1995, 26-93.

⁴⁴European Recovery Program, 47.

⁴⁵"Forever Amber," The Economist, July 12, 1947, 49-50.

⁴⁶"The Planners' Last Chance," The Economist, Aug. 2, 1947, pp. 177-178

service a vast war debt, support a large colonial development and welfare program, maintain a peace-time armed force twice as large as before the war, and accept responsibility for a large portion of Germany. Britain's economic burdens included war damage repair, belated factory and facility maintenance, major industry reequipment, a standard of consumption that was already higher than before the war, and an impossible export program targeted at 175 percent of pre-war volume. The Labour government's planners had set the nation on a course of consuming more than it could produce.⁴⁷

As the country speeded towards a balance of payments crisis, the Special Research Unit of the Board of Trade cautiously explored the possibilities of increasing productivity in various industries. A confidential memorandum to an industry Research Association requested time for a general discussion on the problems of industry, a review of technical processes, and collaboration on a future program. An attached memorandum offered background material for discussion and revealed a considerable breadth of knowledge in the government about existing productivity problems. Specific agenda topics included attitude towards work, fields for improvement, short term difficulties, improvement in the individual firm, technical reorganization, reequipment, administration and layout, improved managerial relations, possible government intervention, responsibilities of government, and responsibilities of manufacturing industries.⁴⁸

⁴⁷Ibid.

⁴⁸Memo to Wilsdon, Wool Industry Research Association, from Director of BOT Special Research Unit, August 8, 1947, BT 64/2313, PRO.

Trade journals nagged for solution to industrial problems pointing out what they thought was clear for all to see, namely, that the nation worked as one unit during the war but seemed unable to cope in peacetime. Shortages of coal, steel, and labor hampered production throughout industry. The political atmosphere left industry perplexed and frustrated. Forecasts from industry pundits ranged the gamut from an approaching slump to a trade boom that would last for years.⁴⁹ Productivity suggestions made by the President of the American Chamber of Commerce in London were very similar to many that had long and often been recommended by Working Parties and others. He had seen production equipment that was more than thirty years old, a lack of management attention to equipment needs for materials handling, and a need for better employee training and improved inspection methods.⁵⁰

Leading British statesmen, industrialists, and progressive labor leaders were in complete agreement on one point. Increased output per man-hour could do more to solve the country's problems than any other single factor. Continued blindness to Britain's greatly reduced condition fostered the notion that satisfactory output would help Britain maintain its position as a Great Power.⁵¹ In August, at the annual luncheon of the British Export Trade Research Association, Sir Stafford Cripps admitted they were living in a strange world. He described business executives breaking down in despair when an order

⁴⁹"Planning for the Future," Mechanical Handling, vol. 34, no. 6 (June 1947), 290.

⁵⁰"Wasted Labour," Mechanical Handling vol. 34, no. 3 (March 1947), 11; "Efficient Handling," Mechanical Handling, vol. 34, no. 4 (April, 1947), 173.

⁵¹"Greater Production," Mechanical Handling vol. 34, no. 9 (September, 1947), 453.

arrived in the mail, but who would be ready to celebrate if a parcel arrived containing raw materials or components. In the months immediately after the war Britain's businesses had profited from a seller market and not heeded Cripps's warning that it would end quickly. Further, Cripps complained, industries that should have been exporting more had not even sought the services of the country's Export Association.⁵² The Government's Committee on Industrial Productivity reported a widespread lack of appreciation among industrialists on the scope and reasons for the crisis facing the country. Despite constant appeals to industry only the Government seemed to think there was a national problem.⁵³

In the summer of 1947 the Government opted for more positive forms of industrial regulation rather than attempt to reduce expenditures. Officials expended much effort on new regulations, including the 1947 Industrial Organization and Development Act, Development Councils, Joint Production Committees, new powers for the Economic Planning Board, the creation of the Department of Economic Affairs, and the Cabinet committees for Economy, Production, and Priorities. But the Labour government's planning efforts were half-hearted, indirect, and mostly unsuccessful. Nationalization had been the main industrial goal of British socialism and its likely justification. Private

⁵²"Sellers' Market Disappearing," Mechanical Handling vol. 34. no. 8, August, 1947, 397.

⁵³Correlli Barnett, The Lost Victory, (Macmillan: London, 1995), 180.

industry was on its own to wallow in controls, shortages, unrealistic export targets, antique methods, and counter-productive attitudes.⁵⁴

Towards the end of that summer, a British negotiating team brought Washington a warning of imminent collapse of world trade and the prospects of further abandonment of Britain's global commitments unless the U.K. received immediate help in stopping the hemorrhage of dollar reserves. The State Department had little confidence in the Labour government's leadership.⁵⁵ George Kennan thought Britain's position,

. . . tragic to a point that challenges description. . . Her problems were . . . deep-seated and grave, . . . as a body politic Britain is seriously sick. She is incapable of viewing her own situation realistically and dealing with it effectively. . . It is admitted and even volunteered by individual Englishmen who have retained some clarity of vision; and it is coupled with an appeal to us, pitiable in the cost to national pride which this implies, to take responsibility, to find and announce the answer - to treat the British, in short, as a sick people and to tide them over until they can recover their balance.⁵⁶

The new Labour government, he thought, had come to power at the exact moment their socialist principles were no longer useful, that it was incapable of recognizing this dilemma for themselves, and that the country's deterioration exerted a cruel pressure on the government. He expected that British government behavior would become

⁵⁴Kenneth O. Morgan, Labour in Power, 1945-1951 (Oxford: Clarendon Press, 1984), 129-141.

⁵⁵Hogan, Marshall Plan, 82.

⁵⁶Memorandum by George F. Kennan, September 4, 1947, FRUS, 1947, 3:399.

“unrealistic, erratic, slap-happy.” If the United States didn’t help, Washington could despair of British and European recovery.⁵⁷

Meanwhile, on July 12, 1947, sixteen nations convened in Paris for a conference on the Marshall Plan and to create the Committee on European Economic Cooperation (CEEC). In eagerness to cooperate with Secretary Marshall’s offer, the CEEC surveyed European resources and needs and drafted a program of European industrial reconstruction and modernization. Marshall Planners expected the CEEC to coordinate their results with American hopes for an integrated Europe large enough to be economically successful and strong enough to ward off the Soviet challenge. U.S. Under Secretary of State Will Clayton urged plans that would boost levels of production and make Western Europe self-supporting in three to four years. Americans would provide essential commodities and capital equipment to restore existing industries, but Europeans had to get World Bank loans, create realistic production plans, balance budgets, and abolish exchange and trade controls.⁵⁸ British policy-makers balked indignantly at the idea of transnational economic coordination. They believed a commitment to coordination would prevent the Labour government from continuing its independent course, leave British labor and industry unprotected from competition, and result in ruinous competition from lower-cost producers on the Continent.⁵⁹

⁵⁷Ibid., 399-400.

⁵⁸ Hogan, Marshall Plan, 60-69.

⁵⁹Ibid., 66-68.

CEEC representatives busied themselves avoiding ideas of planning and integrating, offering the U.S. instead a simple tally of aid wanted by sixteen countries. The State Department determined that this initial CEEC offering would simply recreate the same prewar pattern of low productivity and maldistribution of effort, a prospect unlikely to make Europe self-supporting at the end of the Marshall Plan. U.S. Paris representatives urged Europeans to list concrete programs for aid, set national production targets, screen and correlate individual country requirements, and establish an organization that would oversee, coordinate, and direct the program. The priority was a speedy revival of production. Making and meeting production targets would reduce the need for outside assistance and make Europeans self-supporting. Other reforms would have to wait until production recovered.⁶⁰

On August 30, 1947 the State Department criticized the CEEC's disappointing results and their unrealistic expectation of \$29 billion in aid. The CEEC had been reluctant to invade national sovereignties or reduce living standards, and the British opposed the idea of supranational control. In frustration, the U.S. concluded that Europeans would be unable to generate an aid plan modeled to American ideas and pocketbook. Just when it appeared that the State Department would have to create a program without European help, France, concerned that Congress might drop consideration of the Marshall Plan, broke CEEC's impasse. This action allowed

⁶⁰Ibid., 72-75.

Americans to insert themselves as full participants in CEEC deliberations. On September 22, 1947 the CEEC sent provisional findings to the State Department⁶¹

The months leading up to the April 1948 passage of the European Recovery Program involved extensive planning and public relations work for American administrators and considerable agony for British leaders. Editorials in The Economist ranged the emotional gamut from plaintive to dignified-euphoria. They complained that the Marshall Plan might come too late. In a tone that implied Europe was burning while Americans fiddled, it pointed out that American officials, politicians, and journalists had been examining the CEEC report for weeks in a leisurely way. Now that 215 Congressmen had been to Europe and back, they predicted that European experts were going to be criticized about estimates and European governments prodded, lectured, and admonished on every aspect of policy.⁶² The Economist offered positive responses to readers' questions about the adequacy of Marshall Plan funds, about infringement of national sovereignty, and about conditions that might frustrate Europe's efforts to become self-supporting.⁶³ It pointed out that Americans would approve the European Recovery Program (ERP) principally as a means of fighting Communism.⁶⁴

The U.K. Government, in the process of preparing an economic plan for 1948, realized that its February 1947 Economic Survey could not have foreseen the impact of

⁶¹Ibid., 72-87.

⁶²"Crisis of Leadership," The Economist, October 11, 1947, 585-586.

⁶³"The Plan Takes Shape," The Economist, November 15, 1947, 787.

⁶⁴"A More Perfect Union," The Economist, January 3, 1948, 16.

the 1946-1947 winter, the fuel crisis, the sterling convertibility crisis, and the failure of exports to reach target levels. It admitted that its 1947 plan had been seriously over-optimistic. Complaints were increasing about shortages of all kinds. The Government announced that 1948 would see reintroduction of wartime employment controls and a reduced capital investment program.⁶⁵ Government committees continued to exchange memoranda about the desirability of productivity data.⁶⁶ The President of the Board of Trade concluded as others had that the only way now to get more labor was for each individual to produce more.⁶⁷

The Manchester Guardian Weekly's four survey reports during March and April of 1948 offered a painfully objective analysis of British industry, but offered a painfully objective analysis of British industry, but offered solutions only by implication. The newspaper's understanding of industrial conditions closely paralleled that of Working Parties.⁶⁸ There was constant industrial bickering, tension, and worry. Managers and workers continued to struggle against the same old difficulties. Factories suffered from

⁶⁵Jean A. Flexner and Ann S. Ritter, "Great Britain: Employment Policies and Production," Monthly Labor Review, March 1949, 280.

⁶⁶Rostas, et al., "BOT Meeting Regarding FBI And Long Term Productivity Studies," November 5, 1947, BT 64/2313, PRO; "Review of Recent British Productivity Statistics and International Productivity Comparisons." RG 469, Records of US Foreign Assistance Agencies, 1948-1952, Entry 50, page 6, Office of Labor Advisors, Special Representative in Europe, Productivity Assistance Division (PAD). NA.

⁶⁷"Export Targets," Mechanical Handling, vol. 34. no. 10 (October, 1947), 510; "Message from the President of the BOT," Mechanical Handling vol. 34. No. 10, October, 1947, 511; "Mechanization," Mechanical Handling vol. 34. No. 12 December, 1947, 619.

⁶⁸See Chapter III for a discussion of Working Party reports.

appalling bottlenecks and frightening rigidity in the relations between unions, employers, and government. Exporters were bewildered by uncertainties. By 1948, organization, men, and machinery had still not adapted to post-war tasks. The waste of managerial skills, the alarming increase in administrative employees in the struggle with shortages and controls, and worker's preference for leisure, continued to sap the vitality of industrial output. The resulting loss of labor effort was considered comparable to the waste of 2 million unemployed. Industrialists, it seemed looked forward to 1948 with unrelieved anxiety.⁶⁹

Persistent shortages were the main symptom of a sick economy. Almost every firm waited on some category of material. There were bitter complaints about the quality of coal and the availability of coking and special coals. Fuel oil and steel products had become scarce and higher in price. Those who had foresight in ordering and were successful in hoarding simply made others suffer. Those who struggled with the process of obtaining allocations, permits, and licences found the system wasteful, ineffective, rigid, and slow-moving. The number of people employed in industry to outwit controls was mirrored in government by people fine-tuning and policing the system. Finding it shocking that British industry had made so little progress in a year, the survey's authors complained that many problems could have been solved if industrial associations and trade unions had not enforced rules which prevented solutions.⁷⁰

⁶⁹"British Industry in 1948," Manchester Guardian, March-April 1948.

⁷⁰Ibid.

The government's full employment policy had its own negative effect on productivity. Everyone was employed and earning good money. For the average employee the five day week gave a sense of perpetual holiday. Workers did not work as hard as they had before the war. The ten-minute tea interval took twenty to thirty minutes. Men were "knocking off" work half an hour before finishing time. Shops, cinemas, and dog tracks were thronged, and every business sold all it could make at a good profit. The cut in the length of the work week led to more overtime at higher rates. In contrast, in those cases where shortages forced an industry to discharge people, the effect on workers proved electric. The functions of management were restored overnight, and labor problems subsided.⁷¹

The Government's latest economic report, according to The Economist, really meant that Britain faced bankruptcy. Existing reserves would only last until mid-summer. "The specter of starvation and mass unemployment is now alarmingly close."⁷² Britain had been living like an improvident family spending the accumulated capital of the past and then borrowing from friends. The only question worth asking was, ". . . what further steps the British people can take to consume less and produce more, to reduce their standard of living, and at the same time, do harder work."⁷³ The country still suffered from, ". . . militant trade unionism, poor management, and a negative cultural

⁷¹Ibid.

⁷²"On the Rocks," The Economist, February 14, 1948, 249.

⁷³Ibid.

attitude toward hard work and entrepreneurship.”⁷⁴ Labour ministers, intent on creating a social democracy, still harbored illusions that the nation retained great power status. The manifold reasons for the country’s productivity gap still were not fully understood, much less competently addressed. Sir Stafford Cripps again suggested that the only hope offering enough time to restore normal conditions seemed to lie in American assistance.⁷⁵

The Economist forecast an even darker future than the one projected by the Economic Survey of 1947.⁷⁶ The “fatal flux of gold and dollars” had long been underway, production lagged, and the gap between exports and imports continued to grow. The nation was in greater economic difficulty than at any time since the Napoleonic Wars.⁷⁷ In addition to anxieties about the looming economic disaster, the fall of Prague in 1948 reminded the British that they too faced the problem of communists and fellow travelers in unions and government. The Labour government expressed its anxieties about the country’s security and economy more publicly, perhaps hoping to accelerate an early and positive conclusion to American aid deliberations.⁷⁸

Britain’s unsatisfactory level of productivity guaranteed that managers would receive a continuing barrage of criticism. Production Engineer Lt.-Col. C. W. Mustill, in

⁷⁴Paul Kennedy, The Rise and Fall of the Great Powers (New York: Vintage Books, 1989), 424-425.

⁷⁵“On the Rocks,” The Economist, 249.

⁷⁶“Britain’s Balance of Payments,” The Economist, February 14, 1948, 273.

⁷⁷“Rocks,” The Economist, February 14, 1948, 249.

⁷⁸“Can It Happen Here?,” The Economist, March 20, 1948, 441-2.

his fourth speech on the subject since December 1946, urged management to face up to the real problem. It was time for management toil, sweat, and tears, time to apply such scientific management principles as standard times, tool standardization, layout of plants and tools, improvements in lighting and air-conditioning, pay systems, profit sharing, worker-foremen committees, and communications.⁷⁹ Production Engineer W. C. Puckey spoke to the Society of Production Engineers about changes that management should make, repeating what many had urged before.⁸⁰ Finally, after thirty years of painful politics, the government inaugurated the British Institute of Management (BIM). A leading management journal complimented the government for its tenacity and claimed that the impressive financial support offered by the government guaranteed its success. The BIM's priority concerns were to be management standards, human relations, and industrial technology.⁸¹ The Federation of British Industry publicly offered its support but privately suspected it would be a Trojan horse in the pay of a government bent on nationalizing industry. In this awkward environment the results of the British Institute of Management were to prove disappointing and another example of the continuing stalemate between government, labor, and industry.⁸²

⁷⁹C. W. Mustill, "Management," Institution of Production Engineers, vol. 27, 1948, 517.

⁸⁰W. C. Puckey, "The Gap Between the Production Engineer and the Manager," Institution of Production Engineers, vol. 27, 1948, 173.

⁸¹Nick Tiratsoo and Jim Tomlinson, Industrial Efficiency and State Intervention: Labour 1939-1951 (London: Routledge, 1993), 111-114.

⁸²*Ibid.*, 168.

Europe's economic agony continued during the ten months it took the United States to pass the European Recovery Program. U.S. government planners agonized at length over the creation, design, and funding of the Marshall Plan. The issues were fought hard between the State Department and the War Department, in the Congress, and even among the public.⁸³ Bureaucrats compromised, resolved, or reconciled their differences and then had to invent explanations and rationalizations to suit their actions.⁸⁴ Senator Vandenberg helped turn the Marshall Plan into a bipartisan success in a Congress hostile to both Truman and foreign aid.⁸⁵

On April 3, 1948, President Truman signed the Foreign Assistance Act of 1948 thereby creating the Economic Cooperation Administration (ECA).⁸⁶ On April 9, 1948 Paul G. Hoffman was sworn in as the ECA Administrator. One week later, the CEEC nations signed a multi-lateral agreement for economic cooperation creating the permanent Organization for European Economic Cooperation (OEEC), the European organization assembled to develop and carry out the combined program for economic rehabilitation of European nations with U.S. help.⁸⁷

⁸³Milward, Reconstruction, 50-51.

⁸⁴McGlade, "Illusion of Consensus," 15.

⁸⁵"50th Anniversary for a Near Miracle," Chicago Tribune, May 16, 1997, 1, 28.

⁸⁶Economic Cooperation Act, Statutes at Large, vol. 62, (1948).

⁸⁷Economic Cooperation Administration, First Report to Congress, Washington, D.C., October 4, 1948. The names Marshall Plan, European Recovery Program (ERP), and Economic Cooperation Administration (ECA) all refer to the same program.

The ECA expected to help Europe put people back to work making the products and creating the services that would make their economies flourish. The more sophisticated objectives included encouragement of changes in financial and institutional activities that could improve the productive efforts of businesses and workers. The ERP's loftier hopes included maintenance of individual liberty, free institutions, and genuine independence based on sound economic conditions, stable international economic relations, and healthy economies without the need for assistance. These hopes and objectives were to be achieved by a strong production effort, expansion of foreign trade, international financial stability, economic cooperation, equitable exchange rates, and progressive elimination of trade barriers. The United States would encourage European political and economic integration to create larger markets, mass production opportunities, lower prices, a better standard of living, and a peaceful Europe.⁸⁸

Passage of the Foreign Aid Appropriations Act depended heavily on Western Europe's initiative in creating a common program of recovery and a permanent organization for achieving that objective. Although credited with the initiative for creating the OEEC, the United Kingdom and France differed greatly on its importance, organization structure, and the stature of its leaders. The French wanted a centralized authority over Europe's recovery and production plans, one that would transcend sovereignties. The British preferred a decentralized organization with limited functions. But Marshall Planners insisted on an organization that would establish overall economic,

⁸⁸Economic Cooperation Act, section 102, 137.

financial, commercial targets, be efficient in coordinating the use of American aid, and become a focus for European integration. Britain objected to any infringement on its sovereignty and therefore resisted American hopes that each participating country would appoint men of ministerial rank to the OEEC.⁸⁹ OEEC members signed a Convention stating that, “Contracting Parties will, both individually and collectively, promote with vigor the development of production, through efficient use of resources at their command, . . . and by the progressive modernization of equipment and techniques, . . .”⁹⁰ Europe’s grudging agreement to a permanent recovery organization helped win Congressional endorsement of the ECA.⁹¹

Senator Vandenberg, the influential chairman of the Senate Foreign Relations Committee, convinced that the ERP could be more efficiently operated by people with business and financial backgrounds than by government bureaucrats, insisted that the operation be conducted outside the State Department and be responsible only to the President. Vandenberg, seeking bipartisan support in the Republican Congress urged that the new administrator be a businessman and a Republican. Paul Hoffman, already prominent in the U.S. as president of the Studebaker car company, a believer in business’s responsibility to the country, founder of the Committee for Economic Development, proponent of business leadership in international business development,

⁸⁹Hogan, Marshall Plan, 123-127.

⁹⁰Richard Vaughan, Post-War Integration in Europe (New York: St. Martin’s Press, 1976), 30-32.

⁹¹Hogan, Marshall Plan, 123-127.

and member of the President's Harriman Committee on foreign aid, had agreed wholeheartedly with the idea of a European aid program. Despite Hoffman's insistence that he preferred to remain in private industry, President Truman announced his assignment as the Administrator of the ECA responsible for development of high policy and the organization that serviced approved projects.⁹² W. Averell Harriman, former board chairman of Union Pacific, lend-lease negotiator with Britain, Ambassador to Moscow and London, and Secretary of Commerce, was selected as the Special Representative in Europe. The enormous job of staffing for other positions in the ECA organization proceeded quickly, with the majority of individuals selected coming from business backgrounds.⁹³

The management of ECA activities and the procedures for approving dollar expenditures on Marshall Plan aid projects paralleled those expected by American boards of directors. The ECA wanted assurance that the project estimates were valid and that the funds would be spent on stimulating productivity, stabilizing monetary and financial systems, and developing new sources of wealth.⁹⁴ Marshall planners insisted that the OEEC establish overall programs for recovery, concentrate on projects useful to that end, and recommend appropriate use of U.S. aid designed to fulfill these ambitions. The ECA's staff in Paris urged OEEC efforts to expand productivity of existing facilities, give

⁹²Department of State, The Marshall Plan: Origins and Implementation, 7-8.

⁹³McGlade, "Illusions of Consensus" 169.

⁹⁴Todd, "The Marshall Plan," 8-30.

a priority to use of existing resources in Europe, and work towards the maximum integration of the European economy.⁹⁵ Industrial projects qualifying for ECA assistance were expected to involve modernization and expansion of manufacturing facilities in the basic industries and modernized machinery and equipment.⁹⁶ Country missions first reviewed project recommendations for compliance with recovery objectives. OEEC and the Paris offices of the Special Representative in Europe (SRE) screened project recommendations giving preference to solutions from European resources. Final approval for funding came from the ECA's offices in Washington.⁹⁷

At the heart of Marshall Plan's concerns for Western Europe was the productivity of industry and agriculture. European businesses and governments had an urgent need for income from production of domestic and export products. Increased production of exportable products would earn the money to pay for badly needed imports, pay off debts, and improve the standard of living. Thus the Marshall Plan's priority aims focused on such key economic factors as productivity, currencies and international trade. The ECA administrator was directed to formulate and approve specific projects that would increase production. Negotiations with each participating country included bilateral agreements to

⁹⁵Congress, Senate, Committee on Appropriations, ECA Hearing before the Committee on Appropriations, Fiscal Year 1949. Wednesday, May 26, 1948, Washington, D.C., 271-273.

⁹⁶Economic Cooperation Administration, First Report to Congress, October 4, 1948, 36.

⁹⁷Congress, Senate, Committee on Appropriations, ECA Hearing before the Committee on Appropriations, Fiscal Year 1949. Wednesday, May 13, 1948, Washington, D.C., 5-6.

promote specific industrial and agricultural production projects on coal, steel, food, and transport.⁹⁸

The bulk of Marshall aid came in the form of food and raw materials rather than finished products in order to involve local economies in the actual preparation of materials for market and not simply distribution of finished product. Trade, productivity, and economic growth was to be improved by eliminating restrictions to free movement of goods and capital. Member countries were encouraged to abolish restrictions on imports, export controls, and government aid to exports in order to stimulate trade, productivity, and economic growth.⁹⁹

Even after the start of the Marshall Plan, Congress was still concerned about aid to the United Kingdom and the ineffective results of a \$3.75 billion loan made earlier to the Labour government. The U.K. bought food with \$1.6 billion and then reduced prices on food by that amount to consumers. A concerned Congress asked the new ECA Administrator if under the Marshall Plan British consumers would again get commodities at prices below those in the United States. Hoffman, openly sharing his own concerns during a Senate Appropriations Committee hearing, stated that Britain would be a very rugged problem. Britain needed exports to achieve a self-sustaining economy, but he had doubts about markets being available for the type of goods the country manufactured. The United Kingdom, he said, would need a very strong ECA mission to prevent wasting

⁹⁸“The Foreign Assistance Act (A Summary),” The Economist, April 24, 1948, 658-659.

⁹⁹Blacksell, Post-War Europe, 37-39.

Marshall Plan money, and it would have to drive hard to get increased productivity. Hoffman favored competition and free trade rather than the monopolies and cartels of Europe.¹⁰⁰ One senator, explaining that Britain's economy had deteriorated even before World War I, sometimes felt that the situation to be hopeless.¹⁰¹ Hoffman told the Committee he would not have taken the job if participating nations had not pledged themselves to establish recovery targets and insure a maximum of self-help. He was against infringing on any country's national sovereignty, but because it was the investment banker for European recovery, the ECA had a perfect right to hold back dollars from any country that failed to live up to commitments made.¹⁰²

As Congress and the ECA Administrator agonized over prospects for Britain's recovery, The Economist decided that the causes and remedies for the ailing British economy would have to be found at home rather than continuing to hope that any external event would be its salvation. Britain could not have paid its way even before the war and maintained full employment. The country's technical backwardness, it claimed, was sufficient evidence that something was radically wrong. The country's most pressing problems were considered to be replacement and improvement of productive equipment, reduction of monies spent on government services, the removal of the restrictive practices

¹⁰⁰Congress, Senate, Committee on Appropriations, ECA: Hearing before the Committee on Appropriations, Fiscal Year 1949. Wednesday, May 13, 1948, Washington, D.C., 30-34.

¹⁰¹Ibid., 266.

¹⁰²Ibid., 13.

of industry and labor, and a need to balance citizens rights against community needs for maximum economic efficiency.

The Marshall Plan was launched under mixed reviews. Congress feared that the aid program would be a handout that could bankrupt the United States. The Kremlin touted it as an act of imperialism that would enslave Europe. Dean Acheson said it was one of the greatest and most honorable adventures in history and George Marshall thought it was a near miracle.¹⁰³ Many European decided that the U.S. was an imperialist warmonger who would likely play favorites trying to impose the American system to prevent an American collapse.¹⁰⁴

Historian Corelli Barnett recently stated that the Labour Government saw Marshall Aid (like the American loan of 1945) as a wad of greenbacks that would permit them to go on playing the grand squire to family and the poor.¹⁰⁵ Milward complained that the basis for the Marshall Plan was all wrong. Europe's economic troubles in 1947, he wrote, were not due to failing economies but instead to the remarkable speed and success of Western Europe's recovery.¹⁰⁶

Over its lifetime the Marshall Plan provided \$13.5 billion in aid of which the United Kingdom receiving \$3.176 billion, the largest share.¹⁰⁷ ECA's estimate of

¹⁰³"50th Anniversary," Chicago Tribune, May 16, 1997, 1, 28.

¹⁰⁴Todd, "The Marshall Plan," 32-33.

¹⁰⁵Barnett, Lost Victory, 365-366.

¹⁰⁶Milward, Reconstruction, 465.

¹⁰⁷"50th anniversary," Chicago Tribune, 1, 28.

appropriations needed for the first year reflected concerns about food and productivity, targeting \$2,273 million for food and agricultural commodities, \$625 million for fuel, \$810 million for industrial raw materials, and \$801 million for machinery and equipment.¹⁰⁸ Within days after the Act was approved by Congress and signed by the President, provisional funds already granted allowed ships to sail for Europe with the first Marshall Plan supplies.¹⁰⁹

The American government's new credit agency and consulting business, the European Cooperation Administration, launched a remarkable venture capital effort to revive near-bankrupt competitors. Americans offered aid and ideas to Europe's basic industries long abused by war and neglect. Britain's industries, by nature of a shared language and a long standing relationship, were positioned to benefit the most from eagerly available members of the ECA staff.

¹⁰⁸Congress, Senate, Committee on Appropriations, ECA: Hearing before the Committee on Appropriations, Fiscal Year 1949. May 13, 1948, Washington, D.C., 6.

¹⁰⁹"Unsordid Act," The Economist, April 10, 1948, 569-570.

CHAPTER V

AN AMERICAN ASSESSMENT OF BRITISH PRODUCTIVITY

According to the U.S. Congress, the plan for European recovery had to include support for a strong production effort, as well as an expansion of foreign trade, the creation of internal financial stability, and development of economic cooperation.¹ The production effort expected of participating countries in the European Recovery Program (ERP) first urgently needed an infusion of critically-needed materials as well as solutions to serious financial difficulties. Immediate shipments of relief supplies, including food, fuel, materials, machinery, and equipment, provided time for Marshall Plan countries, the Organization for European Economic Cooperation (OEEC), and the European Cooperation Administration (ECA) to get organized for the challenge ahead.² But as the ECA completed relief shipments and shifted into its full-fledged recovery program, the information part of the Marshall Plan, the part defined simply as the "procurement of and furnishing technical information and assistance," proved more difficult than simple procurement and shipment of materials and supplies.³ The strong production effort

¹The Economic Cooperation Act, U.S. Statutes at Large, (1948), vol. 62, part 1, sec. 102 (a).

²Economic Cooperation Administration, "First Report to Congress," Washington, D.C., October 4, 1948, 23-24.

³The Economic Cooperation Act, sec. 111 (a).

expected by the U.S. congress, the ECA would soon discover, needed more than money and materiel. Western European workers and managers would need to make major changes in operating methods, equipment, facilities, and industrial relations.⁴

This chapter describes some of the crucial first steps taken to identify Britain's needs for assistance in improving the productivity of its manufacturing industries. American concern that Marshall Plan funds might be wasted in subsidizing inefficient industries in Britain led to a remarkable, one-man study of British industry that resulted in a crisis for the country's governmental and industrial elites and led to the U.K.'s reluctant cooperation in establishing a jointly-sponsored productivity program in Britain.

Paul Hoffman, Administrator of the ECA, explained that his organization had to be like investment bankers who expected European recovery in return for its investment dollars.⁵ The foundation for the structure of European economic revival would be based on expectation of a rapid expansion in industrial productivity. Money, materiel, men, and know-how were to be the cornerstones of that foundation. Even before being designated as ECA's Administrator, Paul Hoffman insisted that European production had to be increased and exports revived within four to five years if Europe was to combat

⁴James M. Silberman, "The History of the Technical Assistance Programs of the Marshall Plan and Successor Agencies, 1948-1961," (Bethesda, Maryland: Global Technology Management, 1992), November 1992, 4.

⁵Congress, Senate, Committee on Appropriations, Economic Cooperation Appropriations Bill: Hearing before the Committee on Appropriations, 80th Congress, 2nd sess., May 13, 1948, 13.

communism and also become self-sustaining.⁶ As Administrator of the newly-minted U. S. government department, Hoffman explained to the Senate Appropriations Committee that the first of his twenty-four objectives had to be the promotion of production.⁷

Averell Harriman, the ECA's Special Representative in Europe, planned to expend maximum effort on improving the production of existing facilities.⁸ The ECA, in its first report to congress concluded that, "Success in the achievement of European recovery will depend very largely upon a substantial expansion of industrial production. Great possibilities exist in this respect, because in many instances output is far below potential capacity, in spite of the fact that in many of the countries there is virtually full employment."⁹

Hoffman admitted that the U.K. would be a "very rugged problem." Although the British government had made a very determined effort to expand exports, the ECA would need to establish a strong ECA mission in Britain to make sure that aid money was placed

⁶Department of State, Bureau of Public Affairs, The Marshall Plan: Origins and Implementation, ([Washington, D.C.] : U.S. Department of State, Bureau of Public Affairs, April 1987), 8.

⁷Congress, Senate, Committee on Appropriations, Economic Cooperation Appropriations Bill: Hearing before the Committee on Appropriations, 80th Congress, 2nd sess., May 13, 1948, 3.

⁸Congress, Senate, Committee on Appropriations, Economic Cooperation Appropriations Bill: Hearing before the Committee on Appropriations, 80th Congress, 2nd sess., May 13, 1948, 272.

⁹Economic Cooperation Administration, "First Report to Congress," Washington, D.C., October 4, 1948, 3-4.

in productive channels and not wasted.¹⁰

The members of the ECA's United Kingdom mission realized that Britain's major industries had become technically obsolescent and saw from the start that the country had serious productivity problems.¹¹ The mission's detailed report on Britain's strengths and weaknesses emphasized that the country's recovery hinged primarily on its own production efforts¹². In its bilateral agreement with the U.S. for participation under the Marshall Plan, the U.K. promised to use its best endeavors to promote development of production, to achieve production targets established through the OEEC, and to communicate detailed proposals for specific projects, including increased production of coal, steel, transportation facilities, and food.¹³

In its first months the ECA concentrated on clearing the critical commodities shortages that represented a major obstacle to British productivity. This left little time at the beginning of Marshall Plan operations to implement the congressional mandate to furnish technical assistance, where requested, to deal with management and production problems.¹⁴ But in June and July of 1948 the reaction to an American study of British industrial productivity forced the issue of technical assistance to the attention of Hoffman

¹⁰Ibid.

¹¹Willcox to Finletter, UK Production, June 30, 1948, RG 469, AID, Subject files of Thomas Finletter, 1948-1949, NA.

¹²European Recovery Program, "United Kingdom Country Study," Washington, D.C., European Cooperation Administration, February 1949, 6.

¹³Economic Cooperation Administration, "First Report to Congress," 187-188.

¹⁴Ibid., 10, 23-25.

and Cripps. A survey of select British industries by James M. Silberman, a U.S. Labor Department executive, resulted in a report that led to anguish, and even anger, in high levels in Britain.¹⁵ Silberman's report and recommendations gave the ECA another weapon in the battle for productivity and a useful lever to force Britain's cooperation in a joint productivity effort.

The initiative for launching the Anglo-American Council on Productivity (AACP) that followed is generally credited to Britain's Chancellor of the Exchequer, Sir Stafford Cripps, who, in conversations with Paul Hoffman, proposed formation of a council composed of select industry and union executives from both countries to provide leadership in sharing productivity-improvement ideas.¹⁶ The British government's compelling need for such a council arose from the concerns that any lack of cooperation with the ECA might result in congressional critics forcing reduction or even discontinuation of Marshall Plan aid.¹⁷ An implied threat of aid reduction came from the ECA Administrator who feared that poor productivity performance would seriously limit

¹⁵James M. Silberman, "Productivity Survey of English and French Manufacturing Plants, May 29-July 10, and Recommendations for further action," August 2, 1948, Silberman personal file. Mr. Silberman retained copies of many of the files relevant to ECA activities when the U.S. Labor Department's Bureau of Labor Statistics decided to destroy many of those files.

¹⁶Nick Tiratsoo and Jim Tomlinson, Industrial Efficiency and State Intervention: Labour 1939-1951 (London: Routledge, 1993), 132-133.

¹⁷Memorandum from Rowan to Henry, June 29, 1948, MSS 200/F/3/D3/10/11, Modern Records Centre, Warwick University, Coventry, England, hereafter cited as MRC.

the effectiveness of the Marshall Plan.¹⁸ But the well-spring of information and emotion that forced action by Cripps, and also provided the basis for Hoffman's recommendations, came from James M. Silberman, Chief of Productivity and Technological Development in the U.S. Bureau of Labor Statistics (BLS).¹⁹

Silberman's qualifications to report on industrial productivity were based on a doctorate in economics and years of experience in the Bureau of Labor Statistics, the American organization whose primary purpose was to enable "... government and private officials to assess U.S. economic performance relative to other countries and to evaluate the competitive position of the United States in international trade."²⁰ The BLS started making productivity studies in 1894 and by the mid-1940s it had become a 200-man organization pioneering in studying the impact of technological change on productivity.²¹ During World War II Silberman's division assisted the U.S. military in its procurement cost-reduction efforts. The staff of one office in the division concentrated on monthly visits to some thirty-five manufacturers of tanks, artillery, and military vehicles. Their studies focused exclusively on productivity improvements and

¹⁸Financial Times report on Hoffman British productivity press conference, July 19, 1948, briefing paper for Sir Stafford Cripps, T232 101, PRO, 1-2. PRO.

¹⁹James M. Silberman, Charles Weiss, Jr., Mark Dutz, "Jump Starting Ex-Communist Economies: A Leaf from the Marshall Plan," Foreign Affairs, vol. 73, no. 1 (Jan-Feb 1994): 21.

²⁰Jerome Mark, "Statistics for Assessing International Competitiveness," a paper presented at the U.S.-Israeli Department-to-Ministry Seminar Program, Jerusalem, October 1988.

²¹James M. Silberman, "History of the Technical Assistance Programs," 50.

technological changes, determined to identify better methods and newer technological developments that could be shared with all other companies making that same product.²²

Silberman's broad understanding of both the details and the issues in productivity derived from his responsibilities as Director of BLS's Division of Industrial Productivity and Technological Development. His experience was honed during 1900 personal visits to American manufacturing plants, his knowledge expanded by the 3000 plant visits made annually by the division's staff, and his access to information collected each year from 20,000 manufacturers.²³

The division's awareness of European productivity problems increased during the early postwar period as it welcomed visits from European economists and statisticians. Prominent among visitors to the BLS was Dr. Lazlo Rostas, a statistician working for the U.K.'s Board of Trade.²⁴ By the time of his visit Rostas's published papers had already revealed serious differences in industrial productivity between Germany, the United Kingdom, and the United States. His information showed that, over the period 1900-1935, productivity in the United States had increased almost three times faster than in the

²²James M. Silberman, interview by author, Alexandria, Virginia, August 2, 1995, 1.

²³Memo from Whitehorn to Kipping, July 12, 1948, FBI files, MSS 200/F/3/D3/7, MRC; Memo from Silberman to Silvey, August 19, 1948, RG 469, Records of Foreign Assistance Agencies, Entry 50, page 6, Office of Labor Advisors, SRE, NA; Silberman Interview, August 2, 1995, 1.

²⁴Silberman, "History of the Technical Assistance Programs," 50.

other two countries.²⁵ The Board of Trade, Rostas's employer, paid scant heed to his results. The Federation of British Industries (FBI) attacked his results and attempted to disprove the conclusions.²⁶ BLS statisticians, however, confirmed Rostas's work.²⁷

The disturbing information shared with the BLS by European economists raised concerns about Marshall Plan prospects if ECA planning were to depend on major increases in productivity. The limits of professional progress by European productivity statisticians suggested there was little recognition of low productivity's negative impact on a country's standard-of-living. Silberman's concern that Marshall aid billions might be used to subsidize inefficiency prompted him to discuss the issue with his superiors in the Labor Department. Urged to assess the validity of these concerns he made plans for a survey visit to Great Britain.²⁸

The underlying purpose for the trip was to find a basis for applying American productivity measurement experience to the needs of other countries. Silberman planned to review how Britain's factory equipment, production methods, plant layout, and labor performance affected productivity, expecting to compare these factors with the same ones

²⁵L. Rostas, "Industrial Production, Productivity, and Distribution in Britain, Germany, and the United States," Journal of the Royal Economic Society, 53 (April 1943); See also L. Rostas, "Comparative Productivity in British and American Industry." National Institute of Economic and Social Research, Cambridge University Press, 1948

²⁶Dr. Alexander King, interview by author, London, October 24, 1996.

²⁷Silberman, "History of the Technical Assistance Programs," 10.

²⁸Silberman Interview, August 2, 1995, 2. His assignment included a similar survey to be made in France.

in comparable U. S. industries. He wanted to study the same industries in Britain that the BLS had just been studying in the United States, namely: the automobile, radio, electrical, machine tool, apparel, footwear, and textile industries. He hoped to include some companies with close American ties.²⁹

His contacts at the Board of Trade helped him select the firms to visit, make travel arrangements, and obtain a guide. Based on this support Silberman conducted a remarkable, highly-disciplined, four-week tour involving visits to thirty-five British factories, and including talks with every level of factory management, notes on products, manufacturing methods, equipment, and presentations to top British officials.³⁰ On completing the visits he felt he had witnessed an antique world.³¹ Expecting to see equipment, processes, and procedures similar to those in the States, he saw instead factories as they were in America at the turn of the century.³² Most industrial plants used the already antiquated system of belt-driven machines powered by a central motor. There were few jigs, fixtures, or power hand tools. Fork lift trucks and pallets were rarely available to ease the movement of heavy loads or to save space by vertical stacking of pallets. Even the American-owned GM, GE, and Hoover plants were not appreciably different. The British seemed to have little idea of the progress made by American

²⁹Silberman, "Productivity Survey," 1-2.

³⁰Ibid.; James M. Silberman, interview by author, Alexandria, Virginia, September 21, 1996, 3.

³¹Silberman, Interview, August 2, 1995, 2-3.

³²Ibid.

industry after the turn of the century. Silberman concluded that existing judgment in British industry on the prospect of purchasing new plant and equipment with Marshall aid would result simply in reproducing the existing state of their technology, the continuation of a craft rather than a productivity-oriented society.³³

Requests from British leaders for informal discussions of his observations resulted in conversations with more than forty-five senior officials of government, industry, labor, scientific institutions, and universities.³⁴ The more prominent personalities soliciting his post-survey comments included such top industry and government officials as Sir Norman Kipping and Bertram White of the FBI, T. Fletcher and C. Harries of the Trades Union Congress (TUC), Max Nicholson and E. D. Jourdain of Herbert Morrison's office of the Lord President, Sir Edwin Plowden, 1st Secretary in the office of Stafford Cripps, Sir Harry Railing, Advisor to Government on Industry Management, and G. H. Bowyer, Ministry of Supply.³⁵

One government official reported that Silberman. “. . . has obvious friendly feelings towards this country and his accounts of the backwardness of British industry are the more telling for that reason.”³⁶ Silberman stated that very little was understood about

³³Ibid.

³⁴Ibid.

³⁵Ibid., 5; Briefing papers for the Chancellor, July 19, 1948, T 232 101, 2-3, PRO; Memorandum from Rowan to Henry, June 29, 1948, MSS 200/F/32/D3/10/11, MRC.

³⁶Memorandum from Blaker to Rowan regarding Industrial Productivity, June 25, 1948, FBI files, MSS 200/F/3/D3/10/11, MRC.

productivity in Britain, almost nothing was being done by industry to improve things, and that the work of the Committee on Industrial Productivity and other British government production departments constituted only a minor effort. He pointed to numerous production processes that used two to four times more labor than necessary. Silberman suggested areas where productivity could be increased with little expenditure. One official thought that Silberman could have continued indefinitely listing problem areas in British industry. Several among his audiences later checked Silberman's examples and reported "that he knew his stuff well."³⁷

The BLS division chief noted that the least efficient plants in America were appreciably more efficient than the most efficient plant in the U. K. The differences in efficiency involved almost every element of management, production organization, and production practice. Silberman stated that Government initiatives, such as another commission or series of Working Parties, would be seriously inadequate to provide British industry with an understanding of the steps needed to bridge the enormous productivity gap.³⁸

British factory managers, though generally competent, could function only on a second-class level. Silberman found that they received little communication from above and were resentful of their treatment by top management.³⁹

³⁷Ibid.

³⁸Silberman, "History of the Technical Assistance Programs," 10-12.

³⁹Silberman, interview, August 2, 1995, 3.

There were class differences even in the engineering and technical fields. I found a lot of bitterness in the people who were actually running the factories, people who were not college graduates. They were very resentful of the fact that top managements were all people who had gone to Oxford or Cambridge and the two did not talk to each other very much. That had been going on for centuries. The actual managers of factories were people who had the equivalent of an American high school education.⁴⁰

Silberman expressed special concern about the productivity gap between American and British factories in the mass-production industries.

In general, less specialized manufacturing methods were employed. The flow of work and analysis of employee operations were not as carefully studied and integrated as in the U. S. In most cases the use of non-specialized machinery, and insufficiently critical allocation of labor, and an accumulation of numerous small losses in efficiency throughout most of the factory, combined to bring man-hour requirements considerably above average levels for American plants. Only a half dozen or so of the plants visited appeared to have the production speed and low labor requirements of comparable American plants. In most cases, man-hour expended per unit of product were higher than for U.S. factories, ranging in excess from 50% to 400%. Plants with American patent or financial ties were not apparently in a better position than independent factories. These observations apply to both the metal and electrical products and apparel industries.⁴¹

In the smaller quantity, job-type production industries, he found little difference between American and British plants in equipment, production methods, factory organization, and productivity. But materials handling equipment, modern testing equipment, small powered hand tools, and jigs were not frequently seen and the "work

⁴⁰James M. Silberman, interview by author, Alexandria, Virginia, October 14, 1996, 8.

⁴¹Silberman, "Productivity Survey," 3.

pace seemed noticeably slower than in our country.”⁴²

Factory work was commonly organized on a bench basis with little subdivision of operations.⁴³ There was a significant amount of manual work in operations that American factories typically mechanized, such as filing, polishing, drilling, screw driving, and riveting. Apparently less attention was devoted to scientific time and motion analysis, positioning of work, and flow of materials. The size of production runs, and the timing and balancing of operations to maintain a steady flow of work received less attention than in the U. S. Inadequate maintenance of machines, equipment, and tools resulted in more frequent breakdown and work interruption. He saw little difference in age or condition of plants, but British plants were more congested and gave less consideration to work space, light, and ventilation than in America.⁴⁴

Although lower English productivity could often be attributed to older manufacturing equipment, Silberman said, “There was a very significant difference in the types of equipment selected for production.”⁴⁵ The English usually opted for non-specialized, general-purpose equipment even in large plants with large scale output, but lacked material handling equipment, and powered hand tools.

One could not help but feel that the general-purpose equipment in use in these countries was selected because of a lack of acquaintance with highly-

⁴²Ibid, 4-5.

⁴³Ibid.

⁴⁴Ibid.

⁴⁵Ibid.

organized line-type production methods. It seemed clear that unless these countries quickly obtained first-hand experience with large scale manufacturing methods of the American type, future investment in equipment would tend to follow the pattern of the machinery installed at present, and thus freeze possible productivity gains.⁴⁶

Silberman faulted British views of product quality and design.⁴⁷ Visiting a shirt factory he expressed amazement at the high cost of the finished product resulting primarily from the use of the highest quality cloth, buttons, and sewing. He suggested that American workers, who owned one or two dozen shirts, wouldn't be able to afford British shirts. He was told, "We do not think that a British citizen should own more than four shirts and those four should last twenty years."⁴⁸ Table top radios, made by the British division of RCA, were expensive and ten years behind American technology. Factory personnel explained, "Well, we've made this radio for a number of years and it's just fine, it lasts a long time, so there's no need to change it."⁴⁹ The Boots and Shoes industry, Silberman noted, employed a similar policy.⁵⁰

There were no trade or technical publications aimed at the people who ran the factories. The British trade journals that did exist were very expensive and American

⁴⁶Ibid, 4.

⁴⁷Silberman, interview, August 2, 1995, 7-8; Silberman, interview, October 14, 1996, 7-9.

⁴⁸Silberman, interview, October 14, 1996, 7-9; See also "Man-Hour Trends in Selected Industries, Men's Dress Shirts: Man-Hours per Dozen, 1939-1947," BLS Monthly Labor Review, September 1948, 254-256.

⁴⁹Silberman, interview, October 14, 1996, 7-9.

⁵⁰Ibid.

trade journals were very difficult to get. Most industry publications were research and science-oriented, aimed at new development, and not production. Silberman found everywhere that “that factory managers, superintendents, department heads, and even foremen expressed an avid desire for technical literature, both English and American.”⁵¹ He urged that the traditional conservatism of British manufacturers in adopting new equipment and methods be counteracted by greater availability of industrial literature and sample products from overseas.⁵²

Silberman was astonished to learn that American-owned British companies, or British plants with close American ties, using the same equipment, procedures, and layouts as American companies were not better than independent factories.⁵³ He found the General Motors’ Vauxhall plant to be quite backward in comparison to American plants at the time. Although Hoover’s American and British vacuum cleaners appeared identical, the British model required twice as much labor to build. A Hoover engineer even asked Silberman to help him get information from the Hoover organization in the United States on how to make a better motor.⁵⁴

Silberman’s observations on productivity in British companies with American affiliation were, and probably remain, controversial. J. M. Dunning in his study of

⁵¹Silberman, “Productivity Survey,” 6.

⁵²Silberman, interview, August 2, 1995, 3; Silberman, interview, October 14, 1996, 7-9; Silberman, “Productivity Survey,” 6.

⁵³Nicholson to Rowan, June 25, 1948, FBI files, MSS 200/F/3/D3/10/11, MRC.

⁵⁴Silberman, interview, September 1996, 5; Silberman, “Productivity Survey,” 3.

American companies in Britain of that era, suggests that they were more productive than British companies.⁵⁵ Dr. Alexander King, a member of Britain's post-war Committee on Industrial Productivity, observed that American-affiliated firms in Britain performed much the same as independent British firms. They had the same types of managers, workers and unions.⁵⁶

Silberman concluded that the differences in operational efficiency between U.K. and U. S. plants were so great and involved so many different factors that only on-the-job observation could provide an integrated understanding of American methods.⁵⁷ Studies, commission reports, and formal education programs would be inadequate by themselves. He urged that engineers from virtually every plant visit the U.S., that the technicians selected be factory management personnel, and that several men from a given factory be sent abroad together.⁵⁸

He offered six major recommendations for improvement of British productivity including British management and labor factory visits in the United States, increased provision of technical trade journals, a world press abstracting service on the latest in methods and equipment, wider advertisement of machinery, equipment, products, parts, and supplies, access to samples of American and other country products, and a

⁵⁵J. M. Dunning, American Investment in the British Manufacturing Industry (London: George Allen & Unwin, 1958).

⁵⁶King, interview, 12.

⁵⁷Silberman, "Productivity Survey," 6.

⁵⁸Ibid.

standardization program to reduce the uneconomical variety of special components.⁵⁹

Indirectly, Silberman's assessment defined Britain's manufacturing industry as insular and outmoded. His recommendations became a major part of the ECA's productivity and technical assistance program and provided a significant impetus for joint British-American productivity program.

Concerned that Silberman would be reporting to a congressional committee on his return to the United States, Mr. G. B. Blaker of the Ministry of Supply concluded that Silberman's report, "... would afford excellent material for hostile criticism on the ground that the E.R.P. is merely subsidising the continuation of inefficient methods in British industry."⁶⁰ He urged that either the Chancellor or the President of the Board of Trade visit with Silberman to convince him that they were very aware of the seriousness of the problem and trying to do everything possible within the limits of postwar constraints.⁶¹ Ted Fletcher, Research Director for the TUC, accompanied Silberman in his visit to Max Nicholson at the Lord President's offices, where Silberman repeated his observations on mass production, job production, factory organization, equipment, product design, product quality, and labor requirements. Nicholson, reporting to Herbert Morrison, concluded that Silberman would report a "devastatingly adverse view of

⁵⁹Ibid., 5-6.

⁶⁰Memorandum from Blaker to Rowan regarding Industrial Productivity, June 25, 1948, FBI files, MSS 200/F/3/D3/10/11, MRC.

⁶¹Ibid.

British productivity” to the ECA Administrator.⁶²

Nicholson, Blaker, and Fletcher agreed that Silberman’s warnings had to be taken very seriously by Ministers, otherwise, if there was no evidence to show a really energetic campaign to raise productivity they would be

. . . confronted with a demand from hostile elements in congress to accept some unpalatable degree of American intervention or alternately be deprived of E.R.P. on the ground that American taxpayers’ money is being used to subsidize types of inefficiency which the Americans would never tolerate at home.⁶³

Blaker planned to advise the Chancellor of Silberman’s warning. Nicholson strongly urged the Lord President to arrange a visit with Silberman to “. . . ensure that his report in Washington does not convey the impression that we are not seriously interested in effective measures to raise productivity”⁶⁴ Silberman, on leaving for his tour of manufacturing plants in France, was asked to return to England for additional visits with British government ministers.⁶⁵

Silberman’s informal talks with his British hosts were likely typical of reports he had made many times in the United States. British government and industry leaders experienced, perhaps for the first time, a presentation by a productivity expert accustomed to the frank communications style typical of American industry meetings. In

⁶²Ibid.

⁶³Ibid.

⁶⁴Ibid.

⁶⁵Nicholson to Lord President, June 25, 1948, MSS 200/F/3/D3/10/11, MRC.

the painfully-sensitive, politically-charged environment of a near-bankrupt, former world power, Silberman's words might have been seemed insulting to some of his United Kingdom contacts. British reaction to Silberman's post-survey conclusions ranged the gamut from placid, apologetic acceptance to near apoplectic disagreement. While his British supporters were guarded in their agreement with his findings, his British detractors raged angrily at the effrontery of a minor American bureaucrat. An American embassy official called to tell Silberman that the British were horrified by his conclusions, absolutely disagreed with them, and asked that he retract his statements. Silberman refused to retract his conclusions and continued to expand his contacts by making personal reports to two more British government officials, an officer of the Trades Union Congress, and a university professor.⁶⁶ An official of the Board of Trade saw Silberman's ready access to British industry as a breach of internal security, one that could cause a financial disaster of considerable magnitude. Perhaps, the official suggested, the U. K. might have to rethink the procedures that permitted the freedoms allowed ECA's special mission.⁶⁷

A series of memoranda from FBI offices suggested that the situation was not as bad as others had painted it and that "...the Chancellor will do his best to put these impressions, which Mr. Silberman seems to have, into their right perspective."⁶⁸ Another

⁶⁶Silberman, interview, August 2, 1995, 4.

⁶⁷Leslie Rowan to John Henry, June 29, 1948, MSS 200/F/3/D3/10/11, MRC.

⁶⁸Johnnie to Kipping, July 8, 1948, MSS200/F/3/D3/7, MRC.

memo offered the soothing prospect that the Chancellor, the Government's leading politician with industry experience, ". . . will attempt to explain the difference between production and productivity to him."⁶⁹ Several related internal notes stressed that "The Board of Trade are very anxious to avoid giving Silberman the impression that we are all ganging-up on him to make him change his mind."⁷⁰ The British Government obviously had to be concerned if there was to be any danger of losing anticipated Marshall Plan aid. British industry saw political and financial dangers in the American's conclusions.

Silberman's frank observations were guaranteed to foment a full panoply of reaction. Sir Edwin Plowden, chief-of-staff to Sir Stafford Cripps and once one of the important government figures in war production, ". . . expressed sadness over the situation in Britain and at the very, very conservative attitudes to technology and manufacturing."⁷¹ Sir John Wood, Permanent Secretary of the Board of Trade, was seen as part of, ". . . the rear guard action against all this nonsense of the American invasion."⁷² Sir Norman Kipping, Director General of the Federation of British Industries, was thoroughly angered by Silberman's conclusions.⁷³ Kipping, considered by some a staunch defender of the status quo, could be expected to interpret the survey

⁶⁹Whitehorn to Kipping, July 8, 1948, MSS200/F/3/D3/7, MRC.

⁷⁰J. Whitehorn to Sir Norman Kipping, July 8, 1948, MSS200/F/3/D3/7, MRC.

⁷¹Silberman, interview, October 14, 1996, 7.

⁷²King, interview, 13.

⁷³Silberman, interview, October 14, 1996, 2.

observations as an insult to the industries he represented.⁷⁴

Silberman, on his return to Washington in mid-July, persuading two friends, officials in the ECA's Labor division, to forward a memorandum to Hoffman defining the need for a major productivity-team visits program.⁷⁵ Within two weeks, Hoffman invited Silberman and Labor Department officials to his office to discuss the survey results and recommendations, where he comprehensively embraced Silberman's ideas.⁷⁶ A participant in that same meeting, who described the report as very convincing, credited Silberman's conversations with officials of the Ministry, the TUC, and the FBI for Cripps's interest in discussing productivity with Hoffman.⁷⁷ A British official, still grouching over Silberman's criticisms of British industry, discovered that Hoffman had already gotten into contact with Oliver Franks, Britain's ambassador to the United States, for a discussion of joint efforts and prospects.⁷⁸

To provide the strongest possible support for the next phase of the ECA's productivity drive, Hoffman requested that the Department of Labor assign Silberman and his Industrial Productivity and Technical Assistance division to concentrate only on support for Marshall Plan programs.⁷⁹ He and his staff would now work for the ECA in

⁷⁴King, interview, 13.

⁷⁵Silberman, interview, October 14, 1996, 6-7.

⁷⁶Ibid.

⁷⁷Silvey to Jewell and Golden, August 3, 1948, RG469, Entry 50, 6, NA.

⁷⁸Brief for the President, FBI - AACP files, MSS 200/F/3/D3/7/2, MRC.

⁷⁹Silberman, Interview, August 2, 1995, 5.

promoting European productivity improvement by providing expert help on technical problems of productivity analysis to the members of any committee, establishing productivity goals and reports for every participating country, and helping to disseminate information relating to technology, management practices, and productivity levels.

Spurred by the U.K.'s need for Marshall aid, Silberman's menacing influence helped create a more urgent focus on Britain's laggard productivity than could Working Parties or Dr. Rostas.⁸⁰

James Silberman, the world-class expert on productivity from the U.S. Bureau of Labor Statistics, had concluded his brief study of British industry and determined that British industry would have to make radical changes to support Britain's economic recovery and to survive the growing competition for world markets. Although friendly towards Britain, Silberman's frank revelations angered British leaders still mired in traumatic postwar adjustments and continuous industrial strife. The United Kingdom's government officials, however, were deeply concerned that a Silberman invitation to a congressional appropriations committee hearing would put Britain's aid funds at risk from a congress unwilling to subsidize that alleged kind of inefficiency. Sir Stafford Cripps and Paul Hoffman would now have to provide the leadership required to weather the emerging tempest over the question of Marshall aid raised by Britain's inefficient manufacturing industries.

⁸⁰John Gibson to Paul Hoffman, August 2, 1948, RG 469/49/4/7, NA; Silberman, interview, August 2, 1995, 5.

CHAPTER VI

THE ANGLO-AMERICAN COUNCIL ON PRODUCTIVITY

The underlying stimulus that launched the Marshall Plan, created the European Cooperation Administration (ECA), and focused American concern on Britain's productivity problems was the threat Americans saw to their own security posed by the Soviet Union's aggressive advances westward. The countries that welcomed Marshall aid feared an additional threat, the prospect of American involvement in their internal affairs. The Committee on European Economic Cooperation (CEEC) had to be coerced by Marshall Planners to create a unified projection of needs before Congress would consider the aid program seriously. The Organization for European Economic Cooperation (OEEC) found itself under continuous pressure to function as a single European aid planning agency. The ECA wanted Britain to provide leadership for the OEEC but received only tepid support for that expectation. To assure Congressional approval for continued funding of the Marshall Plan, the ECA needed to demonstrate that aid was helping and that Europeans were taking an initiative in achieving economic recovery. In fact, the continued existence of the Marshall Plan was in question from the start. There was no guarantee that any of the participating countries would cooperate with the Plan's overriding goal, the complete economic and political integration of Western Europe. There was a serious risk that Congress, unless convinced that real

progress was being made, would simply discontinue aid funding. On the other hand, the ECA administrator's, ". . . greatest fear was that incomplete recovery would gravely endanger U.S. security by exposing Western Europe to Soviet expansion."¹

The continuation of Marshall Aid after its first year depended on tangible evidence of progress. Industrial productivity, the engine for Europe's economic recovery, urgently needed to show improvement. Great Britain, the one country among all the participating countries, that either interested or angered Congress the most, proved to be a focus for the most scrutiny in demonstrating or disproving the wisdom of Marshall aid. An ECA program of technical assistance to industry in at least one country could serve as a catalyst for all of the participating countries and help mollify Congressional critics. If Congress needed proof of Marshall aid benefits and productivity proved to be the key to economic recovery and recovery the answer to political stability, then circumstances nominated British industry to lead in efforts to secure the aid program. This conclusion started a chain of events that resulted in creation of the Anglo-American Council on Productivity (AACP).

The ECA expected the Anglo-American Council on Productivity to help improve British industrial productivity, prevent economic collapse, create a much-improved standard-of-living, and offer the benefits of American-style social peace. British leaders, although hoping to avoid direct American involvement in this internal matter, reluctantly concluded that cooperation with ECA productivity initiatives would help Britain's cause

¹William F. Sanford, "The Marshall Plan: Origins and Implementation," U.S. Department of State, Bureau of Public Affairs, April 1987, 8.

with a recalcitrant Congress.² This chapter describes the events leading to the creation of the council along a politically-complex path strewn with not-entirely-subtle American pressure and strong British resistance. The marriage between the need for aid and resistance to change gave difficult birth to the Anglo-American Council on Productivity.

On July 6, Britain signed the Anglo-American Economic Cooperation Agreement designed to tie Britain into the Marshall Plan hopes for the economic and political integration of Western Europe.³ Americans expected political and economic concessions as the price for Marshall aid and as part of the justification for Congressional funding.⁴ Britain agreed to use its best efforts to promote the development of production on a sound economic basis and achieve production targets established through the OEEC. It also agreed to take measures to prevent practices in restraint of trade including price fixing, allocating or dividing markets, limiting production, or preventing the development or application of technology.⁵ The hunger for aid seemed to overwhelm the fear of losing sovereignty, but it remained to be seen how closely the British would adhere to the agreement.

²Nick Tiratsoo and Jim Tomlinson, Industrial Efficiency and State Intervention: Labour 1939-1951 (London: Routledge, 1993), 132-133; Jim Tomlinson, "The Failure of the Anglo-American Council on Productivity," Business History, vol. 33, no. 1, January 1990, 83.

³"E.R.P. Agreement Approved and Signed," The Times, July 7, 1948, 4.

⁴Alan S. Milward, The Reconstruction of Western Europe: 1945-51 (Berkeley: University of California Press, 1984), 113-114.

⁵"First Report to Congress of the Economic Cooperation Administration," (Washington: GPO, 1948), 185-198.

In early July the threat to Britain's prospects for continued Marshall aid loomed ever larger as the implications of James Silberman's assessment of British industry penetrated the global concerns of the country's leadership. Cabinet staff members alerted their ministers of the prospect that Silberman might have to report to a congressional committee. Silberman's impressions of British industry, one official claimed, "... would afford excellent material for hostile criticism on the ground that ERP [European Recovery Program] is merely subsidizing the continuation of inefficient methods in British industry."⁶ Attempting to ward off this prospect a Treasury Department official asked Silberman to return to England in early July, after completing a similar survey in France, so that either the Chancellor or the President of the Board of Trade could see him and, "... convince him at least that we are very aware of the seriousness of the problem and concerned to do all we can to improve things ..."⁷ The Chancellor of the Exchequer was scheduled to visit with Silberman and expected to, "... do his best to put these impressions, which Mr. Silberman seems to have, into their right perspective."⁸ A memorandum to Sir Norman Kipping, Director General of the Federation of British Industries (FBI), in anticipation of his opportunity to talk to Silberman, explained that the Chancellor expected to see Silberman and would, "... attempt to explain the difference

⁶Rowan to John Henry, Memorandum, June 29, 1948, MSS 200/F/3/D3/10/11, Modern Records Centre, Warwick University, this archive hereafter cited as MRC.

⁷Ibid.

⁸Johnnie to Whitehorn, Memorandum, July 8, 1948, MSS 200 F/3/D3/7/, MRC.

between production and productivity to him.”⁹ A Board of Trade official urged care that Silberman not get the impression that Ministers were “ganging up” on him to make him change his mind.¹⁰ During Silberman’s July visits with the various ministries he made three proposals for activities to be funded by the ECA. Foreshadowing programs later introduced by the ECA he suggested mass visits of British technicians to the U.S. to give them an idea of American “flow” methods, better availability of U.S. production and technical literature, and the shipment of U.S. product samples for study in Britain.¹¹

Paul Hoffman, the ECA Administrator, was to prove effective as a power politician. In mid-July, Sir Oliver Franks, the British ambassador in Washington, reported to the Foreign Office that he had been advised by Hoffman that productivity was Britain’s essential problem. Dollar aid without improved productivity would only be temporary help. Improved industrial efficiency would mean Britain could sell her wares in bad times as well as good ones. Hoffman insisted that his mission was to promote recovery not interfere in any country’s domestic policies, except in the unlikely event that they hampered recovery. He told Franks that Great Britain proved to be the Marshall Plan country that excited both the strongest interest and criticism in Congress. While it would obviously be difficult to show results quickly in a four year program, there would

⁹Whitehorn to Kipping, Memorandum, July 8, 1948, MSS 200/F/3/D3/7/, MRC.

¹⁰Ibid.

¹¹Whitehorn to Kipping, Memorandum, July 12, 1948, MSS 200/F/3/D3/7/, MRC.

also be real difficulties in getting a satisfactory second appropriation from Congress without demonstrating reasonable results.¹²

Hoffman's press conference in Washington helped British leaders focus even more serious attention on the productivity issue. The ECA Administrator proposed that "Americans should participate in joint committees in all the countries receiving Marshall aid to study means of increasing production and industrial efficiency."¹³ Scheduled to report on European recovery the following spring, Hoffman expected that Congress would be reluctant to continue funding the ECA unless he could report progress. Britain's poor productivity performance, reported to be sixty percent lower than that of the U.S., showed that the British were insufficiently aware of productivity's impact on their standard-of-living. Managers needed to compete for markets instead of combining to restrain competition, workers needed a new attitude towards new methods, and the British government had to recognize the profound effect it had on industrial efficiency. Hoffman would not attempt to interfere in domestic policy but with a mission to promote recovery he was ready to cooperate if British industry wanted help. British leaders suspected that Hoffman's press conference and his conversation with Sir Oliver Franks had been influenced by James Silberman's survey conclusions.¹⁴

¹²Telegram Oliver Franks to Foreign Office, July 20, 1948, T 232 101, 124, PRO.

¹³"Anglo-American Committee," The Times, July 28, 1948, 2.

¹⁴Briefing Paper, July 19, 1948, T 232 101, 1-5, PRO; "Extract from NPACI report," July 23, 1948, T232 101, 24, PRO; "Brief for the President on the AACCP, " July 28, 1948, FBI files, MSS 200/F/3/D3/7/2.

Both Paul Hoffman and Britain's Chancellor of the Exchequer, Sir Stafford Cripps planned to attend the OEEC meeting in Paris during the third week of July. Preparation for Cripps's attendance at the meeting of the OEEC and the prospect of a personal conference with Hoffman resulted in a flood of briefing papers for the Chancellor of the Exchequer. The lengthy list of recommendations sent to Cripps revealed the range of pressures felt by the several interested parties. He was urged to welcome Hoffman's ideas if only to prevent Marshall aid problems. He should propose a joint British-American council composed of top-level representatives from industry and labor who should work without interference from either government. It would be the U.K.'s opportunity to provide an example for other Marshall Plan countries and help set Europe on its feet again.¹⁵

Advisors suggested that acceptance of Hoffman's proposal would avoid an unregulated stream of visiting Americans making superficial investigations and ill-considered reports. It would be an opportunity for positive publicity by showing that Britain welcomed assistance and, at the same time, that American help was only part of Britain's own efforts to increase productivity. Before any conversations with Hoffman the Chancellor was urged to clear this matter with both sides of British industry at a meeting of the National Production Advisory Council on Industry (NPACI). The Chancellor could tell Hoffman of British efforts underway, warn him of the differences between the two countries in industry structure and industrial relations, stress the

¹⁵"Briefing paper for the Chancellor," 4-5, T 232 101, PRO.

undesirability of any mass immigration of American consultants, suggest the risks involved in imposition of American methods of time and motion study, and warn of the danger of expecting immediate, spectacular increases in productivity.¹⁶

The Chancellor's briefing package included an eight-page annex describing the numerous British productivity-improvement efforts already underway.¹⁷ The Board of Trade and the Ministry of Labour pointed out that the British realized the importance of productivity fully as well as the Americans did and had already intensified efforts to increase productivity. The list boasted inclusion of the National Production Advisory Council on Industry, the National Joint Advisory Council, the Economic Information Unit of the Treasury, the Committee on Industrial Productivity, the Working Parties of 1945-46, the Department of Scientific and Industrial Research, Industrial Research Associations, Development Councils, the Production Efficiency Service, the British Standards Institution, the British Institute of Management (BIM), Joint Production Committees, and numerous others. Considering the history of British government efforts to encourage productivity improvement, the agencies mentioned were ones that had contributed to the continuing domestic gridlock between government, labor, and industry.

Hoffman had said that British industry was so decadent and backward that only the widespread use of American methods and American technicians could pull it through. Although, certain British industries were behind because of war damage or dislocation

¹⁶Wilson to Rowan, Memorandum, July 22, 1948, T 232 101, PRO.

¹⁷Annex to Chancellor's briefing memorandum, July 22, 1948, 1-5, T 232 101, PRO.

because they had been labelled inessential during the war, or limited in production due to market considerations or import restrictions, but Cripps's advisors insisted that Britain could put its own house in order. American methods were designed for mass market products that might not interest the British consumer and thus might not be applicable to British industry. Of course, some British industries might learn from their American counterparts despite the differences in industrial systems.¹⁸

The Chancellor's advisers repeated warnings against expectation of quick results. Reequipment would take time because new equipment manufacture was limited by the shortage of steel and, in the case of equipment from abroad, balance of payments considerations. Raw material shortages limited the efficient use of machines. Management reeducation, improved utilization of labor, and revised wage structures would take time to introduce. Proposals for change in British factories nearly always met with resistance at the beginning.¹⁹

With industry in Britain already skeptical of its own consultants, releasing a stream of Americans on the country could do more harm than good. A memorandum pointed out that some of Britain's bigger firms were already studying American methods and exchanging staff visits. The country's firms would welcome opportunities to send workers into American plants and to obtain technical literature. "We should like to be able to approach the ECA for help if any firms here found difficulty in getting the

¹⁸Ibid., 17-18.

¹⁹Ibid., 6-8.

information they wanted from America.”²⁰ At the NPACI meeting conferees decided that Hoffman’s offer of assistance should be accepted and that the FBI and the TUC, but not the government, should be involved in any joint productivity meetings. NPACI members urged that only responsible Americans be invited, that the problems of capital expenditures and steel needs be considered, and that Hoffman get unbiased information about British productivity.²¹

On July 22, 1948, Paul Hoffman arrived in Paris for discussions with the foreign ministers of nations participating in the Marshall Plan. He expressed doubts, “. . . about the speed and vision with which both recovery and joint action were being pursued . . . and suspicions that the British government were not exercising the leadership which could only be given by them.”²² Hoffman proposed a master plan of action for full European recovery by the end of June 1952 including a four-year program accompanied by four one-year programs that would help measure annual progress. Cripps complained that the ECA and the OEEC had been in existence only three months and asked that the OEEC’s administrative load be lightened.²³ In the exchange, “. . . the paradox was

²⁰Ibid., 8.

²¹“Extract from Minutes of NPACI meeting,” July 23, 1948, T 232 101, 24, PRO.

²²“Mr. Hoffman in Paris,” The Economist, July 31, 1948, 327.

²³“Mr. Hoffman in Europe: The Progress of Recovery,” The Times, July 23, 1948, 3; “Mr. Hoffman in Paris: A Call to Europe,” The Times, July 26, 1948, 4.

reached of Mr. Hoffman, the American business man, urging the virtue of plans upon a reluctant Socialist Chancellor of the Exchequer."²⁴

On July 26, shortly after a three-hour conference in Paris with Hoffman, Cripps announced plans for a joint British and American productivity committee to the press. The Times reported that Hoffman's idea, expressed at a Washington press conference, and the Chancellor's meeting with the NPACI led to Cripps's suggestion to Hoffman for a joint productivity council. It made Britain the first OEEC country to adopt this approach to productivity improvement.²⁵ The Economist, concluded that Cripps, "... appeared to have used his readiness to accept American technical advice and cooperation as a lightning conductor to deflect American criticisms of "British timidity."²⁶ Hoffman left Paris encouraged by this achievement but perturbed by the British government's lack of leadership in the OEEC and the possible impact of a reluctant Britain on the Marshall Plan's future.²⁷

On hearing of Cripps's Paris announcement, the Federation of British Industries offices complained that Cripps had discussed the notion only briefly at the NPACI meeting and had failed to state that industry would organize such an effort. In addition, the FBI feared that Americans involved might not be of the highest grade of industrialist.

²⁴"Mr. Hoffman in Paris," The Economist, 327.

²⁵"Promotion of Industrial Efficiency: Joint Anglo-American Committee," The Times, July 27, 1948, 4.

²⁶"Mr. Hoffman in Paris," The Economist, 327.

²⁷Ibid.

The FBI concluded that the Chancellor's announcement was "shockingly badly handled."

²⁸ One FBI correspondent complained that Cripps had bungled the Paris press conference by giving the impression, ". . . that it was to be a government affair and that swarms of Americans would descend upon us to tell us our business, and quite unnecessary heat was generated on all sides."²⁹ Reaction of the British press ran from general support to heated indignation.³⁰ A Manchester Guardian article headline stated that, "Cripps Plan for British Industry Surprises the Commons," explained some of the resulting challenges for the Trades Union Congress, but concluded that it might be the best way to answer American critics.³¹ The House of Commons, clearly irritated that Cripps had announced the plan in a foreign country before a debate on the idea in the House, insisted that the Chancellor make a statement in person.³²

Facing the House of Commons, Cripps described the committee plan and his determination that Britain be the first among OEEC members to accept.³³ Pointing out that the United Kingdom had already managed a considerable increase, he emphasized that more needed to be done to raise the country's standard of living. With the NPACI's

²⁸"Brief for the President," FBI files, July 28, 1948, MSS 200/F/3/D3/7/2, MRC.

²⁹Letter to Muralt, August 9, 1948, MSS 200 F/3/D3/7/2, MRC.

³⁰Press Clippings, T 232 101, 53-60, PRO.

³¹"Cripps Plan for British Industry Surprises the Commons," The Manchester Guardian Weekly, July 29, 1948, 2.

³²"Anglo-American Committee: M.P.s' Misgivings," The Times, July 28, 1948, 4.

³³Parliamentary Debates (Commons), 5th ser., vol 454 (1947-48), col. 1566-1606.

agreement in hand Cripps had suggested the plan to Hoffman. British committee members would be appointed through the NPACI by its FBI and TUC members. The organization would have no government representatives and no executive powers but would report to the Chancellor and the ECA Administrator. The council's purposes would include determining ways British productivity could be improved by American methods, whether American industry specialists would be useful, and if arrangements should be made for U.K. industry works managers and technicians to visit the United States.³⁴

Immediately after his statement to the House, the Chancellor “. . . was bombarded for many minutes with a fire of searching interrogation. . . .”³⁵ Opposition and Labour members of the House complained that this attempt to tell the United Kingdom how to run its business was an affront to British dignity and a threat to the country's economic existence. Angry industrialists claimed it was a job that the British must do for themselves.³⁶ Nor would a union movement stand for the, “. . . misguided, maladroit, and doomed, . . . “ proposal.³⁷ Certain parts of the press, specifically the Daily Press and Daily Worker, had completely garbled the story and were accused of trying, “. . . to do all

³⁴“Anglo-American Committee,” The Times, July 28, 1948, 2.

³⁵“Doubts on Anglo-U.S. Council for Industry,” The Times, July 29, 1948, 5.

³⁶Ibid.

³⁷Parliamentary Debates (Commons), 5th ser., vol 454 (1947-48), col. 1571-1616.

they could to destroy ERP and Anglo-American relations, . . .”³⁸ Members of Parliament, obviously aware of Silberman’s survey conclusions, were also concerned with preventing such “false stories” getting back to America and giving the impression that Marshall Plan money would be poured, “. . .into a bucket with a hole in the bottom.”³⁹ One member, still upset by Silberman’s report, expressed sympathy with the joint committee proposal, suggesting that, “Instead of letting these free-lance people come over, why not send some responsible people who will look into the matter properly. . . .”⁴⁰

Cripps dealt coolly and firmly with Parliament’s criticisms over the three days of debate, watching the original hostility languish to at least tacit consent. Calmer reflection deemed the matter at least harmless. The Chancellor concluded his arguments stating that unless productivity improved Britain would have little chance of survival beyond the next four years without outside help. “That . . . went home as nothing else in the speech.”⁴¹

The Economist took another view of the debates. It described the astonishing volume of protest as “remarkably childish” and expressed alarm at the member’s focus on wounded dignity rather than economic survival. It concluded that Conservative attitudes came from wounded pride and a psychological reaction to dependence on American

³⁸“Anglo-U.S. Council: Sir Stafford Cripps’s Assurances to Commons,” The Times, July 30, 1948, 4.

³⁹“Anglo-American Council of Productivity,” July 29, 1948, T232/101, 88, PRO.

⁴⁰Ibid.

⁴¹“Anglo--U.S. Council Under Fire: Commons More Favourable on Second Thoughts,” The Manchester Guardian Weekly, August 5, 1948, 7.

assistance.⁴² Apparently the nation would not accept that anything drastic had happened to it. Hardly anyone in Commons believed there was anything wrong with British industry. The country's participation in two wars had given birth to the doctrine of the welfare state and confirmed habits of improvidence. With considerable chagrin the Economist concluded that each side of British industry, ". . . is apparently sunk so deep in its twilight sleep of complacency that not even this peril can arouse it."⁴³

Cripps's unwelcome announcement of a joint British-U.S. council touched a raw nerve of anti-American sentiment, but each party to the uneasy triumvirate of government, industry, and union had reason to cooperate with the proposal. A joint council could be an opportunity to influence the other two sides of Britain's tripartite productivity team, improve U.S. opinion about British industry, and salvage any damage to Marshall aid hopes. The Federation of British Industries and its affiliated trade associations would take the opportunity to correct some of the ill-informed criticisms by Americans, reduce the government's interference in industrial affairs, and provide a forum for its own productivity agenda. The Trades Union Congress welcomed another opportunity to push for Joint Production Committees. The TUC saw another reason to keep the government at arm's length and away from direct contact with its members, and, of course, to clarify Britain's post-war industrial difficulties. The government saw the joint council as another tool for its own productivity campaign, one that would commit

⁴²"Nothing to Learn," The Economist, July 31, 1948, 327.

⁴³"Twilight Sleep," The Economist, August 7, 1948, 209-210.

both sides of industry while absolving the Government if the plan failed.⁴⁴ British workers, however, were more interested in stability than in earning more money.⁴⁵

On August fifth, representatives of the FBI and TUC, at Cripps's request, met with Thomas Finletter, ECA's U.K. Mission Chief to make plans for the proposed British-American committee. Finletter assured them that the ECA was anxious to cooperate but that the initiative had to come from the British. The visiting employer/union representatives wanted a non-governmental council composed of an equal number of the best possible industry and union representatives from both countries, to discuss ways to improve British industrial productivity and foster a long-term Anglo-American friendship.⁴⁶ Since Cripps wanted to announce the council's formation to Parliament on September 13, they hoped to schedule the first meeting in October and second meeting in December.⁴⁷ Finletter agreed and noted that results of the council's first meetings would be available in time for the next Senate appropriations committee

⁴⁴Tiratsoo and Tomlinson, Industrial Efficiency, 133-134; Jim Tomlinson, "The Failure of the Anglo-American Council on Productivity," Business History, vol.33, no. 1 (January 1990), 83; Jonathan Zeitlin, "Americanization and its Limits: Theory and Practice in the Reconstruction of Britain's Engineering Industries, 1945-55," Business and Economic History, vol. 24, no. 1 (Fall 1995), 281.

⁴⁵"What Makes Workers Work?," The Manchester Guardian Weekly, December 9, 1948, 13.

⁴⁶Finletter to Secretary of State, Memorandum, TOECA 82, August 5, 1948, Silberman Files.

⁴⁷Silberman alleges that Hoffman held up Britain's monthly aid allotments until he got the response he wanted from Cripps. When Cripps complained about the delay Hoffman is said to have apologized for unexplained accounting problems. James M. Silberman, interview by author, Alexandria, Virginia, August 2, 1995, 6.

hearings. With the basic ground rules established the selection process for council representatives began.⁴⁸

The Anglo-American Council on Productivity came into being on September 13 with announcement of council representatives.⁴⁹ Philip Reed, chairman of General Electric and wartime Lend-Lease liaison to the Court of St. James, was chosen as the chairman for the American side of the council.⁵⁰ Victor Reuther, director, department of education for the UAW-CIA, and brother to Walter Reuther, the president of the United Auto Workers was soon added as the American co-chairman.⁵¹ The British also chose prominent industry and labor leaders for their part in the joint venture. The three co-chairmen for the British side of the council were to be Sir Greville Maginness, past president of the British Employers' Confederation (BEC) and chairman or managing director of three manufacturing companies, Lincoln Evans, general secretary of the Iron and Steel Trades Confederation, and Sir Archibald Forbes, president of the Federation of British Industries and chairman or director of two companies.⁵² Sir Norman Kipping, Director General of the FBI, still fuming about Silberman's survey conclusions

⁴⁸Ibid.

⁴⁹"Anglo-U.S. Council on Productivity," *The Times*, September 13, 1948, 4.

⁵⁰Jacqueline McGlade, "The Illusion of Consensus: American Business, Cold War Aid and the Industrial Recovery of Western Europe, 1948-1958," Dissertation, George Washington University, 1995, 173-179.

⁵¹Victor Reuther, interview by author, Washington, D.C., October 8, 1996; "Final Report of the Council" (London: AACP, September 1952), 39, University of Wisconsin Library, Madison, WI.

⁵²AACP, Final Report of the Council, 39.

expressed,

... considerable pleasure by the announcement of names of the American members of the Anglo-American Council on Productivity, who are of a stature and experience which should obviate the danger of hasty and ill-judged expressions of opinion about British Industry.⁵³

In mid-September, the U.S. and British chairmen exchanged ideas by mail about the agenda for the first meeting of the AACP.⁵⁴ Reed's suggestions apparently went well beyond what the British council members had in mind.⁵⁵ The General Electric chairman, suggesting that the council consider more than just production planning and labor-management relations, proposed a broad review of Britain's industrial establishment and government industrial policy. He felt that a look at investment in modernization of plant and equipment would include consideration of management policy, incentives for investment, capital control, export policy for capital goods, and allocation of raw material. A review of economic production units would include uniform standards, specialization in parts and components, consolidations, and competition. An analysis of production planning for low cost manufacture needed to consider product design, production methods, plant layout, mechanization, materials handling, labor and production standards, inventory control methods, and overhead costs control. Reed also wanted to review working- conditions, rewards for innovation, and ways to increase job

⁵³Letter, Personal Assistant to Hague, September 16, 1948, FBI files, MSS 200/F/3/D3/7/, MRC.

⁵⁴Letter to Reed, September 14, 1948, T 232 101, 163-164, PRO; Letter, Reed to Bain, September 22, 1948, FBI files, MSS 200/F/3/D3/7/2, MRC.

⁵⁵Letter to Magginess, September 27, 1948, FBI files, MSS 200/F/3/D3/7/2, MRC.

satisfaction. In addition, he suggested a review of municipal and other codes that might be obstacles to productivity.⁵⁶ Sir Greville Magginess was urged to cable Reed and suggest a less ambitious agenda.⁵⁷

American preparations for the first AACP meeting began in both the ECA and the BLS's Productivity and Technological Development Division. The ECA office in Washington offered background information on the development of the AACP, information on previous joint actions on productivity, digests of British productivity reports, plans for British production team visits, and relevant press clippings.⁵⁸ With the American council members in Hoffman's office prior to their departure for Britain, James Silberman was asked to review his British industry findings and recommendations.⁵⁹ Despite Philip Reed's request for Silberman to accompany him during the meetings in England, the American embassy in London felt Silberman's presence would be unwelcome.⁶⁰ Despite continuing animosity towards him in Britain, the irrepressible productivity-crusader managed an important continuing influence on AACP activities by

⁵⁶Reed to Bain, Letter, September 22, 1948, FBI files, MSS 200/F/3/D3/7/2, MRC.

⁵⁷Letter to Magginess, September 27, 1948, FBI files, MSS 200/F/3/D3/7/2, MRC.

⁵⁸"Materials Developed for U.S. Council Members," Silvey Memorandum, August 31, 1948, Office of Labor Advisors, SRE, RG 469 Entry 50, page 6, NA.

⁵⁹James M. Silberman, interview by author, Alexandria, Virginia, August 2, 1995, 6-7.

⁶⁰Golden to Berger, Letter, September 21, 1948, Correspondence files of Francis Rogers, P&TC Division, UK Mission, RG 469, NA.

serving the ECA in Washington and Paris.⁶¹ As the U.S. council members boarded the ship for England they were already aware that they would bring another layer of political tension to the long-established complexity in Britain's labor, management and government relations.⁶²

At the first meeting of the council both sides offered carefully-worded introductory remarks hoping to dispel any negative feelings that might have been created by the council's formation that would interfere with its purpose. The Americans,

... explained that they approached the task in a spirit of humility but with a very genuine eagerness to discuss problems. It was no part of their intention or desire to teach British industry its own business, nor indeed were they in a position to do so. On the contrary, they had come to learn and to help in any way possible.⁶³

For their part the British,

... assured their American colleagues that they would receive a warm welcome, and it was the hope of British industry that they might be able to

⁶¹Silberman to Wickens, Memorandum, September 7, 1948, Silberman files; "Outline of Recent BLS Discussions with British Officials Concerning Industrial Productivity and Statistical Methods," BLS Productivity and Technological Development Branch, October 1948, Silberman Files; Silberman to Golden and Jewell, Memorandum, April 21, 1949, Office of Labor Advisors, SRE, PAD, RG 469, Entry 50, page 6, NA; Jewell and Golden to Shishkin, Memorandum, June 29, 1949, Office of Labor Advisors, SRE, PAD, RG 469, Entry 50, page 6, NA; "Memorandum of conversations," November 16, 1949, RG 469 Entry 376, Box 34, NA; Moffat to Harriman, Memorandum, November 17, 1949, RG 469, Moffat files, Box 2, NA.

⁶²Dr. Alexander King, the former Science Advisor to the Lord President, was also aboard the same ship. In anticipation of the American council members plans to visit plants in Britain, Dr King, "... made it clear to some of the Americans to be careful that they'd be shown a lot of the best plants and that the industry would be hiding the whole state of affairs." Interview by author, London, October 24, 1996.

⁶³AACP, Final Report of the Council, 5.

see for themselves the efforts that were already being made to improve productivity in the United Kingdom.⁶⁴

The British representatives offered their view of the events that led to the formation of the AACP and detailed the challenges still ahead for British industry, including the need for exports and capital equipment, the shortages of raw materials and funds, and the special nature of their markets.⁶⁵ Reports of restrictive practices, they explained, were exaggerated.⁶⁶ It was agreed that more extensive use of industrial power and greater mechanization would be essential to the growth of the British economy. Management, of course, had to employ the most modern methods to make the most effective use of manpower. Although it would be impractical to copy methods that evolved under the conditions in another country, adapting the knowledge of different practices might be helpful.⁶⁷ All agreed that the talented and resourceful British people were capable of increasing productivity with, “. . . clear thinking, continued hard work, and competent leadership in management and labour.”⁶⁸

The members voted to divide projects and assign committees on key issues for action by or before their next meeting. Controversial subjects, such as joint production

⁶⁴Ibid.

⁶⁵Memorandum, October 25, 1948, FBI files, MSS 200/F/3/D3/7/1/, MRC.

⁶⁶Memorandum, October 26, 1948, FBI files, MSS 200/F/3/D3/7/1/, MRC.

⁶⁷AACP, Final Report of the Council, 6.

⁶⁸Report of the First Session (London: Anglo-American Council on Productivity, November 1948), University of Wisconsin Library, Madison, 3-4; Aide-memoire for AACP Session, October 29, 1948, FBI files, MSS 200/F/3/D3/7/1/, MRC.

committees, competition, and the effect of controls and restrictive practices, were expected to receive attention by the U.S. or U.K. sections separately. It urged the newly formed committee on Plant Visits and Exchange of Production Techniques to take immediate steps to spread productivity information on “best practice” in the United Kingdom, the United States, and other countries. It recommended that arrangements be made for a trial run of plant visits by British employees from all levels of production to factories in the United States. A committee on Maintenance of Productive Plant and Power was to study whether the level of British productive plant and power in particular industries was increasing or decreasing. The Productivity Measurements committee would examine collection of productivity data in the two countries, determine the factors influencing relative productivity, and attempt to settle differences of opinion on the subject. The committee on Specialization in Industrial Production would study the U.S. trend towards specialization and report on the benefit to British industry of simplification, standardization, and specialization. The Economic Information committee planned to exchange information about methods used in each country to tell its citizens about the reasons for increased productivity.⁶⁹ The next meeting of the council, scheduled for the United States, was delayed until the first quarter of 1949.⁷⁰

The artfully crafted report of the first meeting offered the usual platitudes in areas of agreement and carefully avoided the sensitive subjects. Clearly, the target audiences of

⁶⁹AACP, Report of First Session, 4-7.

⁷⁰Ibid.

the meeting's report included the Appropriations Committees of the U.S. Congress, the ECA, Britain's Treasury department, the OEEC, and the participating countries of the ERP, probably in that order. Hoffman and U.S. committee members had been anxious to offer help but were not prepared to apply pressure to British industry. The Economist felt that, "... the council was suffering from an excessive tenderness towards British susceptibilities, . . .," but concluded that their plans were businesslike and might even produce results.⁷¹ With the possible exception of the productivity team visits still to come, the council's cautious start left the suspicion that the AACCP would join Britain's already lengthy list of hapless productivity committees, councils and Working Parties, all unable to make a positive impact on productivity.

Stafford Cripps, ever the politician, qualified his approval of the council's recommendations pointing out the various tools already being furnished to British industry and emphasizing that the need to export capital equipment would continue to restrict re-equipment plans. Conceding that effort in the country's existing productivity campaign was slacking, Cripps insisted that more productivity would be needed from each person to prevent a severe reduction in the standard of living when the Marshall Plan came to an end. Every element of Britain's productivity campaign, including the efforts of the newly formed AACCP and the trade unions, had to be foremost among Britain's economic objectives.⁷² Cripps diluted the importance of his productivity

⁷¹"Priority for Productivity," The Economist, November 13, 1948, 803.

⁷²Ibid.

message a few days later when he announced encouraging results in the nation's progress towards economic recovery.⁷³ Trade deficits were more than halved and exports exceeded 140 percent of the 1938 volume. On hearing Cripps's review, the House of Commons, "... rang with an unusually long and loud roll of cheering."⁷⁴

A flurry of confusing commentary, as well as some useful contributions, flowed in anticipation of the AACP's second meeting. A TUC special conference of Trade Union Executive Committees saw in the AACP an opportunity to press for formation of more Joint Consultation Committees to address issues specific to each industry.⁷⁵ Joint consultation would be a priority goal for the TUC and their answer for Britain's concerns about the country's economic problems, living standards, and social welfare policy. Sir Henry Tizard, the British Government's chief science advisor, reported being perplexed by the disparity between the production records of the U.S. and the U.K.⁷⁶ Britain's lack of planning in industry and research, he claimed, produced marvelous results because the country had freedom from any master plan from above. The FBI offered briefing notes to the U.K. employer members of the AACP on cartels,

⁷³Parliamentary Debates (Commons), 5th ser., vol. 456 (1948), col. 247-266.

⁷⁴"Progress to Recovery," The Times, September 17, 1948, 4.

⁷⁵"Productivity Report of the General Council of the TUC," London, November 18, 1948, FBI files, MSS 200/F/3/S1/36/41, MRC.

⁷⁶"Economic Intelligence, No. 4," U.S. Chamber of Commerce, November 1948, MSS 200/F/3/D3/7/3, MRC.

monopolies, and nationalizations.⁷⁷ Trade restrictions would be difficult to defend especially in view of the known attitude of the American public. On nationalizations, the only democratic course available, with a government pledged to a degree of nationalization, was to see that the harm done was minimized.⁷⁸ In response to the needs of the AACP's committee on productivity measurement, the U.S. Bureau of Labor Statistics produced reports on the uses of productivity data and the relationship between productivity and living standards.⁷⁹ A memorandum from the U.K. side of the AACP's Plant and Power committee complained that there was as yet insufficient information on capital investment in British industry to discuss whether British industry could hold its own in a competitive world market at the end of the Marshall period.⁸⁰ The AACP's U.S. Co-Chairman, Philip Reed, speaking to the British Empire Chamber of Commerce in New York, explained how "American and British management and labor for the first time have teamed up to smash production bottlenecks in British industries by using American know-how."⁸¹

⁷⁷Briefing note on Cartels and Monopolies, March 9, 1949, FBI files, MSS 200/F/3/D3/7/3, MRC.

⁷⁸Briefing note on Nationalisation, March 9, 1949, FBI files, MSS 200/F/3/D3/7/3, MRC.

⁷⁹"Uses of Productivity Data in American Manufacturing Establishments," BLS, P&TD Branch, March 1949; "Productivity and Living Standards," U.S. Labor Department, April 24, 1949, RG 469, Office of Labor Advisors, SRE, Entry 50, Page 6, NA.

⁸⁰"Anglo-American Council on Productivity: Industrial Capital Investment," London, October 1948, FBI files, MSS 200/F/3/D3/7/1/, MRC.

⁸¹"Britons Will Seek 'Know-How in U.S.," The New York Times, December 8, 1948.

In December 1948, helpful to the ECA's ongoing need for favorable progress reports, Hoffman disclosed that Philip Reed had sent him, "... one of the most encouraging reports he had ever had."⁸² Reed, seemingly impressed by the British government's productivity campaign and the positive approach of both labor and management, thought that British productivity could be raised by fifty percent over the following ten years rather than the twenty five percent assumed by the British.⁸³ Reed also reported that the AACP's Plant Visits committee had completed much of their startup work and had already scheduled the first of its productivity teams to arrive in the U.S. in February 1949.⁸⁴

President Truman's third report to Congress on ECA operations for the quarter ended December 31, 1948, emphasized that the United Kingdom would have to push production and exports considerably above 1948 levels to correct a serious dollar deficit. Still hampered by high taxes, price controls, rationing, and the need to continue allocations of scarce materials and equipment, Britain had to increase productivity to earn the dollars to buy new plant and equipment essential to raising industrial productivity. The ECA's newly established technical assistance program, with the AACP as its centerpiece, was expected to yield significant results for the small amount of dollars that would be spent providing technical assistance and production know-how to European

⁸²"Mr. Hoffman on German Reparations," The Manchester Guardian Weekly, December 16, 1948, 7.

⁸³Ibid.

⁸⁴Reed to Hoffman, Report, January 17, 1948, FBI files, MSS 200/F/3/D3/7/3, MRC.

nations.⁸⁵

Angry critics of Marshall aid, however, still thought it was too expensive, a disincentive to European recovery, and a subsidy to socialism. In early February 1949, Hoffman was called to testify before the Senate Committee on Foreign Relations joined to consider continuation of the European Recovery Program for an additional fifteen month period. He reported that progress in trade, financial stabilization, and production reflected renewed hope and determination in western Europe. The ECA's new technical assistance program provided American management and production techniques to Europe to encourage industrial growth.⁸⁶ The Senate committee met a second time to examine Mr. Hoffman on statements made by Christopher Mayhew, the U.K. delegate to the Economic and Social Council of the United Nations, to the effect that British recovery was almost complete. In view of this conclusion from a British spokesman the Senators wanted to know whether continued American aid was necessary. Hoffman pointed out that,

. . . a country could achieve a high degree of internal recovery and still urgently require American aid to cover essential dollar imports for which it cannot pay through its foreign exchange earnings. . . . Any reduction in the U.K.'s allotment would result in a \$4 loss in production for every \$1

⁸⁵European Cooperation Administration, Third Report to Congress, Washington: GPO, 1949, 16-17, 45-47.

⁸⁶Congress, Senate, Committee on Foreign Relations, Hearings Before the Committee on Foreign Relations, Eighty First Congress, First Session on S. 833, February 8-28, 1949, 2, 6.

cut because of curtailed imports from the Western Hemisphere.”⁸⁷

Hoffman explained that his estimate of Britain’s condition had been screened by the ECA mission in London and ECA headquarters in Washington, and reviewed carefully by Mr. Harriman in Paris, by the OEEC, the Departments of State, Treasury, Agriculture, and Commerce, and the Bureau of the Budget.⁸⁸ The majority in Congress voted renewed support for the recovery program under the assumption that the ECA program would be cheaper than the cost to the United States if the Soviet Union took control of Western Europe.⁸⁹

The second series of meetings of the council opened in New York on March 29, 1949 and concluded in Washington on April 7, 1949. Offices of the AACP, with suitable support staffs, had already been opened in London and New York. British members first visited American industrial plants and held discussions with management and labor leaders in several parts of the United States. In its spring 1949 meeting, the council focused on the progress and plans of the council’s five committees. The Plant Visits and Production Techniques committee was pleased to introduce the Steel Foundries Team to the members of the council. This, the first British productivity team to visit the United States under the auspices of the AACP, gave the council first-hand impressions of their

⁸⁷Congress, Senate, Committee on Foreign Relations, "Hearings on S. 1209, Extension of the European Recovery Program," Hearings, March 8, 1949, 18-19.

⁸⁸Ibid., 19.

⁸⁹Michael J. Hogan, The Marshall Plan: America, Britain, and the Reconstruction of Western Europe, 1947-1952 (Cambridge: Cambridge University Press, 1987), 189-191.

visits to American plants. The Council now had applications from more than thirty British industries wanting to send teams and had made plans to add productivity teams on such specialized, cross-industry interests as mechanical handling, training for workers, and management accounting. The other four committees, having nothing of substance to offer, summarized their interim conclusions and reported being actively engaged in gathering data and examining reports.⁹⁰

By the end of their second AACP meeting the U.K. members had concluded that higher productivity in the United States was due more to longer runs of more standardized products, greater use of mechanical aids, and more in-process help for workers than to greater effort on the part of the worker. Although the two sides of the council differed on the impact of competition on productivity, the British cited the Parliament's new Monopolies Commission to show that the subject was under study. Great hopes were placed on the results of the Productivity Team visits and the benefits to both countries in exchanging ideas on production techniques. The next meeting date for the council would depend on the progress of existing projects.⁹¹

The council's organization quietly evolved into a vehicle for supporting the growing productivity team activity and feeding the political needs of its several competing constituencies. A look at the structure of the AACP is instructive. There were thirteen council members on the United Kingdom side representing the Federation of

⁹⁰Report of the Second Session (London: Anglo-American Council on Productivity, April 1949), University of Wisconsin Library, Madison, 3-4

⁹¹Ibid., 11-12.

British Industries, the British Employers' Confederation, and the Trades Union Congress, with each entity represented on the council by a separate co-chairman and separate joint secretary. The British side of the council was housed in an office in London, assisted by four consultants, supported by twenty one staff members, and financed by industry, labor, and the government. Five U.S. council members came from industry and four from labor organizations. The Americans divided their co-chair and co-joint secretary jobs equally between industry and labor. Their office in New York and the staff of twenty-one was financed primarily by the ECA.

The individuals selected as representatives to the council, chosen from among the chairmen of industry and presidents of unions, undoubtedly represented the experienced elite in their disciplines. Intent on placing, "... at the disposal of United Kingdom industry any American experience which might be helpful to it in increasing productivity," these captains of industry carried baggage that limited their objectivity and usefulness.⁹² Each one was constrained in some way by sponsors, industry experience, national bias, and time available from primary responsibilities. The council's ability to fulfill its purpose depended on the cooperation of its sponsors and the initiative of its joint secretaries, consultants, and office staff.⁹³

In April 1949 it was too early to tell if the British government's productivity campaign, the ECA's technical assistance program, the Anglo-American Council on

⁹²AACP, Final Report of the Council, 1.

⁹³*Ibid.*, 39-40.

Productivity, and Marshall Plan aid combined would serve to revitalize Britain's manufacturing industries. Some benefit would surely filter through the wall of resistance and resentment displayed in the grudging agreement British industry and labor gave to consideration of American methods. Granted, Britain's factory systems had evolved from a different historical environment and for different markets than the ones in the United States. Obviously, the United Kingdom had been seriously traumatized by the effect and the cost of two world wars that had drained its manpower and finances. Yes, this once mighty power, still in the insulting throes of an empire in decline, struggled painfully under the advance of socialism. Clearly, the country's leaders fought valiantly to survive the inevitable global changes they were required to manage and to salvage the former empire's shreds of dignity and self-respect. But now that Britain's economic survival depended on an energetic industrial recovery the country's industrial establishment resisted offers of help. Only the prospect that Britain might lose Marshall aid served to get industry's resentful attention.

CHAPTER VII

THE MARKETING OF PRODUCTIVITY

The constantly looming prospect of losing Marshall aid provoked positive action from the Anglo-American Council on Productivity (AACP), at least from the Team Visits and Exchange of Production Techniques committee, in the form of a campaign to sell productivity-improvement and its benefits to British industry. By 1952, at the end of the Marshall Plan, sixty-six productivity teams had researched the reasons for higher productivity in U.S. plants and had returned as British sales teams with productivity-marketing plans to promote their findings at home. The team visits program, as startling as the Marshall Plan itself, became an American effort to encourage the productivity of a competitor nation. Both industry and government in the two nations appeared to cooperate as 956 British team members toured American manufacturing plants in search of a blueprint for competitive success.¹ The team visits program, although proclaimed a remarkable program of public relations and adult education by the AACP, facing the constraints of time and a paranoid industrial establishment, failed to achieve even its short-term productivity goals. But despite Britain's inability, and often unwillingness, to accept a helping hand, the European Cooperation Administration (ECA) with the help of

¹F. E. Rogers, Report of the United Kingdom Technical Exchange and Section 115-K Program, September 6, 1956, RG 469, USOMUK, Box 5, NA, 2; Adolph H. Warner, Memorandum, March 20, 1956, Correspondence files of Francis E. Rogers, RG 469, NA.

its AACP associates, presented an unusually generous, carefully crafted, and potentially effective business plan designed to sell productivity-improvement as the basis for national recovery and international security.²

Council members agreed from the start that the steps towards productivity-improvement could be quickened if knowledge of best production practices in U.K. factories could be supplemented by an understanding of American industry. To give substance to this hope the AACP assigned eight of its prominent industry leaders to a committee on Plant Visits and Exchange of Production Techniques.³ The British members of that committee, Sir Cuthbert B. Clegg, president of the British Employers' Confederation (BEC), Mr. Arthur Deakin, president of the Trades Union Congress (TUC), Sir Maurice Denny, and Sir William Lawther, vice-president of the TUC, were assigned to develop and implement a plan to offer British manufacturers best-practice information from industries in both countries.⁴ No one had prior experience with which to guide the council on an international crusade of this magnitude. Trial and error was to be the teacher in developing the procedures necessary to find, train, and manage the individuals needed to create an effective team to research and promote industrial change.

²Final Report of the Council (London: AACP, September 1952), 8, in possession of the author. Many of these hard to locate AACP reports can be found at the University of Wisconsin Library at Madison, WI.

³Ibid.

⁴Reed to Hoffman, Report, January 17, 1949, FBI files, MSS 200/F/3/D3/7/8, Modern Records Centre, Warwick University, hereafter cited as MRC; "Report of the First Session" (London: AACP, November 1948), 5; "Final Report," 39-40.

A troublesome Steel Founding industry would be chosen to produce the first visits team to serve as the experimental model from which to develop their program.⁵

The work of managing the United Kingdom's portion of the visits program was assigned to the council's London staff of twenty-one individuals housed in the Federation of British Industries' (FBI) headquarters.⁶ With the committee's guidance, the London organization assisted in screening team members, scheduled British plant visits, arranged team orientation and travel, assisted in report publication, and promoted the availability of productivity information. The U.K. side of the committee sent memoranda to British trade associations requesting that they consider applying for a productivity team and providing them with information on application procedures, financial aspects of the program, composition of a team, plans for team orientation, travel arrangements, suggestions on benefits for the industry, and plan for promoting teams results. On receiving an application from a trade association, the AACP's London office provided the name of a union official to assist in formation of a joint selection committee.⁷

The selection committee, representing the industry's trade association, employer organization, and trade union, was to nominate fifteen prospective team members,

⁵Steel Founding Productivity Team Report (London: AACP, September 1949), 5.

⁶Eric. H. Biddle, "British Program for Increased Productivity," October 10, 1949, 10, RG 469, Entry 376, Box 34, NA. The AACP's London operations were managed by a retired Commanding General of the Indian Army and former Secretary of the Indian Government.

⁷AACP to Employer's Association, Letter, January 1949, FBI files, MSS 200/F/3/D3/7/3, MRC; "Productivity Teams," brochure (London: AACP, 1949), in possession of the author.

including a team leader and team secretary, representing supervisory, technical, and worker levels from several plants within the industry.⁸ The Cotton Spinning team's selection committee established three principles to guide their decisions. They would chose only persons with high practical and technical qualifications. Team members should expect to work for another ten to fifteen years in the industry. Individuals chosen would have to be skilled and impartial observers, play a satisfactory part in report preparation, and participate in spreading the lessons of the visit.⁹ Each nominee would also have to function well on a team member and pass a security screen that satisfied American concerns about communism.

To develop this rare mix of personalities into an effective research team, the AACP London office arranged several industry-orientation visits to British plants and a thorough briefing on various aspects of their own industry. The Meat Packaging and Processing team reported that these visits were a new practice in the United Kingdom. It was surprised that, "members of meat manufacturing firms were permitted and encouraged to inspect the plants of other firms which are highly competitive, and which had not hitherto opened their doors in this way."¹⁰ The Non-Ferrous Metals (Wrought) team, expecting their industry to allow visits on a scale similar to the one anticipated in the United States, were allowed a month to visit twenty representative factories. Their

⁸Biddle, "British Program for Increased Productivity," 10; "Final Report," 8-9.

⁹Cotton Spinning Productivity Team Report (London: AACP, March 1950), 1.

¹⁰Meat Packaging and Processing Productivity Team Report (London: AACP, January 1951), 1.

report was enthusiastic about the knowledge gained about their own industry and the opportunity to become a team and get experience in note-taking and report preparation.¹¹

Because the program in the U.S. would involve an intensive schedule of visits it was necessary to preplan the group's objectives. The Letterpress Printing representatives drafted a questionnaire that ultimately expanded to 250 items.¹² The Rigid Boxes and Cartons team's assignment was to study American manufacturing methods, technology, and people. While studying America at work they were also to sell Americans on Britain.¹³ The Men's Clothing team was instructed to study American industry, assess the reasons for its superior performance, and then recommend the American practices most suited to increase productivity at home.¹⁴ The Internal Combustion Engines team was to study American factory administration, organization, layout, methods, and operating conditions, but they took pains to state that their visit was not primarily to study technical design or to accept the implication that British industry was technically inferior.¹⁵ Brass

¹¹Non-Ferrous Metals (Wrought) Productivity Team Report (London: AACP, April 1951), 2.

¹²Letterpress Printing Productivity Team Report (London: AACP, February, 1951) 1.

¹³Rigid Boxes and Cartons Productivity Team Report (London: AACP, February 1951), 1.

¹⁴Men's Clothing Productivity Team Report (London: AACP, June 1950), 1.

¹⁵Internal Combustion Engines Productivity Team Report (London: AACP, June 1950), 1-2.

foundry personnel determined that their report would not withhold vital facts even if they were found prejudicial to manufacturing in the United Kingdom.¹⁶

While each of the teams understood the purposes of their quest, some struggled with the definition of productivity. The Steel Founding group defined it as the ratio of production of wealth to human effort expended.¹⁷ The Drop Forging representatives, although joking that the term productivity was often used a new word for hard work, suggested that in reality high productivity in modern industry was partly based on decreasing physical exertion. Thus, they chose the simpler definition: "The relation of output to man-hours of effort expended."¹⁸

Before boarding the ship in Southampton for departure to the United States, each productivity team received a final briefing and an enthusiastic sendoff. A labor leader lectured on the need to eliminate waste in time and material and the impact of attitude on productivity. He expected that each team would bring back new ideas and urged them to report their conclusions frankly regardless of who might be upset. Team also heard about the Marshall Plan and its political and economic importance to Britain from Sir Norman Kipping, Director General of the FBI. Government press officials instructed members on

¹⁶Brassfoundry Productivity Team Report (London: AACP, August 1951), 1.

¹⁷Steel Founding Report, 1. The Steel Founding industry's measure of productivity was the ratio of man-hours per ton.

¹⁸Drop Forging Productivity Team Report (London: AACP, April 1950), 5.

conducting press and radio interviews and introduced them to waiting groups of national and trade press reporters.¹⁹

In the United States, ECA staffers had anticipated the need for productivity team visits well prior to the first meeting of the AACP. Marshall Plan labor advisors developed key portions of their program from the recommendations of the factory visits staff in the Bureau of Labor Statistics' Productivity and Technological Development Division. They planned to select visit sites that had known productivity levels demonstrating both average and high productive efficiency and offering products, processes, and methods comparable to a team's home plants. An ECA specialist would provide information responsive to union concerns and offer information on the benefits of higher productivity.²⁰

U.S. members of the Plant Visits and Exchange of Production Techniques committee - Spencer Love, Chairman of the Board, Burlington Mills Corporation; Lee Minton, International President, Glass Bottle Blowers' Association; Ira Mosher, president, Ira Mosher Associates; and Victor Reuther, director, UAW-CIO - established policy and provided leadership for the U.S. portion of the Plant Visits program.²¹ At the beginning, potential American hosts, unclear about the reasons for the program and

¹⁹Letterpress Printing Report, 2.

²⁰Silberman to Wickens, Memorandum, September 7, 1948, Silberman files.

²¹Report of the First Session, 5; Final Report, 39.

uncertain about the objectives of team visits, were reluctant to participate.²² An advisory sub-committee of influential representatives from the National Industrial Council (NIC) and leading labor organizations relieved much of this hesitancy by developing preliminary contacts for plant visits, arranging informal seminars to expand the knowledge of the teams, and assessing the extent to which the team members were absorbing the knowledge of American conditions. The ECA provided the necessary staff and office space in New York City, the port for ship arrivals from Southampton, England.²³

American preparations for team visits, dependent in part on information supplied by the incoming teams, typically required about three months which was used to arrange approvals, assure the availability of hosts at target plants, arrange itineraries, and manage post tour social events.²⁴ The ECA's New York staff greeted each team with an elaborate welcome from a variety of government, industry, and labor officials and offered additional briefings about their specific industry, their lengthy tour, and the American way of life.²⁵ An American project manager and project secretary accompanied each

²²Ibid., 9; James M. Silberman, "The History of the Technical Assistance Programs of the Marshall Plan and Successor Agencies; 1948-1961," (Bethesda, Maryland: Global Technology Management, 1992), 39.

²³Reed to Hoffman, Report, January 17, 1949, FBI files, MSS 200/F/3/D3/7/3, MRC.

²⁴Scott Behoteguy, formerly with ECA, offices of Special Representative in Europe (SRE), Industry Division, telephone interview by author, Sarasota, Florida, September 12, 1996; John Fobes, formerly ECA Washington, Deputy Director, Productivity and Technical Assistance Division, telephone interview by author, Asheville, NC, September 11, 1996.

²⁵Non-Ferrous Metals Report, 2.

team on their tour, assuming responsibility for all travel arrangements, secretarial services, and the necessary contacts with plant managers, trade associations, marketing groups, labor organizations, U.S. government specialists, and trade journal publishers. A typical six-week tour included eighteen plant visits, a trade convention, meetings with specialists, seminars, social events, and time to write notes, collect technical documents, and travel.²⁶ The published reaction of most teams to their reception in the United States was very favorable. The Non-Ferrous Metals group expressed delight with American openness to all questions, the freedom allowed in touring plants, and the almost overwhelming hospitality.²⁷

Selection as a productivity team member promised the experience of a lifetime and demanded performance above and beyond any prior expectations. Thrown in with about fifteen others from various parts of Britain, from different companies, and all walks of life, the person, who may have never left his home town before, was expected to know his part of the industry, to adapt to a constant succession of strangers and unaccustomed environments, and to be an able presenter of the team's recommendations on his return home. His tour with the project would consume a minimum of three months of his time and involve some 14,000 miles of travel by ship, airplane, train, and bus. The demands

²⁶Final Report, 9; Silberman, "History of the Technical Assistance Programs," 39.

²⁷Non-Ferrous Metals Report, 3.

of special meetings and extensive travel arrangements left about 30% of their time for plant visits usually covering the northeast quarter of the United States.²⁸

Once in the United States, the British Coal Mining team traveled 2650 miles by air, 550 by train, and about 1800 by bus, visiting twelve mines, two central cleaning plants, three mining equipment factories, and one plant making safety equipment. En route, they attended six conferences, attended a Pittsburgh coal mining institute meeting, and joined an Arkansas discussion group on pit safety. Travel and visits kept them busy for forty of their forty-four days in the country, often from pre-dawn hours until late at night. The pace of their itinerary kept them too busy to reflect on their experiences while still in the United States.²⁹

The Cake and Biscuits team's U.S. itinerary included visits in ten states covering 6500 miles by air, bus, and rail travel to locations ranging from New York to California. En route the team toured thirteen bakeries, two bakery machinery companies, and the AFL union headquarters. In addition, specialist groups and individual members visited scientific and technical societies, trade associations, trade headquarters, bakery machinery companies, related U.S. government offices, and more bakeries.³⁰

Before departure for home, teams were interviewed about their experiences, feted at various receptions, and furnished with technical books, audio-visual materials, and

²⁸Final Report, 8-9, 19-22.

²⁹Coal Productivity Team Report (London: AACCP, December 1951), 2.

³⁰Cakes and Biscuits Productivity Team Report (London: AACCP, April 1952), 1-2.

trade journal subscriptions.³¹ Almost every group visited Washington to meet with ECA and other government officials and then New York for a parting reception with AACP officials.³² On the ocean voyage home, when seas permitted, teams met daily to review the results of their trip.

In London, each team met in committee to review trip notes, documents, tentative conclusions.³³ The team leader, had primary responsibility for drafting the report, and sometimes asked team members to return for a several meetings to make sure the report was satisfactory to all. Although assisted by editors to create a standardized and readable format, the views expressed in the reports were expected to be those of the team members.³⁴ The quality of the resulting reports, varying considerably in size, content, and value, depended on the variables of industry, team leadership, and the assortment of pressures on each member of the team. The attractively bound booklets included very readable text, photographs of people and machinery, equipment sketches, shop documents, and the all-important conclusions and recommendations.

The council's original unveiling of an elaborate report dissemination program remained on paper and untested until the controversial Steel Founding team's report was finally published in September 1949. With the council acting as marketing consultant, the job of distributing the team report and promoting the newly-available knowledge was

³¹Final Report, 9; Silberman, "History of the Technical Assistance Programs, 39.

³²Men's Clothing Productivity Team Report, 2.

³³Final Report, 10-11, 27-28.

³⁴Ibid., 11.

shared between the sponsoring trade association, the trade unions, employers' organizations, the AACCP, and the team itself. Team members were expected to be available as missionaries at meetings and conferences up to two years after publication of their report.³⁵

The AACCP provided each sponsoring industry with a promotion plan for its team's report. Industry campaigns for team reports included coordinated press conferences in London and a specially arranged industry conference. Representatives of trade and technical publications, as well as the national and provincial press, were invited to meet the team and discuss their results.³⁶ A free copy of the report was sent to each firm, research organization, and educational institution in the industry suggesting that additional copies were available for purchase to distribute to managers, foremen, and workers. Outside of the industry, the AACCP sent complimentary copies to the trade and technical press, professional bodies, government departments, and Americans who had assisted the team. The report's availability for purchase at a modest sum was also advertised to the general public.³⁷ Pamphlet versions of team reports, such as the Grey Ironfounding booklet entitled, "What's Going on Over There," were written in a popular

³⁵"The United Kingdom Industrial Productivity Program," 12 (London: ECA, 1949) subject files of Glenn Atkinson, Entry 1423, Box 5, NA.

³⁶T. J. Hutton, 'Dissemination of Reports,' Procedure Outline, FBI files, November 22, 1951, MSS 200/F/3/D3/7/8, MRC.

³⁷*Ibid.*; Final Report, 11.

style and widely distributed to the men in the shop.³⁸ Films made to illustrate U.S. production techniques were produced by both the ECA and the British Central Office of Information and distributed by the AACP. Considerable public attention was drawn to the productivity issue as new reports were being published every week or so in 1950 and 1951.³⁹

Much had been alleged about the superiority of American industry, but now British industry's own representatives were revealing the facts from personal observation. The Grey Ironfounding report was discussed by 250 foundry employers within hours of its publication. The Footwear, Hosiery, and Knitwear, and the Materials Handling reports were published to coincide with their respective industry conferences. The Internal Combustion Engine Manufacturer's Association held a special meeting one day after the publication of their industry report, inviting representatives from every member firm, and scheduling a second meeting within two weeks for more detailed analysis. The Cotton Spinning team held forty meetings to accommodate the interest of 3,250 leading representatives of the industry and distributed 50,000 copies of their popularized version. Labour, the TUC's official journal, published a review of each report as it came out and labor leaders offered speeches and articles on these subjects. The Institution of Production Engineers, the Institution of Mechanical Engineers, the Institute of Cost and

³⁸Rogers to Atkinson, Memorandum, September 28, 1951, and attached booklet, "What's Going On Over There," RG 469, Entry, 1423, Box 5, NA.

³⁹Anthony Carew, Labour Under the Marshall Plan: The Politics of Productivity and the Marketing of Management Science (Manchester, Manchester University Press, 1987), 137.

Works Accountants, and other similar groups publicized the reports in their monthly journals, arranged lecture meetings, and started discussion groups.⁴⁰ British newspapers and periodicals provided some coverage of every report. The economist, Graham Hutton, described the AACP team reports as a, “set of documents the like of which, on such a scale and of such a practical value, has never been seen in the history of international and cultural borrowing,”⁴¹ The later historian, Anthony Carew, labeled the fervor of the AACP promotion, “the fanaticism of the productivity crusade.”⁴²

After the first year of operations the visits program was in serious jeopardy of closing down. The AACP’s London staff faced a variety of crises that impeded output of reports. Teams complained about insufficient secretarial help during their tour in the United States.⁴³ Unspecified administrative problems delayed publication of at least ten team reports. British elections tied up local printing facilities for six to eight weeks.⁴⁴ The TUC complained that the whole idea of team visits was in trouble because some industries insisted on sending non-union people to insure a favorable report.⁴⁵ The

⁴⁰Hutton, “Dissemination of Reports.”

⁴¹Graham Hutton, We Too Can Prosper (London: Allen & Unwin, 1953), 233.

⁴²Carew, Labour Under the Marshall Plan, 137

⁴³Sir Norman Kipping, Memorandum, May 12, 1950, RG 469, Office of Deputy Director for Operations, Entry 376, Box 34, NA.

⁴⁴Ibid.

⁴⁵Nick Tiratsoo and Jim Tomlinson, Industrial Efficiency and State Intervention: Labour 1939-1951 (London: Routledge, 1993) 136-137.

Foundry Workers Union protested the composition of the Steel Foundry team.⁴⁶ Too many British industries were either apathetic or uninformed about the advantages of the project. The Cutlery trades and the Bolt, Nut, Screw, and Rive industry encountered difficulties and postponed consideration.⁴⁷ The Coal Mining team was held up by problems in the American industry. Chemical Dye Stuffs and Heavy and Light Chemicals teams were refused by the United States. Printer's Machinery, Crane Makers, and the Cocoa, Chocolate, and Confectionary trades decided against proposing teams. The Plywood industry failed to get support from its firms and unions. Although the council preferred that industry propose teams, it became necessary to consider asking certain industries to send teams, to accept all the teams nominated, reconsider teams previously turned down, or send more specialist teams.⁴⁸

The areas of common interest among the first group of teams suggested the need for specialist teams, ones that would research productivity issues of interest to the whole spectrum of industrial undertakings.⁴⁹ Teams for single topic areas, such as materials handling, production control, and management accounting, still had to be representative of both management and labor, but team objectives, size, and team composition would be unique to each specialty. Nominations to specialty teams came from professional institutions, universities, technical colleges, and individual companies, in addition to the

⁴⁶Ibid.

⁴⁷Visits Secretary, Report, March 1950, FBI files, MSS 200/F/3/D3/7/9, MRC.

⁴⁸Ibid.

⁴⁹Final Report, 9.

recommendations from trade associations, employers' federations, and trade unions. Itineraries were arranged with American engineering and scientific societies, foundations, and occasionally with federal, state, and local governments.⁵⁰ But by the end of the Marshall Plan, despite the numerous obstacles for the AACP, sixty six productivity teams had visited nearly 2000 plants or places of business in the United States and completed reports on their experiences and recommendations. Forty-seven of the teams were industry specific and the remainder were specialist teams created to study questions of interest to many industries.⁵¹

The AACP's existence was built on a weak foundation of political nuances in the industry and labor structures of two countries, and yet the members of Plant Visits and Exchange of Production Techniques committee succeeded in mounting a remarkable campaign to encourage productivity improvement in the United Kingdom. The information uncovered on industrial best-practice in sixty-six U.S. manufacturing industries or specialties was published for distribution in Britain. A modern advertising and promotion campaign blanketed the country and roused additional attention to the urgency for action and the answers to changes needed. With that part of the job completed it was now up to individuals in industry, labor, and government, to coordinate action on team recommendations.

⁵⁰Ibid.

⁵¹See Appendix for complete list of productivity teams.

CHAPTER VIII

THE PRODUCTIVITY TEAM REPORTS

During the period from March 1949 through June 1952, the Anglo-American Council on Productivity (AACP) sent sixty-six industry and specialist teams to the United States to discover the secrets of American productivity leadership.¹ On returning home, the teams produced reports with detailed information on factory management and production methods. Although the bulk of the text, illustrations, and appendices of the reports addressed the technical aspects of industry, they also included statements on the impact of American society, industrial culture, and individuals on productivity. Recognizing that production techniques are the domain of industry specialists, the comments on team reports in this chapter are generally restricted to remarks on the human factors in production efficiency and are based on a review of most of the sixty-six reports published. The focus will be on six representative teams: Steel Founding, Footwear, Heavy Chemicals, Education for Management, Material Handling, and Trades Union Congress. Special attention is reserved for people-management issues, a dominant factor in the results of any single manufacturing endeavor and a theme common to all the reports.

¹Final Report of the Council (London: AACP, September, 1952), 2, in possession of the author; Report of the First Session (London: AACP, November 1948), 4-5, University of Wisconsin Library, Madison, WI. Many of these difficult to find reports are in the Wisconsin library.

Teams sent to the United States were charged with the responsibility for examining factory organization, manufacturing techniques, and industrial outlook and determining if American industry was organized and conducted more efficiently and economically than British industry, and if so, in what respects, to what extent, and for what reasons. They were then to consider whether the American conditions could be reproduced in Britain in the immediate future and the steps that Britain would have to take to approach American standards of performance.² One team said that their basic purpose was, “. . . to study factory administration, organization, layout, methods, and operating conditions, and to report.”³ They also concluded that the challenge was so big and the available time so small that they had to limit their search to truly relevant ideas, unusual methods, or pieces of equipment that might have advantage for British practice.⁴

Some teams thought it important to define productivity. The Pressed Metal team pointed out that although production might be increased by adding men and machines, productivity could only be improved by better planning, improved utilization of machines, and more effective management of manpower.⁵ The Heavy Chemicals team concluded that productivity meant more efficient use of resources, or more specifically, the ratio of production of goods and services to the expenditure of real resources such as raw materials, equipment, energy, and human effort. They stressed that there would

²Building Productivity Team Report (London: AACP, May 1950), 3.

³Hosiery and Knitwear Productivity Team Report (London: AACP, April 1951), 3.

⁴Ibid.

⁵Pressed Metal Productivity Team Report (London: AACP, July 1950), 1.

never be one satisfactory level of productivity because competition and new standards made possible by newer knowledge made the rate of increase of productivity a more important measure.⁶ Most teams accepted that the United Kingdom was deficient in all three economic measures of manufacturing industry: production, productivity, and rate of increase of productivity.

The Steel Founding productivity team, the first sent by the AACCP, proved to be both effective and controversial. Team members described the reasons for American leadership and the main obstacles to British progress in a report that was considered startling, imaginative, reasoned, and blunt.⁷ Their analysis and recommendations reflected the effort of competent industry professionals who had long understood the reasons for Britain's relative productivity decline and welcomed the AACCP platform from which to send a message to their own industry leaders. As the AACCP's first team, the group established a standard for future reports and led the parade of teams to emphasize the common weaknesses in most all of Britain's manufacturing industries. The team concluded that the fundamental cause of high productivity in the United States was mainly psychological. They labeled the cause variously as an attitude, a wide spread productivity-consciousness, or an agreement that high productivity was a benefit to all concerned. The compulsions that served the cause of productivity included a constant desire for a higher standard of living, general competitiveness, pronounced individualism,

⁶Heavy Chemicals Productivity Team Report (London: AACCP, January 1953), 4.

⁷"Radical Talk on Productivity," The Economist, October 1, 1949, 740.

clear and determined management objectives, and the fear of unemployment. The Steel Founding team's list of techniques to achieve high productivity included good factory layout, new machines to replace man-power, plentiful sources of power, economic use of labor, standardization of product, and the willingness to use new ideas.⁸

The report's ninety-two pages included detailed information on American steel foundries covering such topics as labor, equipment, production methods, production control, quality, research, management, and administration. Labor in the foundries proved conspicuously unskilled, unions were not organized on a craft basis, and skilled men were carefully serviced. Because of the repetitive nature of much of the work, American foundries made widespread use of time study. Every element of foundry organization and procedure was designed to promote productivity: the high caliber of technicians employed to manage production control systems, product designs that facilitated production, the pragmatic approach to quality specifications, and the assistance of the Steel Founders Society's research and development division.⁹

The Steel Founders team discovered a uniquely different society in the United States. It witnessed the impact of competition, the widespread degree of productivity-consciousness, incentives that worked, and productivity that was 50 to 90% higher than in Britain. In reaction, the team voiced its displeasure with Britain's industrial culture in three blunt pages stating that the industry trade association, employer organization, and

⁸Steel Founding Productivity Team Report (London: AACP, September 1949), 1-2.

⁹*Ibid.*, 2-3.

trade unions would have to assume responsibility for eliminating obstructive practices that blocked high productivity or turn over authority for these actions to more competent hands. It hoped that their criticisms of the industry would be found sufficiently intolerable to demand action.¹⁰ The Economist pointed out that their comments would “. . . upset many of the preconceptions on which industry, labor and government in this country have long been content to act.”¹¹

The ECA's UK mission staff, reacting to the Steel Founders publication, thought that

. . . it is possible to disagree with some or much of what the report says, but one cannot damn the report because it lacks vigor or attempts to whitewash a dark situation. The report . . . discusses clearly and firmly the reasons for American superiority in productivity in this industry. Its recommendations hit at what undoubtedly are genuine obstructions to an increase in British productivity: lack of initiative, vision and imagination on the part of management; and traditional practices and outmoded attitudes on the part of trade unions.¹²

Like the contributions of several other AACP teams, the Footwear productivity team report remains a remarkable document even today. Its pages offer fifty-five reasons for American productivity leadership, thirty-one recommendations for the improvement of British productivity, sixty-eight photographs, documents, sketches, and charts, and fifteen appendices that include examples of union agreements, profit-sharing plans, job

¹⁰Ibid., 35-37.

¹¹"Radical Talk on Productivity," 740.

¹²"The United Kingdom Industrial Productivity Program," An Analysis, no date or author, RG 469 Subject Files of Glenn Atkinson, Box 6, NA, 16-17.

evaluation systems, factory layouts, and the full text of a factory owner's speech. The impressive 190-page document, perhaps influenced by the work of three team members once assigned to an earlier, government-sponsored study called the Boots and Shoes Working Party, likely continues today as a reference text for shoe-making factories and technical schools.¹³

Most of the footwear team members worked for privately-held shoe manufacturing companies often managed directly by the proprietor. Technical and operations support for the industry were readily available from the British Boot and Shoe Institution, the British Boot, Shoe and Allied Trades Research Association (SATRA), equipment manufacturers, and various schools and consulting organizations.¹⁴ The British Government offered support and applied pressure via the Board of Trade's Footwear and Leather Controller.¹⁵ Aside from occasional comment in the public press, knowledgeable comment and publicity in the trade was provided by Footwear, a monthly journal published in London.¹⁶

The industry was a close cousin to its counterpart in the United States. Equipment suppliers, largely American or dominated by Americans, offered production consulting

¹³Board of Trade, Boots and Shoes, a Working Party Report, (London: HMSO, August 1946), British Museum Library, London; Footwear Productivity Team Report (London: AACCP, October 1951), British Museum Library, London.

¹⁴British Productivity Council, Review of Productivity in the Footwear Industry (London: BPC, 1953), 1-2.

¹⁵Boots and Shoes, ii.

¹⁶Footwear, the Footwear Organizer and Leather Trades Home & Export Journal. London.

services and the latest equipment developments. The British United Shoe Machinery Company was an offshoot of the United Shoe Machinery Corporation of Boston with 80% of its capitalization held by Americans. Closing machines were manufactured almost exclusively by the American-controlled Singer Sewing Machine Co. Ltd. Most machines were leased, thus freeing capital for other needs and limiting the potential for obsolescence. British footwear manufacturers had maintained close contact with their American counterparts over many years, visiting U. S. suppliers and manufacturers regularly, “. . . to study the newest developments.”¹⁷ Before World War II, the industry produced over 132 million pairs of shoes and claimed to be the largest exporter of footwear in the world.¹⁸ The British footwear industry seemed well-prepared for high productivity and global dominance. In fact, British footwear factory production per man-hour was only half that of U.S. factories.¹⁹ The industry welcomed the AACP offer to help determine the reasons for U. S. productive superiority, even though a government-sponsored working party had completed an intensive self-examination of the footwear industry in 1946.²⁰

¹⁷Footwear Productivity Team Report (London, AACP, 1951), 1.

¹⁸British Productivity Council, A Review of Productivity in the Footwear Industry (London: BPC, July 1953), 4, MSS 200/F/5/S2/4/3, Modern Records Centre, University of Warwick, Coventry, hereafter cited as MRC.

¹⁹“Review of Recent British Productivity Statistics and International Productivity Comparisons,” U.S. Bureau of Labor Statistics, Productivity and Technological Development Branch, no date, RG 469 Entry 50, Page 6, NA.

²⁰Boots and Shoes, a Working Party Report.

Footwear industry, labor, and trade associations nominated ten management and seven union representatives to form a visits team that would study the details of American factory administration, organization, layout, plant, methods, and operating conditions, report their findings, and formulate recommendations for British industry. Prior to departure for the United States the team prepared a lengthy list of topics they wished to cover, a series of report forms designed to accumulate information, and a brochure containing photos and information on the team members' special interests to help their American hosts facilitate their tour. Their one-day-each factory visits allowed only a quick tour of the plant for the team as a whole, time for parts of the team to visit individual departments, and a conference with the plant's senior executive at the end of the day. Their itinerary was scheduled to allow attendance at the National Shoe Fair in Chicago, the Technical Management Conference in New York City, and lectures on factory administration, personnel problems, uses of leather and fabrics, cost and production control, styling, and design in St Louis and Boston. As with every other team, the members were impressed with American readiness to satisfy their several interests.²¹

The footwear team's conclusions about the principal reasons for American industrial superiority were very similar to those of all the teams. More important than materials, machines, or processes, they reported, was the vast size, population, and natural resources of the country, the positive attitude at all levels of employment, effective and hard-working management, labor-management cooperation, and a growth

²¹Footwear Report, viii-4.

economy. The team agreed that American productivity was higher than British, listed the ways that U.S. materials, equipment, methods, and conditions differed from theirs, and then repeated that these alone did not explain the difference in productivity.

To introduce similar materials, equipment and methods throughout our own industry would not, *ipso facto*, result in similar productivity achievements, unless an atmosphere of activity and an attitude towards production by both management and worker comparable with what we found in America were also fostered.²²

The team understood that the American way of life and prosperity was based on an expanding economy that offered more goods at a lower cost leading to increased demand and higher wages. It also recognized that if increased wages did not result in greater productivity then all the factors of a declining economy would set in. The team saw that an optimistic attitude towards the future, for the country and the individual, was shared by the manager, the foreman, and the worker. Each recognized that a better standard of living was dependent on the initiative and exertion of the individual. "Hard work has been an accepted method of achieving success and is a fundamental part of the spirit which has pioneered the continent."²³ Everybody at the factory, it seemed, was willing to work hard to make more money to buy more things.

The report offered eighty pages of text and illustration filled with useful ideas on techniques of manufacture, plant, equipment, materials, labor relations, design, marketing, research, cost, and industry statistics. The team urged attention to all the

²²Ibid., 5.

²³Ibid.

elements of effective factory management including, reduction in the number of styles, marketing programs shared with distributors and the industry association, design simplification, production planning and control, factory layout, materials handling, work simplification, and technical conferences within the industry.²⁴

Press comments on the footwear report reflected the recommendations found interesting to industry. The market-oriented journal, Footwear, focused on the report's marketing and distribution chapter, noting the potential benefit to productivity in standardizing on linings and outside patterns and reducing the number of styles. It also liked the suggestions

that the trade steer consumer demand towards simplified ranges by sales technique, and that to maintain a constant flow of orders manufacturers and distributors should get together to consider an annual estimate of the total footwear of all kinds required, and undertake publicity jointly to see that this estimate is justified and expand footwear consumption progressively.²⁵

British conclusions about footwear productivity varied from one commentator to the next. The Economist reported that planning factory work-flow was the key to high productivity and that factory reorganization would be facilitated if consumers could be educated to accept a more standard product.²⁶ The consultant, John Harriss, at a footwear industry conference, thought he expressed the reason for higher productivity in the U.S. quite simply when he said, "the American operative was saving up for a new automobile,

²⁴Ibid., 17-98.

²⁵"Productivity in America," Special Report, Footwear, November 1951, 35.

²⁶"Shorter Notes," The Economist, November 3, 1951, 1074.

not a new bicycle.”²⁷ James Crawford, president of the footwear worker’s union, said that the national union had no doubt about the need for greater productivity and how to bring it about but not all the rank and file agreed with him.²⁸ W. L. Sparks, technical director of a firm specializing in manufacture of American-styled shoes, was impressed with the readiness of American management to work the same hours as those in the factory, to accept new ideas, new machines and techniques, to promote promising workers within the factory to management positions, and to exchange ideas with other firms. He noted that the chief reasons for higher productivity in the U.S. were a minimum of styles allowing for longer, larger runs, not better machinery but more of it, a better supply of components as a result of an efficient components industry, a quality standard that was acceptable to the public, more gadget-mindedness as an aid to production, methods engineering to increase productivity, job evaluation to determine fair rates, design and pattern cutting closely coordinated with the fashion industry, and market research.²⁹

Perhaps the footwear team brought home the answers to the puzzling productivity lag in Britain’s shoe-making industry but, as with most of the other industries, it may not have been necessary to leave home to find important answers. Britain had already brought considerable attention to bear on footwear’s productivity issue. The industry was already blessed with significant advantages not available to other industries, such as

²⁷“United Action for Greater Productivity,” Editorial, Footwear, December 1951, 53.

²⁸Ibid.

²⁹W. L. Sparks, “A Technician Comments on the Productivity Report,” Footwear, December 1951, 49-52.

extensive use of American equipment and consultants. Representatives of the Boot Manufacturer's Association sent to the United States to determine the reasons for America's superior performance, had already reported that American competitive advantage lay not in technical factors but in the psychological approach of the operative to his work and management's heavy involvement in production planning. The new Labor Government had sponsored tripartite Working Party studies on footwear to determine action needed by industry, labor, and a government eager to improve output and increase export sales. The politicized Boots and Shoes Working Party of 1946 claimed that the physical condition and technical efficiency of plant and machinery maintained by proprietor-run profit incentives and competition was mostly satisfactory.³⁰ But it also added that, "At the same time, we find very wide differences between the efficiency of different firms which suggest that many of them are capable of improvement."³¹ The influential James Crawford, a member of that prestigious Working Party study group, General President of the National Union of Boot and Shoe Operatives, a member of TUC's General Council, a prominent member of the AACF's Footwear productivity team, and considered the "foremost British trade union evangelist of the productivity religion," appeared unable to elicit the management-labor cooperation the industry needed.³² As the Steel Founding team suggested in the first AACF team report,

³⁰Ibid., 3.

³¹Ibid., 4.

³²Anthony Carew, Labor Under the Marshall Plan: The Politics of Productivity and the Marketing of Management Science (Manchester: Manchester University Press, 1987),

one of the major pieces to Britain's productivity puzzle resided in man-made obstacles to be found at home.³³

The Heavy Chemicals team, one of the last AACP teams to visit the United States, completed a sophisticated analysis of the U.S. Heavy Chemicals industry. Their report provided analyses of productivity, factory operations, plant and equipment, personnel, commercial and development policy, and financial policy, as well as a bibliography, and an index.³⁴ The main body of the report, however, dealt "first with those who work in the industry, for high productivity is, in the last analysis, produced by an attitude of mind."³⁵ The team openly admitted American criticisms of the U.K. chemical industry for "not being ruthless in scrapping old and inefficient plant and equipment allowing material and labor productivity to suffer and affect the ability to meet the demands of new markets."³⁶ It also offered an economic, geographical, and historical analysis for anyone wishing to set up a factory in the United States.³⁷ The report praised American executives, their knowledge of operations, their confidence in subordinates, the

265, fn. 79.

³³Steel Founding Report, 35-37.

³⁴Heavy Chemicals Productivity Team Report (London: British Productivity Council, January 1953). AACP activities ceased when Marshall Plan funding ended. The British Productivity Council was organized to continue promotion of productivity under an all British organization and asked to complete such AACP activities as team reports.

³⁵Heavy Chemicals Productivity Team Report, xiii.

³⁶*Ibid.*, 47.

³⁷*Ibid.*, 5-6.

hours they worked, and their direct contact with employees. It also explained the American view that “the U.K. form of organization encouraged segregation of management into horizontal belts of inapproachability.”³⁸

The Heavy Chemicals report was a primer on effective industrial management. It recommended that British manufacturers offer continuous training of all employees, raise the status of their supervisors, double the number of technical graduates in the company, and improve wage structures to encourage competition for promotion. It also urged wider use of instrumentation, standard costing, time and motion study, materials handling equipment, scheduled maintenance, and product simplification and standardization. The team suggested that Britain’s national union encourage local unions to increase cooperation with local factories and help members obtain a fuller understanding of the benefits of cost reduction. It recommended that the industry trade association promote exchange of technical information between companies and government expansion of statistical information for industry, provide information on proper implementation of time and motion study, and offer suggestions on how to increase the supply of engineers.³⁹

Another facet of the AACCP visits program soon emerged when the Plant Visits committee added special productivity teams to study select activities common to most manufacturing industries. A specialist team was assigned to an activity, such as packaging, inspection, or training, which industry-specific productivity teams had pointed

³⁸Ibid., 43.

³⁹Ibid., 2-3.

out as common to all industries. A team on Education for Management was formed in partial response to the profound impression made by the relationships in the United States between workers, supervisors, and executives in the workplace and the impact of team spirit on productivity. The Education for Management productivity team explained that

Practically every Productivity Team which has visited the U.S. is agreed that productivity per man-year is higher than in Britain. They attribute this mainly to two factors. First, there is a climate of opinion which regards maximum effort by every individual as the primary guarantee not only of material standards but of the way of life of a free society. Second, there is a quality in management, inspired by this climate of opinion, and stimulated by the American system of higher education in general.⁴⁰

The Education for Management team, assigned to research American methods for educating managers, also analyzed the impact of management and management methods on productivity, employing in part the conclusions of other productivity team reports.⁴¹ They noted the Coal team view that American executives attached great importance to personal acquaintances among employees and knowledge of their personnel records.⁴² Coal team members reported that relations between employer and employee appeared sound, frank discussions could take place, and there was no disparagement of those who worked with their hands.⁴³ Workers were expected to use their own initiative and were

⁴⁰Education for Management Specialty Team Report (London: AACP, November 1951), 19.

⁴¹Ibid.

⁴²Coal Productivity Team Report (London, AACP, December 1951), 79-80.

⁴³Drop Forging Productivity Team Report (London: AACP, April 1950), 7.

rewarded accordingly with increased authority and income.⁴⁴ Employees and supervisors were consulted and kept informed on company policies and developments.⁴⁵ Promotions to supervisory and factory executive positions were based on technical knowledge, factory experience, and ability with people.⁴⁶ Supervisors were expected to be the strong link between management and the worker, received great authority, they received earnings that were higher than those of employees, and in return were expected to be interested in new methods. They got extensive educational opportunities, and higher management gave them the technical support necessary to prevent their having to perform extraneous duties.⁴⁷

American managers, and the whole system of incentives involved in promoting workers to section leaders, foremen, and executives, deeply impressed all of the productivity teams. It was obvious that U.S. executives were familiar with factory operations, open to discussion about new ideas, worked the same hours as the rest of the men, and knew many of the shop employees by name. The teams noted the great social and intellectual prestige attached to the highest positions in business and the emphasis placed on the importance of human relations and the techniques of communications.⁴⁸

⁴⁴Heavy Chemicals Productivity Team Report, 2.

⁴⁵Electrical Supply Productivity Team Report (London: AACCP, September 1950), 76.

⁴⁶Footwear Productivity Team Report, 6.

⁴⁷Grey Ironfounding Productivity Team Report (London: AACCP, September 1950) 4-14.

⁴⁸Education for Management, 20.

Team members found the American-style management unique to their experience and an eminently desirable solution to many of Britain's industrial problems. The Diesel Locomotive industry team said,

The American attitude to managerial responsibility has such an important bearing on productivity that members of management in Britain should seek the opportunity to see at first hand American management in action. . . . It is unreasonable to expect from organized labor in Britain the sacrifice of long-standing principles unless management gives a lead by demonstrably putting into effect the lessons to be learned from such a study.⁴⁹

A composite of team descriptions of American managers resembles specifications listed for an executive recruiter. The typical manager was young, energetic, and well-educated, had worked his way up from the shop floor while acquiring detailed knowledge of operations, worked the same hours as his shop people, many of whom he knew by name, and was respected in the organization. American executives knew from personal experience that high productivity could only be achieved by well-motivated employees, understood the importance of delegating responsibility and authority down to the appropriate decision-making level, and had the responsibility, authority, and self-confidence to make these things happen.⁵⁰

The Management Education report also cited the Heavy Chemicals team description of American executives as men of courage and foresight. It was obvious that

⁴⁹Diesel Locomotives Productivity Team Report (London: AACP, November 1950), 3.

⁵⁰Education for Management, 21-29. This paragraph represents a synopsis of comments on American managers from twenty-three productivity team reports completed by November 1951.

many had risen from low positions by hard work and ability. Although these managers expected much from subordinates, they stayed in touch with operations by visiting plants and talking to individuals.⁵¹

American mine managers, according to the Coal industry team, acted on the principle that everyone's interests were served by increased productivity at lower cost. Operations were carefully planned and performance checked against budgets and standards. Executives were expected to plan ahead, to experiment with new techniques, and to employ scientific management methods. Foremen and shift leaders were expected to emulate managers and work for promotion to management. Workmen were provided every possible means to attain performance goals and encouraged to assume greater responsibilities.⁵²

American shoe factory executives, according to the footwear team, took pride in their equipment, plant layouts, and methods. Managers worked the same hours as factory staffs, and most worked with their coats off. Cooperation between workers and managers resulted in continuous improvement in methods and productivity. New techniques were readily attempted, and responsibility for failed ideas accepted as a matter of course. Managers showed no tendency to become self-satisfied.⁵³

⁵¹Heavy Chemicals Productivity Team Report, 43.

⁵²Coal Productivity Team Report, 79.

⁵³Footwear Productivity Team Report, 6-7.

The Furniture team urged British industry to recruit young and enthusiastic managerial candidates who could be given opportunities for growth. They recommended that management job functions and responsibilities be clearly defined, performance targets be established and compared with results, and that these managers be expected to concentrate on productivity improvement and company progress. Team members insisted that responsibility and authority for decisions be decentralized as much as possible to assure that every level of the organization assumed responsibility and could be rewarded for the results. Managers, they said, should invite competitors to observe the company's techniques of production because, "a closed door keeps out more than it keeps in."⁵⁴

Material handling, another activity common to all industry, was addressed by the Materials Handling in Industry team. Its report included citations from the Pressed Metal productivity team which had set aside ten pages of its report to emphasize the importance of materials handling, revealing that extensive use of material handling equipment was a major factor in achieving low handling costs and high productivity.⁵⁵ One productivity team after another identified the high level of mechanization in materials handling as a vital part in American productivity leadership and criticized management's inattention to this subject in British factories.⁵⁶ Between 15% to 85% of production costs, one source

⁵⁴Furniture Productivity Team Report (London: AACP, April 1952), 71.

⁵⁵Pressed Metal Productivity Team Report (London: AACP, July 1950), 12-21.

⁵⁶Gordon Symes, "Planned Handling," Future, vol. ix, no. 3, 1954, 44.

said, went into pushing, lifting, dragging, and carrying materials between steps in the fabrication process, mostly by human muscle alone.⁵⁷

The special Materials Handling productivity team, composed of prominent works managers, engineers, accountants, and union leaders, was assigned to study American application of material handling aids and the reasons why employers and workers welcomed their introduction. Recognizing the vastness of the subject, this team also relied in part on the reports of other productivity teams. Industries selected for factory visits specialized in products ranging from pharmaceuticals to steel products and demonstrated the newest applications in material handling practice.⁵⁸ American top management, the team reported, had a dynamic, expansionist outlook and was always ready to apply the best methods to get maximum production at the lowest cost. It was common to find vice-presidents extolling the virtues of materials handling and Boards issuing directives to production managers to eliminate manual handling wherever possible. The team reported seventeen ways material handling equipment could improve the productivity of men, machines, and factory space, particularly if the British, “captured some of the whole hog” enthusiasm shown by the Americans.⁵⁹

Factory visits found U.S. managers making continuous studies of matters relating to the transfer of materials and products. Top management and all employee levels were

⁵⁷“The High Cost of the Human Hand,” The Statist, June 17, 1950, 784.

⁵⁸“Materials Handling in Industry Productivity Report” (London: AACP, May 1950), 1-3.

⁵⁹*Ibid.*, 5-7.

convinced that better materials handling was a priority consideration in cost reduction and productivity improvement. Successful application of material handling equipment and methods, they found, depended on a cooperative labor force, qualified technical people to assist in planning, appropriate building design and layout, and the necessary capital to fund purchase of new devices. The team, seeing very little equipment that surprised them, decided that American manufacturing efficiency was enhanced simply by intensive application of existing methods and equipment.⁶⁰

The team report urged every British industry to mount a methods improvement campaign and study the recommendations made by industry-specific productivity teams.⁶¹ In addition, the Materials Handling team found it necessary to lecture their British peers on the role of management. Good management, they wrote, required a person with an open, enquiring mind, and the leadership qualities to assemble an in-house group that would investigate and apply new methods and devices. The manager had to start with the conviction that better materials handling was necessary. He needed planning and organizing skills, good judgment, and determination to get something done about it. He had to seize the opportunity to improve working conditions, increase the volume of sales, revitalize the whole operating system, and finally, he needed to share and pass on experience and information.⁶²

⁶⁰Ibid., 9.

⁶¹Ibid., 9-11.

⁶²Ibid., 46.

The team anticipated that selling the need for additional materials handling equipment to British manufacturers would be a daunting task. Unions resisted the introduction of any equipment which might cut back employment.⁶³ There was so much secrecy about contemplated additions of such devices that attempts, “to gain entry to certain factories in this country by the Technical Press is often like an infidel endeavoring to obtain entry to a sacred city.”⁶⁴ Britain’s technical journal, Mechanical Handling, offered rather obvious answers to the task of increasing industrial output.⁶⁵ Restrictive practices and the old-fashioned outlook of management had to go. Existing factory layouts and the continuing “hernia method” of production were a disgrace to a first-class nation and had to be abolished. Management was urged to look around and study better methods, approach top trade unionists to invite cooperation on the introduction of new techniques, encourage workers to submit suggestions for better handling methods, study plant layouts to reduce handling, and as in World War II, all parties had to unite for the common purpose despite difficult working conditions.⁶⁶

The TUC decided it needed its own special visits team composed only of select union members to insure that Britain received a balanced view of American union

⁶³Symes, “Planned Handling,” 44.

⁶⁴“Looking Around,” Editorial, Mechanical Handling, January 1950, 767.

⁶⁵“A Double Task,” Editorial, Mechanical Handling, October 1950, 377.

⁶⁶*Ibid.*

activity.⁶⁷ Industry-specific teams had already reported extensively and favorably on labor relations in the United States, but the TUC was uncomfortable with team reports that seemed to indicate American unions had technical staffs available to assist with plant productivity and reorganization efforts. Ten officials selected from various unions, visiting to discover for their sponsors the procedures that might apply at home, decided that there was little they wanted from American union experiences. Britain's industrial environment proved to be different in that unions did not bargain aggressively and cartel-minded employers were not assertive even though union responses to attempts at use of modern managerial techniques were either hostile or, at best, reluctant.⁶⁸

The team's report, politicized by the TUC's need to support the Labor party, promoted greater interest in productivity among British unions and urged unions to recognize scientific management as inevitable and necessary.⁶⁹ Scientific management, they said, had to become a tool of modern trade unionism to prevent abuses and, in plants where the entrepreneurial spirit was lacking, to guide management towards progressive action. Union education facilities would have to be extended to teach the techniques of production, management engineering, joint consultation, the economics of trade unionism

⁶⁷Anthony Carew, "The Anglo-American Council on Productivity (1948-1952): The Ideological Roots of the Post-War Debate on Productivity in Britain," Journal of Contemporary History, vol. 26 (1991), 60-61.

⁶⁸Ibid.

⁶⁹"Report of the United Kingdom Technical Exchange and Section 115-K Program," September 6, 1956, ECA, U.S. Mission to the U.K. Office of the Director, Box 5, NA.5-6.

in a full employment environment, and the implications of an increasing standard of living. Unions should establish production departments, invite eminent American trade union engineering and research officers, and plan visit exchanges with American trade unionists.⁷⁰

After completion of the first sixteen productivity team reports, the AACCP sponsored an interim review. The resulting Fleming Waddell report offered a reasoned analysis that anticipated most of the principal conclusions of the fifty teams still to visit and report.⁷¹ The analysts, asking why U.S. output was significantly higher than in Great Britain, concluded that it was the deep desire on the part of Americans for more and newer material things and their willingness to work for them. They felt that American manufacturers competed so vigorously to profit from this deep desire that they could not afford poor management, poor production techniques, inefficient labor, or an unwillingness to try new ideas⁷².

The main factors in American productivity were summarized under the headings of economic factors, general atmosphere of productivity consciousness, management, production techniques, and labor.⁷³ The economic factors found to enhance productivity included the larger U.S. population, effective marketing, availability of materials, plant and equipment, sufficient finance for industry, adequate fuel and power, abundant food

⁷⁰Ibid.

⁷¹"Fleming-Waddell Report," Draft, 1-2, MSS 200/F/3/D3/7/6, MRC.

⁷²Ibid.

⁷³Ibid., 3-13.

and consumer goods, the existence of installment buying, and lower income taxes.⁷⁴ The spirit of competition that pervaded all American life was seen as the driving force behind all the factors that raised productivity. Competition forced traditionalism out of industry, leading to better service from suppliers, enhanced cost-cutting efforts by managements, and controlled termination of the incompetent, promotion of the competent and ambitious, information exchange by competitors, and gave a guarantee to effective workers that they would reap the benefit in a better standard of living. "In a free competitive market prices are sooner or later brought into line with the costs of the most efficient manufacturer."⁷⁵

Most of the teams reported seeing a phenomena they described as productivity-consciousness. The Cotton Spinning team stated that, "Every employee from president to operative is production-minded, owing to the realization that high productivity means cost reduction and survival of the firm in a competitive market."⁷⁶ The Grey Ironfounders report revealed that,

The process of opening up the country has scarcely ceased. The impetus of pioneering and the impetus to create new capital goods are still instinct to the townsman. It is such a little time ago that Americans lived a physically strenuous life of comparative poverty that the habit of working hard to create civilised comforts is still powerful.⁷⁷

⁷⁴Ibid.

⁷⁵Ibid., 14-16.

⁷⁶Ibid., 17.

⁷⁷Ibid.

The teams uncovered key differences between Britain and the United States in industrial organization structure and operation. Responsibility and authority in American factories were more often delegated down the chain of command and technical management was separated from production management. Managers were familiar with the operation of their factories. The Grey Ironfounders explained that, "There appears to be much more ruthlessness in dealing with executives than there is in Britain, and it is necessary for a man to maintain his standard of work or of control to enable him to hold down his job."⁷⁸ Many of the managers had been promoted from the factory floor, earned the respect of their workers, and reminded workers that promotion was available to those willing to work effectively. The quality of supervisory staffs was an eye-opener for British teams. Supervisors were expected to be good leaders, had more authority, received better pay, and were not required to perform as many non-management tasks.⁷⁹

In the United States, the typical school boy leaves school better prepared for industry than his British counterpart, claimed the report. Workers entering industry were older than in Britain, apprentice programs were uncommon, and worker training was quicker because the division of labor made starting tasks easier. The teams noted that absenteeism was not a problem and that workers stayed on their jobs from starting to quitting time.⁸⁰ Factory workers were generally unskilled compared to British laborers.

⁷⁸Ibid., 31.

⁷⁹Ibid., 30-33.

⁸⁰Ibid., 63-65.

Jobs were designed so skilled employees did not need to waste their time on unskilled labor. Good production planning and control methods smoothed the flow of work, time and motion studies helped determine fair but full work loads, efficiency was enhanced by the use of industrial consultants and standards for control of labor, material, quality, and output.⁸¹

American managers worked to improve productivity through specialization, simplification, and standardization of products by attempting to reduce the number of products, types, varieties, and specifications to a rational and market-oriented minimum. The Men's Clothing team cited examples of American manufacturers who specialized in certain types of garments and rarely deviated from established specifications. They preferred to refuse orders for items outside their product line in order to maintain long production runs. The Building team offered examples of simplification in the paving brick industry where more than 80% of total sales came from less than 20% of listed varieties and sizes. American manufacturers promoted their standard product line both at home and abroad convinced that concentration on a few lines and types provided critical help in cutting costs. Specialization and standardization offered economies from the use of special machines and factory layouts for long runs, permitted greater use of unskilled labor, made training quicker, saved capital employed in inventory, reduced tooling,

⁸¹Ibid., 34-42.

inspection, design, clerical, and administrative work, economized on sales and advertising programs, and offered the consumer a more competitive price.⁸²

The reports reflected American industry's constant striving to improve productivity by every possible means including attention to methods improvement, developments in mechanization to cut down labor content, improved factory layouts to expedite flow of work, quick application of newer technology and the latest research results, machine maintenance that was scheduled and skilled, preparation of realistic quality specifications, attention to safety practices, and establishing a good standard of factory lighting, flooring, and housekeeping.⁸³ "The force of competition in American industry is so great that if a manufacturer neglects to devise means of reducing costs through improved methods, his opportunity in the market is soon taken from him by some more enterprising manufacturer."⁸⁴

The Fleming-Waddell report stated that the initiative for creating the conditions that led to productivity improvement had to be the responsibility of management. Only top management could see the overall picture, get access to information that would lead to productivity improvement, and improve cooperation with unions to stimulate rapid progress. In turn, high productivity had to be fostered by action of government, trades and employers' associations, and trade unions. The analysts concluded with a plea to

⁸²Ibid., 43-46.

⁸³Ibid., 47-57.

⁸⁴Ibid., 47.

everyone in British industry to use the education offered by the team reports to the best of their abilities.⁸⁵

In late 1951 the British section of the AACP asked Graham Hutton, economist and author, and Geoffrey Crowther, an editor of The Economist, to write a paper on the observations and recommendations of the productivity team reports.⁸⁶ The two authors, versed in U.S. and European economics and well read on British industry, were to write the paper from their own independent perspectives. Target audiences intended for the paper were to be British industry, trade, and related professions. Research for this intriguing and seemingly benign assignment was to be based on team reports and discussions with the team leaders. To start the process the AACP convened a conference between the two economists and thirty-eight team leaders for three days of discussion.⁸⁷

The magnitude of the subject and the diversity of opinions expressed in the meeting demonstrate the challenge in developing a coherent presentation.⁸⁸ The information gleaned from the conference and team reports necessarily repeated conclusions expressed in prior analyses. Here again the teams were generally unanimous about the critical impact of effective management in making men, machines, and support services productive. Team leaders, describing the reasons for high productivity in the

⁸⁵Ibid., 66-74.

⁸⁶Ibid., 1-2.

⁸⁷Ibid.

⁸⁸"Notes from Discussions," Notes, AACP's Ashorne Hill Conference, September 14-16, 1951, MSS 200/F/3/D3/7/92, MRC.

United States responded with the statementy that the United States had more effective management, better education, better planning, more competent foremen, and stronger labor-management cooperation. The Management Accounting representative said management was better trained, more decentralized, and more energized by the competition. Another participant claimed that U.S. productivity was due to skill in management and the basic difference in attitudes at all levels. The Non-Ferrous Metals leader claimed that responsibility for high productivity started with managers who regarded production as a science, set an example by arriving earlier, really knew the job and made it a hobby, and knew how to get the best from men and machines. Others admired American management skills in developing production support functions of maintenance, production engineering and planning staff, cost and statistical data, design for marketing and productivity, and industrial relations staff.⁸⁹

The leader of the Training for Supervisors team noted that in the United States the process of selecting supervisors was better and more scientific than in Britain.⁹⁰ As part of management, foremen were consulted on policy, very well paid, received considerable help from specialists, and little interference from above. He was expected to be a leader and maintain good relations with those above and below him. American foremen, they discovered, were at the beginning of their careers and being trained for management. In

⁸⁹Ibid., 1-8.

⁹⁰Ibid., 12-15.

contrast, British foremen were typically elevated to those positions towards the end of their working life.⁹¹

Although the teams had not been asked to consider the politically-sensitive labor relations issue, the subject did emerge in team reports and in the Crowther-Hutton conference. The Scarce Materials team representative stated that Britain's older industries had a tradition of bad treatment of workers.⁹² The leader of the Hosiery and Knitwear team forecast that "... it would take a generation or more to remove the effects of the teaching of fifty years."⁹³ The Training for Operatives member asked, "Can't we get in some fresh blood to both sides of industry and forget old controversies."⁹⁴

The book that resulted from this AACCP initiative, We Too Can Prosper, was completed after extensive editing to satisfy numerous British critics.⁹⁵ Hutton, agonizing over the meaning of productivity, decided that it meant reducing waste, easing effort expended, and producing more while maintaining quality. America, he found, really had no production secrets. Not one of the teams reported that American results were because of methods unknown or technically impossible in Britain. The miracle of U.S. productivity had been achieved by a climate of favorable opinion, developable markets,

⁹¹Ibid.

⁹²Ibid., 15.

⁹³Ibid., 10.

⁹⁴Ibid.

⁹⁵G. Hutton, We Too Can Prosper: The Promise of Productivity (London, George Allen & Unwin, 1953).

and effective management of worker training, suitable facilities and equipment, and scientific management techniques.⁹⁶

All the teams were convinced that managers of American industry were the mainspring of productivity, very well rewarded, highly respected socially, and more effective than their British counterparts. Managers were usually recruited from within the company, well-educated, and highly regarded inside their organizations.⁹⁷ AACCP teams pointed to American training of its future leaders, recognition of foremen as management executives, emphasis on marketing, detailed production planning, reliance on measurement for management purposes, and toughness with union members.⁹⁸ Further, executives planned the use of their comparatively costly and carefully trained workers more productively.⁹⁹ American factories also used more power, more machines more effectively, and did a better job of machine maintenance.¹⁰⁰

Many of the AACCP teams the sources for lowered costs and higher productivity in the American applications of simplification, standardization, and specialization methods as they applied to materials, machines, power equipment, management and men. The three S's, simplification, standardization, and specialization, provided opportunities for longer production runs, simplified operator training, less costly quality control

⁹⁶Ibid., 13-19.

⁹⁷Ibid., 39-41.

⁹⁸Ibid., 44-51.

⁹⁹Ibid., 162-175.

¹⁰⁰Ibid., 61-88.

specifications, lowered capital expenditures, decreased cost of special services, administration, maintenance, marketing, and customer service. The teams were impressed with American coordination of market potential, market research, and market-making with production, machines, and manpower in ways that would expand the market.¹⁰¹ They found American managements, salesmen, and workers more alert and more involved in a sense of community and common achievement. Incentives included numerous opportunities for promotion, more direct rewards for efficient work, more real income, more consumer goods available, and more leisure time to spend money.¹⁰² Hutton's book offered an honest view of team observations which concluded that Britain's industrial productivity could be raised quickly by better managerial and trade union methods and doing a better job of employing familiar principles and practices.¹⁰³

The AACCP visits committee managed to send forth sixty-six teams before Marshall Plan support ended, as planned, in 1952. Their task had been, simply put, to bring back information that would help improve Britain's manufacturing productivity. The individual team members were, by and large, well-qualified to identify, bring back, and report on new productivity ideas for consideration at home. Most teams were undoubtedly well-coached on the politics of Marshall Plan funding and the sensitivities of British management-labor relations before departure from England. The frankness of the

¹⁰¹Ibid., 96-102.

¹⁰²Ibid., 162-175.

¹⁰³Ibid., 207-208, 219.

first team's report, undoubtedly resulted in considerable restraint in reports from later teams. Although few expressed their concerns as forthrightly as did the Steel Founding team, most pointed to Britain's peak industry associations for leadership in abandoning the country's antiquated self-protective habits and labor relations warfare. They produced attractive, readable booklets in a format effective for use as a report, planning guide, or textbook. It appeared that the teams knew most of the answers to Britain's productivity puzzle before leaving for their U.S. tour and easily recognized the features of American industry that led to superior productivity. All the reports reflected enthusiasm for American industrial methods and impatience with the man-made obstacles to progress in the United Kingdom. Although American factory operations could only have been less than perfect, the teams did not find fault with flaws they undoubtedly noticed. Nor could Britain's factories, managers, and unions all have been bad. Yet still of deep concern was the fact that American industries outproduced U.K. industries by 50% to 400%. For economic survival and a reasonable standard of living for their nation, Britain's managers and labor leaders needed to take notice. The management style of Britain's World War II generation was no longer effective.

CHAPTER IX

THE AMERICANIZATION DRIVE

Anglo-American Council on Productivity (AACP) teams returned home to draft, publish, and promote their observations and recommendations. But after the first several reports it was evident that the reception of the team reports was mixed, and the prospect of an immediate favorable impact on productivity was non-existent. The European Cooperation Administration (ECA), the principal sponsor of the program, had hoped the result would be a demonstrable increase in output and be the spark that would energize all Britain's manufacturers to greater effort. The team reports and the efforts to promote team findings eminently satisfied part of ECA's objectives, but the obstacles to implementation of team recommendations loomed just as large as those that had already plagued the British government's own attempts to sway the country's manufacturing establishment. At the same time, continued communist advances complicated the productivity issue with competing demands for guns and butter. The ECA reacted with successively larger productivity and technical assistance programs involving most of the Western European countries well beyond the termination of the Marshall Plan. The American aid mission in the United Kingdom funded a complex array of projects promoting productivity independent of AACP activities. When, as planned, the AACP terminated its activities, the British Productivity Council was formed to guide the

nation's productivity efforts and follow up on implementing the AACP team recommendations. But, ten years after the start of the AACP program, American aid specialists left Britain with little to show for the time and money spent on a productivity crusade that was expected to be the foundation for Britain's economic recovery.

The productivity teams were supposed to be apolitical and well-managed ventures that would produce unanimous reports offering enormous opportunities for the advancement of British industry. Instead they succeeded mostly in annoying the sensitivities of the Federation of British Industries (FBI) and the Trades Union Congress (TUC). The positive American experiences of the teams, converted to useful reports and promotion efforts, would now be largely wasted in the stalemate of deeply-rooted domestic political agendas. On average, the AACP team visits program proved a mildly interesting distraction necessary to assure Marshall Plan aid but not as important factory owners as the profitable post-war seller's market, the upcoming elections, and the aggressive expansion of communism.

In 1949, the ECA staff in London waited as industry teams returned home. The ECA staff hoped to hear reports soon of enthusiastic changes being made to improve productivity. But there had been problems with many of the teams before they left on their U.S. tour that afterwards helped block acceptance of their recommendations. Team composition, specifically the balance of management and labor members in the joint union-management venture, often proved to be a bone of contention. Unions complained that employers usually selected team participants to guarantee management majorities and even attempted to send non-trade unionists in spaces reserved for trades union

representatives. Sometimes the only union participation allowed in the process involved approval of shop-floor workers who had already been selected by others. In addition, the United States refused entry to all team nominees with communist affiliation. In the Steel Founding case, the Foundry Workers' union, laced with communist members, countered nominations with their own slate of worker representatives.¹ Steel Founding employers in rejecting the offer, claimed the right to select participants came with responsibility for trip expenses. In response, the union published its own post-visit report, only to be censured by the General Council of the TUC for trying to influence shop stewards against the team's recommendations.²

National, local, and technical press gave widespread publicity to team reports, a remarkable achievement considering the country's shortage of newsprint and paper.³ There were also broadcasts on the BBC, reports from professional organizations, industry conferences, and study groups at educational institutions, all offering clear proof that team reports had not been pigeon-holed and could conceivably provide a real stimulus to productivity.⁴ Sir Norman Kipping, Director General of the Federation of British

¹Anthony Carew, Labour Under the Marshall Plan: The Politics of Productivity and the Marketing of Management Science (Manchester: Manchester University Press, 1987), 137-139.

²Ibid.; Nick Tiratsoo and Jim Tomlinson, Industrial Efficiency and State Intervention: Labour 1939-1951 (London: Routledge, 1993), 136-137.

³T. J. Hutton, "Report on Dissemination and Implementation of Team Recommendations," October 26, 1950, MSS 200/F/3/D3/7/5, University of Warwick, Modern Records Centre, hereafter cited as MRC.

⁴Ibid.

Industries (FBI), claimed that the real impact of the reports came from the management and worker representation on the teams. Even more important to British industry than the technical excellence of the reports, he said, was each team's impartial look at its industry and its extensive report that represented the unanimous views of both its labor and management components.

But team reports proved suspect to partisan readers, not for their technical content but for their alleged eulogizing of the American way of life, their direct or implied attacks on both management and labor, and for probable ideological contamination from Marshall Plan briefings and U.K. industry associations that influenced the reports during the drafting process. The AACP's U.S. section co-chairman, an officer in the UAW-CIO headquarters organization in the United States, thought that there was an unnecessary tendency in the team reports to make it appear they recommended Americanizing British industry. This simply "rubbed many of the trade unionists the wrong way."⁵ According to Carew, employer-representative dominated teams produced reports that represented industry perspectives and thus negated the proclaimed unanimous feature of the reports.⁶ His complaint, however, conveniently overlooked the paradox of management-led teams thoroughly castigating British management competence.

⁵Victor Reuther, Interview by Author, Washington, D.C., October 8, 1996, 6. Reuther, as Director, Department of Education of the UAW-CIO and brother of Walter Reuther, President of the United Auto Workers, was Co-chairman of U.S. Section of AACP.

⁶Carew, Labour Under the Marshall Plan, 137-139.

Teams often felt victim to productivity politics.⁷ The trade association for the Diesel Locomotive Engine industry at first ripped up the invitation from the AACP to nominate a team but then decided they could not be discourteous. On return to London the Diesel Engine team received an offer from an AACP official to draft and complete the report from team notes. The team leader, creating a row, retorted that they would write and print the report themselves. Members of certain teams, preferring to remain anonymous, admitted to pressure from their own associations to tone down their reports. Trade union members “experienced chilling formal receptions from their unions because they had been too frank about labour problems.”⁸

The AACP, in a number of cases of strong union reaction against team reports, wrote to the TUC pleading restraint.⁹ Union criticisms, it complained, would simply add to the growing demand in the United States for discontinuance of the ECA program. As a result, the TUC general secretary met personally with each of the union leaders in the building, printing, foundry, and hosiery unions to discuss the problem this could cause for Britain. The head of the TUC’s production department liked the technical material in the reports but had strong reservations about the frequent emphasis on the need to change industry attitudes. He made similar complaints about the AACP-sponsored summaries of team reports by Fleming-Waddell and Graham Hutton. Curiously, although the extensive

⁷Trevor Evans, “Productivity Teams,” Daily Express, June 1950.

⁸Ibid.

⁹Carew, Labour Under the Marshall Plan, 145-146.

report discussions of British managerial ineptness embarrassed the Federation of British Industries and its associated factory owners and managers, there was little documentation of open criticism by industrialists.

The ECA headquarters in Washington, the ECA's United Kingdom mission, and the U.S. members of the AACP, waited in vain for the anticipated flood of reports detailing projects that implemented team recommendations. They would soon discover that many ideas were blocked or delayed because they required action by government, industry associations, or unions and thus would not produce results in the immediate future. Other ideas they might otherwise have implemented lay fallow among firms still content with old methods and workers comfortable with established methods. Further, there was no urgency to change in the face of a seller's market that kept order books full and the Labour government's commitment to full employment.¹⁰ Those few managers who were actively engaged in promoting efficiency were rarely willing to announce changes. Sometimes it was difficult to tell whether productivity improvements were actually in response to team recommendations or were simply part of normal post-war change. Whether or not they proved to be entirely due to AACP influences, Hutton cited several examples that warmed the hearts of Marshall Planners.¹¹ The Steel Founding industry reported as much as 30 percent improvement from increased mechanization and use of conveyors. The Grey Founders added mechanical aids, simplified methods, and

¹⁰Hutton, "Report on Dissemination and Implementation of Team Recommendations."

¹¹Graham Hutton, We Too Can Prosper: The Promise of Productivity (London: George Allen and Unwin, 1953), 212-213.

standardized molding boxes, managing a remarkable 70 percent improvement. Engine manufacturers were able to decrease machining, welding, and construction times. A hosiery company, employing the American flow method, claimed 25 percent increase in output, and a men's clothing factory, using methods improvement and increasing piece-rate work, said it improved output 10 percent.¹²

Because the Steel Founding industry was the first to respond to the AACCP's quest for productivity teams it became the showcase example of the team visits program's benefits. Seven months after the publication of Steel Founder's team report, the British Steel Founder's Association, with executives from the industry's two unions in attendance, completed its second productivity convention.¹³ Twenty-three papers describing application of mechanical aids, improved methods, and better organization, purported to offer prospects of 100 percent improvement in selected processes or operations. There seemed to be a real awareness that there needed to be more management initiative taken and less talk about shop people having to work harder.

The ECA's report to Congress offered a glowing account of the Steel Founding team's results.¹⁴ One firm had cut man-hours per ton of casting from 178 to 164, another increased production of cores from six to thirty five sets per man-hour, and a third

¹²Ibid.

¹³"Steel Founders' Second Productivity Convention," excerpts from letter, Rows to Kipping, April 30, 1950, R. 469, Entry 376, Box 34, NA.

¹⁴European Cooperation Administration, Tenth Report to Congress, ([Washington, D.C.]: U.S. European Cooperation Administration, 1950), 48.

reduced man-hours 25 percent in several departments. The British Steel Founder's Association set up a research and analysis division that would provide basic productivity research to all members. The two productivity conventions that featured the team report prompted the British magazine Scope to reflect on the rare experience of hearing both sides of industry stress the need for increased production, express pride in improvements made, and refuse to be complacent. The editors were certain that the nation would be transformed if only half of Britain's industries showed the same intelligent approach and cooperation as the steel founders. The Economist emphasized that it was only on the factory floor that the real value of productivity reports could be proved or written off.¹⁵ Citing an AACP progress bulletin it reported the steel founding claim that there would be a general productivity increase of 15 to 20 percent throughout the industry within two to three years.

A T.U.C.-sponsored, special study group, made up only of middle-ranking trade union officials, proved to be one of the most unusual productivity teams.¹⁶ The ECA hoped that their visit would condition Britain's younger generation of labor leaders to more progressive thinking. The T.U.C., however, expected the team to bring back information supporting its ambitions to assume many of managements' factory responsibilities. Team members representing shipbuilding, woodworking, mining, cotton

¹⁵"Productivity Reports and Results," The Economist, April 26, 1952, 249-250.

¹⁶Carew, Labour Under the Marshall Plan, 147-151; "Survey of United Kingdom Trade Union Productivity Team Follow-Up Activities," an ECA Memorandum, no date, RG 469, UK Mission, Labor Division, Entry 1423, Box 5, NA.

spinning and weaving, air-conditioning, and engineering unions, appreciated seeing American machines and gadgets but resisted the idea of using American work methods. Their bias stemmed in general from historical industrial attitudes in Britain, an anti-American political bias, and a belief that American trade unionists worked hand-in-hand with management. On returning home the team noted considerable resistance to any relaxation of restrictive practices or acceptance of time study methods. They also discovered that their sponsor, the T.U.C., offered no encouragement, and gave no guidance or attention to their follow-up activities.

In fact, the T.U.C. contemplated management initiatives it felt employers ignored.¹⁷ Britain's manufacturing problems, it claimed, were due to employer incompetence. Unlike management, organized labor was economically responsible and would have to assume the initiative to assure productive gains through time and motion studies and greater use of mechanical devices. Unions would set up production engineering departments and give technical advice to failing companies. Presumably employing the socialist government's nationalization program as partial justification for their plans, the T.U.C. planned to apply further pressure on private industry. Of course, T.U.C. ideas would simply exaggerate the obvious flaw in Britain's labor-management relations that exacerbated industrial relations problems and continued to cripple the productivity drive.. But to labor leaders, management appeared unable to cope with the painful process of introducing change to the workshop, simply abdicating that primary

¹⁷"Trade Union Productivity Team," ECA Memorandum.

management responsibility. Unions actively moved on a collision course with management towards assumption of the role of directing factory-floor aspects of manufacturing and promoting scientific management. The T.U.C.'s National Production Advisory Council had recommended that unions employ production experts, establish their own production departments, provide training on production and management, devote more space to articles on productivity in union journals, and that the T.U.C.'s general council provide advice and assistance to all unions on production and productivity. The T.U.C. had already established a production school that offered one-week courses to union officials and shop stewards on time and motion study, cost accounting, wage incentives, and factory organization. Some forty younger union officials and fifteen shop stewards were attending residential courses at technical colleges covering time and motion study, job evaluation, factory organization and management, payment and incentive methods, and industrial relations. Management ineptitude, fears of more nationalization, the continued flowering of socialism, and tensions in industries with communist-affiliated workers would only continue to aggravate industrial relations and block industrial progress.¹⁸

The exhausting and painful political skirmishing that preceded Britain's reluctant agreement to participate in the awkward marriage called the Anglo-American Council on Productivity had already forecast the probable response to productivity team

¹⁸Ibid.

recommendations.¹⁹ The British government had little knowledge of manufacturing and did not want to upset the employers and trade associations that managed the wartime system of controls it continued to use.²⁰ It agreed to the proposal for a joint British-American productivity venture because it needed to be seen doing something.

Employers, bathed in the repugnant socialist environment, needed to give the appearance of cooperation to cover their reluctance to change comfortable practices. The unions needed to support the government they had sponsored to assure continuing socialist progress. In circumstances that mandated a minimum level of cooperation to assure Marshall aid, limited acceptance of the unwanted rigors of American involvement in internal industry affairs seemed to be the only acceptable answer to the country's political stalemate and also the basic reason for the limited response to productivity team recommendations.²¹

In that political climate four of the five AACP committees foundered early in the face of limited national support and the helpless attitude of its cautious U.K. members.²² The committee on maintenance of productive plant and power was assigned to stress this area's importance to higher productivity. With the help of a small staff, a number of consultants, and support from some of the country's leading economists, the statistical

¹⁹Jim Tomlinson, "The Failure of the Anglo-American Council on Productivity," Business History, 33, no. 1 (January 1990): 89-91.

²⁰Ibid., 5-6.

²¹Ibid.

²²Reed to Hoffman, Progress Report, January 17, 1949, FBI files, MSS200/F/3/D3/7/8, MRC; Final Report of the Council (London: AACP, September 1952), 12-13.

information needed was found inadequate to reach useful conclusions. Its actions restricted to exhortation, the committee urged more capital investment in industry, more development of facilities to generate electrical energy, more research on the subject and then concluded its work. The productivity measurements committee was expected to reconcile the wide differences of opinion regarding relative levels of productivity in the United States and the United Kingdom and to examine methods of collecting productivity data but concluded the project was beyond its resources. The standardization, specialization, and simplification committee witnessed presentations by American experts, received a large volume of materials about U.S. experience in this area, examined the Simplification in Industry productivity team report, published a report entitled, *Simplification in British Industry*, and then urged that the three S's be pursued vigorously. The economic information committee was to explore those types of economic information useful in the promotion of productivity. It reported a marked improvement in technical literature for British industry, primarily as a result of the easing of the paper shortage. Within a comfortable period of time, each of the four committees were dissolved.

Any assessment of the AACP endeavor must include a brief consideration of simultaneous productivity-improvement efforts by United Kingdom's government ministries, the ECA mission's technical assistance division, and the increasingly aggressive American programs that followed immediately after the end of the Marshall Plan. From the perspective of the British government, the AACP team visits program was only a minor part of its productivity efforts, but Labour's programs, probably

enmeshed more in industrial politics than policy, proved to offer a lot less than hoped for. Prominent efforts underway at the time including the activities of the Advisory Council on Scientific Policy, the Production Efficiency Service, the British Institute of Management, the Committee on Industrial Policy (CIP), and the Department of Scientific and Industrial Research.²³ Every ministry of government with any manufacturing contact offered its own brand of services. Treasury supported services to promote productivity through its Economic Information Unit (EIU), the ministry of Fuel and Power operated a Fuel Efficiency Advisory Service, and the Ministry of Labour ran the Personnel Management Advisory Service. In addition, the Treasury provided a Monopolies and Restrictive Practices Commission to investigate cases brought to it.²⁴ The National Production Advisory Council on Industry (NPACI) composed of government, FBI, and TUC representatives, along with associated regional boards, served to provide the Chancellor of the Exchequer with a direct means of discussing government policies on production questions. An early and enthusiastic ECA report, noting the extensive membership duplication between the NPACI, AACP, CIP, and the EIU, felt certain that these agencies shared knowledge and experience that would assist in raising industrial

²³Tiratsoo and Tomlinson, Industrial Efficiency, 155.

²⁴"Measures Taken to Stimulate Productivity in the United Kingdom," H.M. Treasury, November 29, 1949, R.G. 469, Foreign Assistance Agencies, Entry 376, Box 34, NA.

productivity. In the ECA's opinion, their programs would set "a splendid example for the other participating nations."²⁵

The British managed to confine Marshall Plan productivity concerns to the AACCP effort for almost a year, but the meager response to the recommendations of the teams' reports and the growing communist threat energized ECA efforts to insist on a stronger response. While the U.K. had attempted to use techniques designed largely for education and discussion purposes to develop public appreciation for productivity-improvement needs, the efforts were patently incapable of delivering substantial improvements soon enough. With the help of the U.S. Labor department and the ubiquitous James Silberman, the ECA proposed a nine-point, cost-reduction program of technical aid.²⁶ A British delegation, including Sir Edwin Plowden, chief government Economic Advisor and Dr. Alexander King, head of the U.K. technical productivity program, realizing that British productivity efforts had been disorganized, visited Washington in September 1949 to discuss the ECA's new program proposal, suggesting that they would consider setting up an independent British government agency to manage the newly proposed productivity program.²⁷

²⁵"The United Kingdom Industrial Productivity Program," no date, R.G. 469, Glenn Atkinson Files, Entry 1423, Box 5, NA.

²⁶Kaiser to Tobin, "New Productivity Program," Memorandum, U.S. Labor Department, September 15, 1949, Silberman Files.

²⁷Ibid.

A combined ECA and Labor Department position paper noted that the AACCP meetings and team visits actually constituted an education program rather than a cost reduction effort.²⁸ Britain's productivity efforts, targeted for an average increase of 2 ½ percent a year, were considered far short of the growth needed. The U.K.'s existing productivity-improvement measures helped only small segments of a few industries. The document stated that steps taken to implement recommendations and publicize production information throughout industry had been weak. Since Britain was in the process of adding new equipment, echoing James Silberman's concerns, it was deemed urgent that changes in production techniques be undertaken on a broad scale quickly.²⁹ With these facts in mind, the U.S. government was anxious to provide engineering services and technological data that would be made available to all operating levels and most industrial firms in the country.³⁰

A British Commonwealth Working Group published a memorandum noting what had long been obvious: U.S. output was at minimum more than double that of Britain's.³¹

²⁸Silberman to Nelson, "Evaluation of London Paper On Productivity of British Industry," August 30, 1949, Silberman Files. Silberman notes that the 3 ½ percent rise in British productivity in 1947 that was claimed to be "completely outstanding and unmatched in the history of highly industrial countries," was not at all unusual. The U.S. averaged 3 to 3 ½ percent a year during the period 1909 to 1939.

²⁹James R. Nelson, "United States Position on the Level of Productivity in the United Kingdom," Position Paper, August 25, 1949, R.G. 469, Entry 376, Box 34, Geographic Files, NA, 1-2.

³⁰Ibid.

³¹"Proposed Cost Reduction Program," Memorandum, August 9, 1949, British Commonwealth Working Group, Paper no. 14, Silberman Files, 1-3.

It pointed out that with average rates of productivity change normally at a few percent a year, the U.S./U.K. difference reflected some two generations of average growth. It also claimed that Britain's existing policies regarding new equipment and interchange of technical information were inadequate to accomplish a significant reduction in Britain's production costs in the near future without extensive help. The Working Group was aware that America's high level of productivity resulted from continuing changes in production processes that did not involve major capital expenditure, namely improvements in plant layout, job subdivision, time study, better materials handling, budgetary control, and use of jigs, fixtures, and power hand tools. Since average plant practice in the U.S. was still virtually unknown in Britain, the group preferred ECA production specialists who could transfer detailed production "know-how" quickly rather than a continuation of an ineffective education program. It was convinced that, with some priority aid for minor equipment and technical services, the potential for raising productivity levels was substantial.³²

In a joint United Kingdom-ECA meeting in Washington in September 1949, James Silberman, the author of the ECA's first productivity program for Britain, explained the American cost-reduction program.³³ It proposed nine distinct services that

³²Ibid.

³³Taylor, "Notes on Joint United Kingdom-ECA Meeting," September 12, 1949, Silberman Files.

would become a remarkable first in international relations.³⁴ Teams of production experts for each industry would be made available in Britain for consultation on production management, equipment usage, material handling, budgetary control, etc., at the invitation of British plants. A mail reference service, operated in conjunction with U.S. trade associations, engineering and management societies, and cooperating firms would provide detailed information on the latest American techniques, plant facilities, and machinery designs for industries in the U.K. The ECA offered to increase the number of British teams invited to visit American factories so that at least one representative from every large factory could visit. Abstracts and digests from the U.S. technical press would be distributed to every factory in an industry. U.S. productivity data and the availability of American experts to inaugurate productivity measurement programs would be made available to British industry. Information could be exchanged on labor-management relations, union organization, wage structure, incentive payments, and labor-education programs. The U.S. government also offered to assemble collections of typical American products that would aid British design and production technicians assess cost-reduction possibilities. When it was requested to do so, the U.S. would provide detailed reports on specific products to reveal cost-reduction ideas achieved through the use of standardization, simplification, and specialization ideas. And lastly, the U. S. offered a

³⁴"Provision of U.S. Technical Services To Assist In A British National Cost Reduction Program," Memorandum, August 26, 1949, ECA-Labor, R.G. 469, Entry 376, Box 34, Geographic Files, NA.

Marketing Advisory Service for British export manufacturers on the ways in which they might redesign their product to get a larger share of the dollar market.³⁵

The British reaction to the nine-point proposal was both confused and defensive. ECA planner's preference for a single British government agency to run the nine-point program resulted first in a brief consideration of the AACCP as that organization.³⁶ The U.K. section of the AACCP reacted favorably at first, but perhaps revealing the politicized nature of the subject, it was decided that select government agencies could best manage the numerous American services. The British interpreted the ECA's offer of U.S. productivity data as just another criticism of their manufacturers and the proposal to exchange of labor information an attempt to teach labor organizations how to organize and bargain. There was little merit seen in the offer of information on standardization, simplification, and specialization.³⁷

The determined Mr. Silberman pointed out to his ECA associates that the ideas contained in the nine points were the result of years of study on cost and productivity differences over several generations and continuous consultation with experts of other

³⁵Ibid.

³⁶Joint Discussion of the Nine Point Cost Reduction Campaign," Memorandum of Conversation, September 14, 1949, Silberman Files.

³⁷Taylor to Nelson, "Status of the Nine-Point Productivity Program for the United Kingdom," November 3, 1949, R.G. 469 Entry 376 Box 34, Geographic Files, NA; J. R. Nelson, "Memorandum of Conversations," November 16, 1949, R.G. 469 Entry 376, Box 34, Geographic Files, NA.

nations.³⁸ The years of data-collection activities of the Bureau of Labor Statistics had yielded a considerable fund of technical knowledge on industrial factors which promoted high productivity and much of it was applicable to British industry. Silberman believed that the nine-point proposal, designed to meet the needs of medium-sized and small plants, offered “good prospects for reductions of 5 to 20 percent in manufacturing costs within two years, assuming that the U.K. would accept most of the nine points and develop them in a manner that would reach the mass of British industry.”³⁹ Undaunted by British rebuffs and the niceties of interdepartmental diplomacy, Silberman once again found his way to London and independently created opportunities to explain to British officials the meaning of certain paragraphs in the program and applied “pressure where he could for action.”⁴⁰ Moffat, in Harriman’s Paris office, decided that, “Actually I think these talks will probably have done some good and I don’t think he did any harm.”⁴¹ The prospect of a positive response from the British government, however, appeared limited. The net result was expected to be a scattering of the proposed services among several over-burdened government agencies and the emasculation of the nine-point program’s value.

³⁸James M. Silberman, “Statement on Nine-Point Cost Reduction Program for the U.K.,” November 24, 1949, Silberman Files.

³⁹Ibid.

⁴⁰Moffat to Harriman, Memorandum, no date, R.G. 469, Abbott Moffat files, Box 2, NA.

⁴¹Ibid.

In May 1950, the ECA, attempting a more direct attack on the problem of low productivity, created the pilot plants program and national productivity centers, both representing a major effort to educate European managers.⁴² Interested firms in the consumer goods business could receive major funding for management retraining and equipment purchases if they were willing to use American management strategies to expand production and to cooperate with labor. Over twenty-four such pilot plants became operational, including one for a textile manufacturer in the United Kingdom. The ECA insisted that participating countries establish government productivity centers to serve as the central manager for all productivity-development initiatives.⁴³ These centers were to coordinate all types of US and European assistance and continue beyond the formal end of the ECA.

Signaling a move away from its labor focus to a concentration on management reform, an ECA planning document detailed objectives for national productivity centers (NPCs).⁴⁴ Each Marshall Aid country would be required to establish an NPC or lose all additional technical assistance funding. The ECA, in conjunction with the OEEC, planned to sponsor NPC promotion of management training seminars in prestigious U.S.

⁴²Jacqueline McGlade, "The Illusion of Consensus: American Business, Cold War Aid and the Industrial Recovery of Western Europe, 1948-1958," Dissertation, George Washington University, 1995, 413-414; "Industrial Productivity Program in ERP Countries," May 1, 1950, ECA-Washington, R.G. 469 Entry 376, Box 34, Geographic Files, NA.

⁴³"Industrial Productivity Program in ERP Countries."

⁴⁴McGlade, "Illusion of Consensus," 403-413.

universities and management education centers. In a program of nine month's duration, European managers would be exposed to such scientific management concerns as modern organization disciplines, management controls, marketing and distribution, production engineering, industrial relations, cost and budgets, and production planning and control. The NPCs would also be expected to retrain university, business, and vocational education instructors to assure interest in management education. NPCs would have to offer management seminars to companies that wanted financial assistance or technical advice for modernizing factory operations. NPC staffers, trained to teach American management philosophy and practice through a Jobs Method Training (JMT) course, would become eligible to instruct others. The trainers would train other trainers to train supervisors, expanding the solutions to problems of low productivity.

Where the ECA found it necessary to put pressure on reluctant United Kingdom leaders into a joint productivity effort, the French, in contrast, entirely on their own initiative, made the largest commitment in all of Western Europe to this effort.⁴⁵ They anticipated the need for a large-scale, national, productivity drive coincident with the inception of Marshall aid. Their plans, originating in the French government's industrial reconstruction and modernization group with the assistance of manufacturer associations and labor unions, encouraged the ECA to initiate a national productivity centers program that would involve eleven Marshall Plan countries.

⁴⁵James M. Silberman, The History of the Technical Assistance Programs of the Marshall Plan and Successor Agencies: 1948-1961 (Bethesda, MD: Global Technology Management, November 1992), 9, 16.

The ECA's efforts to improve productivity was threatened from many directions.⁴⁶ The Soviet Union's continued threats of expansion agitated the Pentagon and NATO allies into increasing their demands for armaments production. Wide swings in the global economy also had a serious effect on economic recovery in Western Europe. The growing protectionist agenda of American industrialists condemned ECA policies that encouraged imports of European consumer goods as ruinous to American interests. Seeing themselves vulnerable to increasing competition, American firms lost faith in the government-managed recovery agenda and reduced cooperation with the team visits program.⁴⁷ Disgruntled congressmen, concerned about another year of funding for the ECA, complained about billions of American dollars subsidizing European social experiments. Increasing communist aggression and the remarkable rise of the communist trading bloc caused American business and government leaders to question ECA's policies for European recovery, awakened businessmen to the need for greater production throughout the free world, and caused Pentagon officials to push for inclusion of military aid in the European Recovery Program (ERP). And then the outbreak of the Korean War in mid-1950 crystallized Pentagon and NATO demand for military priority on production capacity and created an international crisis that quickly dominated the concerns of Western European leaders.

⁴⁶McGlade, "Illusion of Consensus," 360-391.

⁴⁷Ibid.

The invasion of South Korea in June 1950 helped intensify the full range of economic recovery efforts.⁴⁸ The need for rearmament consumed a significant part of industry and absorbed resources and investment funds that would have been available to increase dollar-earning exports and improve civil consumption. The call for accelerated defense production and increased military personnel needs came at a time when Western Europe was already using its resources to the full. Enlarged defense programs stimulated production but did not improve productivity. The United Kingdom, needing to divert manpower to the military, continued to use its World War II regulatory machinery to assure that workers were available for critical industries and even considered recruiting foreign workers to meet the need for a larger labor force.⁴⁹ British import costs at the end of June 1951 were 43 percent above the average for 1950, but export prices had increased only 19 percent. This rapidly changing balance-of-payments arithmetic required Britain to export a higher proportion of goods to buy the same volume of imports.

Coincident with these added dangers were major changes for the ECA organization.⁵⁰ Paul Hoffman, the architect and defender of the Marshall Plan's early productivity programs, resigned his administrator's post. The ECA, originally important enough to be created as a department of government reporting to the president, was

⁴⁸Economic Cooperation Administration, Thirteenth Report to Congress, June 30, 1951 (Washington: GPO, 1950), 1-2.

⁴⁹Economic Cooperation Administration, Tenth Report to Congress, September 30, 1950 (Washington: GPO, 1950), 3-5.

⁵⁰McGlade, "Illusion of Consensus," 429-430.

incorporated into the Western European division of the State department and was thenceforth dominated by the needs of the State Department, the Pentagon, and NATO. Responding to the challenge, the demoted ECA launched a massive new productivity drive encompassing eleven of the Marshall Plan countries and focusing on management training and national productivity centers.

From its review of team reports the ECA concluded that Britain's productivity inertia stemmed in part from a lack of resources and insufficient follow-up support. Team members, the ECA members thought, had already been convinced that industry in the U.K. was obsolete and feudalistic, but it saw no way to change the situation.⁵¹ The ECA determined to increase funding for companies interested in modernizing to provide them with new equipment and consultants to revise production plans. Although the ECA originally targeted workers and unions as the group most resistant to change, it ultimately decided to focus on owners and managers as the principal obstacles to progress.⁵² Development of management to the standards expected in the United States became a priority. European middle managers, the ones usually responsible for design changes, new equipment decisions, and changes in work flow, were seen to be held back by obsolete technology, labor resistance, and inadequate capital. What had to be done, according to new ECA thinking, was to provide the management training, through an expanded technical assistance program, that would demonstrate the benefits of expanded

⁵¹Ibid., 399-408.

⁵²Ibid.

productivity, markets, and profitability.⁵³ Separate vocational training programs were to be organized for European labor officials, middle managers, and instructors to provide an in-depth orientation on American worker training methods.⁵⁴

The ECA was determined to employ every American service available to transmit technical assistance.⁵⁵ The ECA would continue using the services of the Departments of Commerce, Agriculture, Labor, the Bureau of the Budget, the Federal Communications Commission, and other U.S. government agencies. It would also enlist the aid of such private organizations as the National Research Council, the Methods Engineering Council of Pittsburgh, and the National Management Council. Marshall aid in Britain also sponsored direct assistance to plant construction, such as the Abbey Works of the Steel Corporation of Wales, the largest new steel plant in Europe.⁵⁶ This completely modern plant, built with the help of Marshall Plan aid at a total cost of more than 60 million pounds and partly equipped with American machinery, added one million tons of new capacity to British steel production, a significant help in accelerating economic recovery.

In 1952, when Marshall aid, the ECA, and the AACP ended their preprogrammed lives, the largely government-financed British Productivity Council (BPC), took over the remaining projects of the AACP and added responsibility for national productivity

⁵³Ibid., 415.

⁵⁴Ibid., 417.

⁵⁵Economic Cooperation Administration, Eleventh Report to Congress, December 31, 1950 (Washington: GPO, 1950), 50-51.

⁵⁶ECA, Thirteenth Report to Congress, 18.

centers objectives.⁵⁷ With a long term emphasis on enhancing nation-wide productivity, the BPC managed projects through five main committees that involved industrial organizations, regional industry bodies, public information, and audio-visual aids. Differing in some organizational aspects from most European productivity centers, BPC programs were carried out in over 100 British industrial centers and involved plant visit exchanges, training programs, film exhibitions, productivity publications, and conferences. The council's involvement with numerous British institutions included over 200 projects on productivity issues in research institutes, universities, trade associations, and government agencies, 300 students sent to the U.S. for long-term education on management techniques, and the largest industrial film library in Europe.

The BPC expended considerable effort in reviewing AACP productivity team reports and action taken to implement recommendations. In their 1953 review of the footwear industry, after considering the observations and recommendations made in the 1946 Working Party report, and the 1951 AACP report, they concluded that footwear manufacturing was still the domain of the craftsman where productivity improvement concepts involved new and improved hand tools rather than the development of automatic

⁵⁷ Silberman, "History of the Technical Assistance Programs," 68-70; F. E. Rogers, "Report of the United Kingdom Technical Exchange and Section 115 (k) Program," September 6, 1956, ECA UK Mission, 42-43, R.G. 469 Box 5, UK Productivity Mission file. NA; Final Report of the Council, iv; "The British Productivity Council: Policy and Progress, 1954-1955" (London: BPC, 1955), 7-16.; "The British Productivity Council: Policy and Progress, 1955-1956" (London: BPC, 1956), 1-7.

production processes.⁵⁸ A few energetic firms, they found, were making improvements in pre-planning of production, limiting the number of designs, in the organization of work, and in time and motion study. The BPC claimed that although the footwear industry was progressive in some areas it was still conservative in its attitude towards modern management techniques. This latest review of the footwear industry offered brief case summaries of progress in twenty-eight British shoe manufacturers, citing examples of technical progress in production processes, reorganization of manufacturing, improved production planning, addition of modern machines, greater application of mechanical handling, expansion of piece-work jobs, addition of profit-sharing programs, and greater interest in standard costing, statistical quality control, and work study.⁵⁹ The council observed that, while work study was the management technique that had seen the most progress since the war, success stories were found only, “. . . on the perimeter of the industry and away from traditional shoe manufacturing areas where sometimes neither unions nor manufacturers have been keen on its application.”⁶⁰ These and other examples of progress in application of modern manufacturing management techniques suggest either that this represented the normal progression of improved productivity in a competitive, export-oriented industry, that post-war controls and shortages had largely

⁵⁸“Boots and Shoes,” a Working Party Report, Board of Trade (London: HMSO, August 1946); Footwear Productivity Team Report (London: AACP, October 1951).

⁵⁹A Review of Productivity in the Footwear Industry (London: BPC, July 1953), MSS 200/F/5/S2/4/3, MRC.

⁶⁰*Ibid.*, 11-12.

been resolved, that the pressures of the major industry analyses had finally spurred action, or that a combination of all of them, fostered change, at least in the more progressive firms. The BPC agreed that American labor productivity in footwear was greater than that of British footwear factories and that “the difference is dependent as much, or more on the efficiency of management as on the skill and effort of the operatives.”⁶¹

In 1954, the British Productivity Council completed a review of the furniture industry that complemented the Furniture Working Party study and the AACF’s Furniture Productivity Team report.⁶² The BPC found that it was also a craft-oriented industry of 4000 small firms employing about 125,000 workers. Furniture manufacturers had suffered severely from the vagaries of the market, shortages of wood supplies, ineffective management, and wartime controls that had seen many of them making gliders and Mosquito bombers rather than furniture. But the industry was important to the British consumer and Britain’s export income. BPC case studies offered details of progress made in twenty of the larger, more progressive companies in applying modern management methods. New steps taken in the postwar period included the installation of new machines, use of standard times, job costing, production planning and control, bonuses, reorganization for design and productivity, plant layout, new sales policies, product simplification, and opening the factory one day each month to visits from wives and friends. Thus, at least on the industry’s periphery, modernization was taking place

⁶¹Ibid., 15.

⁶²A Review of Productivity in the Furniture Industry (London: BPC, January 1954), MSS 200/F5/S2/4/4, MRC.

which would lead to productive efficiency, lower cost, and higher wages for those few companies that had the size and energetic managements to venture into the scary realm of change. The BPC industry reviews, particularly the appendices that described in-plant changes being effected in specific, named companies, should have been useful promotional tools encouraging change in other companies.

With the availability of American aid funds for the project and assistance from the British Institute of Management, the BPC decided on a program to promote work study.⁶³ Their Work Study report summarized the experiences of several industries in the application of time and motion study principles. At the United Thread Mills factory, methods study resulted in a two-thirds reduction in indirect workers in a department that produced and packed embroidery cotton skeins. The workers affected were absorbed in other departments of the firm. At the G. B. Britton company, a men's welted shoes factory, the application of time study techniques was said to raise output in the making-room alone from 1.5 pairs per man-hour in 1948 to 2.9 man-hours in 1954, increasing earnings substantially in all sections. The BPC's Work Study report also claimed production increases of 12 percent at the Hille furniture company after one year's application of work study techniques.

⁶³BPC Case Studies: Work Study (London: BPC, no date), The Institution of Mechanical Engineers, London.

The volume of commentary in the press, on the BBC, and from speaker's platforms amply demonstrated the British public's interest in productivity.⁶⁴ Productivity team reports and public meetings of the British Productivity Council were assured of coverage in the metropolitan, provincial, and trade press. Representatives of government, industry, and labor, in almost all public statements, insisted on the need for greater productivity and an ardent desire to achieve it. AACP productivity teams had already confirmed the large productivity gap that existed between Britain and America, but neither the rank and file, the small business man, nor the public seemed to feel that higher British productivity was essential.⁶⁵

It must be left to economists to explain whether and why a need continued for greater productivity. Momentum from the near-desperation zeal of the Marshall Plan, the grim determination of Cold War policies, and the challenge of the Korean War seemed to mandate continuation of efforts to Americanize production in all the Western European countries.⁶⁶ Successive U.S. aid agencies, the ECA, Mutual Security Administration, Foreign Operations Administration, and the International Cooperation Administration, seemed to have little choice but to continue productivity assistance support for the United States' productivity and technical assistance missions, the British Productivity Council, the national productivity centers of other participating countries,

⁶⁴"Productivity Climate of Opinion," Memorandum, MSA London to MSA Washington, April 24, 1953, R.G. 469 Entry 376, Box 34, Geographic Files, NA.

⁶⁵Ibid.

⁶⁶McGlade, "Illusions of Consensus," 533-536.

and the evolving productivity concerns of the OEEC and its European Productivity Agency. Newer American aid administrators were prepared to reduce civilian productivity programs in favor of North Atlantic Treaty Organization production, but economic conditions prevented abandonment of these projects. Perhaps in desperation, mission chiefs turned to American companies to share the continuing frustration of driving European economic recovery, helping them make direct investments in Western Europe, and authorizing expansion of Europe's industrial capacity for military hardware on the assumption that it would also assist in civilian economic reform.⁶⁷

The eight-year program of American technical assistance to British industry came to an official end with the dismantling of the Productivity and Technical Cooperation Division of the U.K. Mission of the U.S. International Cooperation Administration.⁶⁸ The U. S. Information Service reported that the most spectacular project among its programs was the exchange of technical information resulting from the work of sixty-six British productivity teams that visited the U.S. from 1949 to 1952. The AACP, it said, was part of a larger program of team and expert visits embracing both the United Kingdom and British overseas territories involving 1514 individuals and 209 productivity team projects. During eight years of activity, the U.S. contributed about three-quarters of the \$8 million total cost, about \$2 million of it spent on AACP projects, plus an additional

⁶⁷Silberman, History of the Technical Assistance Programs, 1.

⁶⁸"U.S. Productivity Office Which Aided U.K. Industry and Agriculture Closing Down After 8 Years," Press Release, United States Information Service, September 24, 1956, R.G. 469, F.E. Rogers files, NA.

grant from the U.S. of \$9 million to support programs of the British Productivity Council.⁶⁹ The cost of the technical assistance program overall proved to be about 1 ½ percent of total grant aid to the European nations.⁷⁰

Official British figures for the period 1948 to 1951 showed a substantial increase in industrial productivity, but AACP council members were frank to state that facts were not available to demonstrate the effect of their work on British productivity.⁷¹ It clearly was too soon to see the results of team proposals despite reports of a vast number of improvements being made. The AACP's farewell report concluded in a hopeful vein, "that the final record when completed is likely to be impressive."⁷² The available information suggests that Marshall Planner's and team member's promotion efforts were considerable, but as described by objective analysts, their efforts had no visible impact, or at best, a minimal influence on the corresponding industrial results in Britain.⁷³ In all fairness, it would be irrational to have expected measurable results during the brief life span of the program.

A final assessment of American involvement in British productivity matters came from Francis Rogers, the retiring Chief of the Productivity & Technical Cooperation Division in the U.S. Operation's Mission for the International Cooperation

⁶⁹Ibid.

⁷⁰Silberman, History of the Technical Assistance Programs, 1.

⁷¹Final Report of the Council, 2-4, 31.

⁷²Ibid.

⁷³Tiratsoo and Tomlinson, Industrial Efficiency, 150-158.

Administration in the United Kingdom.⁷⁴ Rogers attempted to address the productivity team issue and concluded that although many of the techniques described in team reports were already known in some sections of British industry, the reports helped new techniques gain acceptance and application in many firms. The cumulative effect of all productivity activities, he claimed, was a stimulation of wider interest in newer methods and a fresh look at industrial problems.

According to government-produced industrial indexes, productivity improved 26 percent in the eight years since 1948. Rogers felt that U.S.-sponsored activities helped create support for Britain's own promotion of industrial projects, provided the urgency necessary to help overcome apathy and complacency, and resulted in an overall increase in productivity activities.⁷⁵ Britain was still slow, he thought, in developing an education system that supplied the necessary business background for managers or that was able to overcome the shortage of engineers and scientists. Heavy taxation, restraints on competition, restrictive practices, and exceedingly poor coordination of the overall productivity effort continued to handicap the country. Rogers asserted that these negatives acted only as a brake on the progress being steadily maintained with the help of U.S. technical aid.⁷⁶ For the future, he thought, ". . . taking into consideration the

⁷⁴F. E. Rogers, "Report of the U.K. Technical Exchange and Section 115 (k) Program," September 6, 1956, R.G. 469, Productivity & Technical Cooperation Division, UK Mission, NA, 48-52.

⁷⁵Ibid.

⁷⁶Ibid.

traditional conservatism with which the British approach innovation and departure from historic usage, it is reasonable to expect that substantial benefits will flow . . . within the present decade.⁷⁷ The unusual and complex U.S. attempt to develop a strong manufacturing foundation for economic recovery, first in Britain and then the rest of Western Europe, ended in 1961.⁷⁸ For very complex reasons, the British heirs to a century of relative industrial decline were not equipped to take full advantage of the gift of American know-how.

⁷⁷Ibid., 41.

⁷⁸Silberman, History of the Technical Assistance Programs, 1.

CHAPTER X

CONCLUSIONS

This dissertation has been concerned with Britain's relative industrial decline, the serious impact Britain's declining manufacturing industries had on post-World War II economic recovery, and the efforts made by the Economic Cooperation Administration to reenergize British industries through technical assistance programs. It has focused on the joint British and American venture called the Anglo-American Council on Productivity, which highlighted the willingness of American companies to invite competitors to witness factory operations first-hand and the apparent inability or unwillingness of British industry to take advantage of the resulting cornucopia of new ideas and methods. Britain's industrial decline was the result of numerous economic, social, political, and geographic factors, but the core reason, as revealed in Anglo-American Productivity Council (AACP) team reports and numerous other sources, can be ascribed to Britain's industrial management culture. The country's class-ridden society produced factory bosses who were poorly equipped to defend against the onslaught of competition from rapidly industrializing countries. The factory-operations issues raised by the British government, Britain's union leadership, and the AACP's productivity teams points primarily to factory owner-managers as the principal impediment to Britain's industrial progress.

Britain's growing concern with the country's ultra-conservative industrial management culture reveals that Britain's leaders were aware of the condition and deeply concerned about the competitive threat from more aggressive industrializing countries, but they were unable to generate serious interest in correcting the destructive habits developed over nearly a century. Desperate World War II needs for aircraft production compelled the government to become directly involved in manufacturing operations and exposed industry's inept managers. The post-war recovery challenge and the new socialist government seriously exacerbated industry problems but also forced additional government attention to the need for higher standards of management.

Marshall Plan concerns about British productivity and the shocking results of the Silberman survey cast additional doubt on the competence of the country's manufacturing managers. AACP productivity teams brought home libraries of information on new equipment, methods, and management ideas to which factory owners, the very people with the most to gain from productivity improvement opportunities, were generally unreceptive. American aid planners, anxious about Western Europe's economic recovery, finally determined that having effective managers were the key to industrial recovery, and, in the waning years of American aid programs, sponsored education for managers at prestigious universities in the United States. Leaders who identified the causes for Britain's industrial decline and then offered corrective solutions were never to witness the hoped-for benefit to Britain's manufacturing industries. American aid planners, thinking that exposure to an American business school education would

stimulate an era of modern management in Britain, failed to recognize they would also have to change a long-established culture.

Manufacturing is a complex business that does not respond graciously to change unless the leadership supports and motivates the need. New industrial ventures require purposeful individuals to finance the beginning entity, design the product, develop and maintain the organization, acquire the facility, equipment, and materiel, become adept at the operational methods, sell and deliver the item, and still conclude the enterprise with a benefit to all involved. Maintaining a healthy, operational entity requires considerable persistence. Installing major changes in normal times can require almost heroic additional effort because change can almost become an assault on the very existence of the organization. But the competitive environment facing Britain's factories threatened the very existence of whole industries unless changes were made. Britain's factory owners, although responsible for initiating change, were exhausted by decades of enforced change and too comfortable with old business habits to respond.

Warnings that the glory of the first industrial revolution had faded appeared as early as 1870. It was easy to dismiss the danger or apply the cause to factors outside the British Isles. The country's free trade policy developed serious snags as other nations raised protective walls. Foreign competition started to make inroads in the very manufacturing industries Britain once dominated. Exports fell, wholesale prices declined, workers started to emigrate, and the years between 1872 and 1896 became

known as the Great Depression.¹ British leaders then recognized that increasing competition from Germany, the United States, and others, were ominous signs of change and held serious prospects for Britain's economy.² In 1902 the government warned about competitive challenges to its basic industries. Britain's manufacturing infrastructure had become obsolete while former customers developed more efficient manufacturing industries. The glitter of the nation's global power, its world class financial center, continued domination of world trade, and a favorable balance of payments, continued to mask decreasing wealth and declining technological sophistication.³

British shipbuilding, steel, automobile, cotton, coal, chemical, and others showed a discouraging downward trend. By 1900 Britain's shipbuilders joined a growing list of declining industries having lost one-fourth of their market to foreign competitors.⁴ In 1904, a government commission complained that because iron and steel companies had been slow to introduce automatic machinery they were no longer competitive with American firms.⁵ The automobile industry quickly lost its lead to technological

¹Aaron L. Friedberg, The Weary Titan: Britain and the Experience of Relative Decline, 1885-1905 (Princeton: Princeton University Press, 1988), 35.

²Sidney Pollard, Britain's Prime and Britain's Decline: The British economy 1870 - 1914 (London: Edward Arnold, 1989), viii.

³Alec Cairncross, The British Economy since 1945 (Oxford: Blackwell, 1992), 19.

⁴Jonathan Zeitlin, "Reconstruction and Americanization," in Between Flexibility and Mass Production: Strategic Debate and Industrial Reorganization in British Engineering, 1830-1990 (Oxford: Oxford University Press, forthcoming), 8.

⁵G. C. Allen, The British Disease: A Short Essay On The Nature And Causes Of The Nation's Lagging Wealth. (London: The Institute of Economic Affairs, 1976), 31.

developments in other countries and labor strife at home.⁶ Cotton, the birthing industry of the industrial revolution, once the largest employer in the country, used antiquated machines, relied on traditional technologies, and clung to established products and markets while customers sought better products elsewhere.⁷ Competitors continued to add Britain's faltering industries to their feast tables. On the eve of World War I Britain's industrial decline had left the textile industry dependent on German dyes and foreign machine tools manufacturers.⁸ After World War I, industrial decline, unemployment, social bitterness, and increasingly powerful unions led to the general strike of 1926, the worst explosion of class conflict the country had ever known. The general strike revealed the historic disenchantment of British workers and a divisiveness that would hamper industry for decades to come.⁹

At the outbreak of World War II British industry was badly prepared to support an all out battle for survival. The government created a separate Ministry of Aircraft Production (MAP) to manage the aircraft industry's 12,000 firms.¹⁰ Five hundred visits to aircraft manufacturing plants convinced Minister Cripps that British industrialists were seriously conservative, suspicious of new methods, and reluctant to approve new shop-

⁶Ibid., 32.

⁷Bernard Elbaum and Williamazonick, The Decline of the British Economy (Oxford: Clarendon Press, 1986), 18-19.

⁸Allen, British Disease, 32; Friedberg, Weary Titan, 295, fn 8.

⁹Kenneth O. Morgan, "The Twentieth Century (1914-1987)," in The Oxford History of Britain, ed. Kenneth O. Morgan, (Oxford: Oxford University Press, 1988), 602-603 .

¹⁰Eric Estorick, Stafford Cripps: A Biography (London: Heineman, 1949) 317.

floor attitudes. Wartime government agencies declared managers inept, tactless, and weak, while labor unions proved to be obstructive, and the workers lacked commitment.¹¹ Cripps concluded during World War II, that private enterprise, if left to itself, would be neither willing nor able to change.¹²

Subtle wartime warnings that British industry needed modernization came from regular contact with Americans when British and American salesmen, technicians, scientists, and expeditors regularly exchanged visits and information. An increasing number of British subsidiaries of American companies were in a position to provide examples of modern management and production practices. Representatives of the U.S. National Association of Manufacturers (NAM) regularly traveled to Britain to discuss problems of wartime production with leading British industrialists. American industrial productivity, known to be three to four times greater than Britain's, suggested the United States as the logical benchmark for postwar industrial reconstruction plans, but rarely incited factory owner's to modernize.¹³

Government studies of industry made during World War II reported the same deficiencies repeated later in Silberman's survey report and in the reports of the AACP's productivity teams. Wartime industry surveys by the Board of Trade (BOT) described

¹¹Correlli Barnett, The Lost Victory: British Dreams, British Realities, 1945-1950 (London: MacMillan, 1995), 33.

¹²Nick Tiratsoo and Jim Tomlinson, Industrial Efficiency and State Intervention: Labour 1939-1951 (London: Routledge, 1993), 46.

¹³Zeitlin, "Reconstruction and Americanization," 1-3.

weaknesses in production methods, technical development, standardization, and competitiveness. A government study of the motor car industry complained about too many small companies producing too many different models.¹⁴ The BOT reported that almost all industries feared foreign competition and were asking for government protection.¹⁵ Employers were oblivious to these productivity issues or too conservative to adopt more than simple measures. Even though bigger firms had been introducing some modern practices most small companies failed to do so. The studies of a prominent British industrial consultant, L. F. Urwick, revealed abysmally poor management standards, widespread ignorance of modern methods, and few modern textbooks on industrial management. The most enlightened business people were indifferent to these ideas and considered scientific management a fad.¹⁶ Another government committee, concluding its report on industrial management, decided that the key variable in productivity was management. Government leaders agreed that without better management all industrial reforms would fail.¹⁷ Concerned, the government proposed creation of a British Institute of Management to develop good management practice, raise the overall standard of management, and thus stimulate productivity. The idea failed to gain acceptance.¹⁸

¹⁴Ibid.

¹⁵Barnett, Lost Victory, 30-31.

¹⁶Tiratsoo and Tomlinson, Industrial Efficiency, 33.

¹⁷Ibid., 43.

¹⁸Ibid., 46.

Coal, one of Britain's critical industries, had been a persistent problem and of deep concern to the government. Attempts to improve machinery, import American equipment, hire American engineers, or send managers to the U.S. to learn American techniques were met with open hostility. Visiting American mining experts, who expected to recommend new machinery, reported that the main problem was not equipment but the management-worker antagonisms that had an impact on morale, a carry-over from the early stages of the industrial revolution over a century ago.¹⁹

In 1944, Britain's cotton industry association sent a mission to the U.S. to tour factories and to bring home recommendations for change that would improve productivity. They returned with a report that anticipated AACP productivity team reports a few years later. American managers were young, analytical, and progressive. Productivity was better because of automatic machinery, scientific utilization of machinery, younger workers, and the better attitude of employees untrammelled by long-standing practices.²⁰ The team recommended that Britain's cotton industry raise the level of scientific training for management and apply such modern management methods as improved working conditions, reduction in the number of different products manufactured, and modernization of factory equipment. Cotton industry union

¹⁹Barnett, Lost Victory, 34-35.

²⁰"Platt Mission to U. S.," The Economist, October 28, 1944, 581.

representatives, a part of the mission team, agreed with the conclusions and signed the mission's report.²¹

As World War II ended, the War Cabinet's Reconstruction Committee forecast problems for the economy unless industry became more competitive internationally. The Labour Party declared that industry had to modernize or the country would perish. Conservatives, anticipating a Labour Party victory, insisted that interfering bureaucrats would stifle the initiative of competent capitalists.²² The British government asserted that industry had become obsolescent and was in the hands of old men who were prone to take short term views. These old men hoped that the government's reconstruction plans would result in more protection, price-fixing arrangements, and state subsidies rather than amalgamation, reequipment, product changes, or improved marketing methods.²³

As the post-war period dawned, industry was still hampered by shortages, deterioration of equipment, and labor problems. Businessmen, angered by plans underway in the union-dominated, socialist government to nationalize industry, were more determined than ever to resist government plans to guide their own futures. Their anxieties had been inflamed by the new President of the Board of Trade (BOT), Stafford Cripps, a one-time factory manager, who claimed to share labor's long-standing

²¹"Labour and Production," The Economist, October 28, 1944, 580.

²²Ibid.

²³Carl Glatt, "Reparations and the Transfer of Scientific and Industrial Technology from Germany: A Case Study of the Roots of British Industrial Policy and of Aspects of British Occupation Policy in Germany between Post-World War II Reconstruction and the Korean War, 1943-1951," (Ph.D. diss., European University Institute, 1994), 27-31.

animosity towards employers. Controls in the anonymous and irresponsible hands of private enterprise, he said, often kept output down in order to control prices and guarantee their profits.²⁴ The government would place these controls in the hands of the people's representatives to provide for their needs in peace. Cripps complained of family-run businesses that were unable to modernize facilities, equipment, and methods, and that overlooked education, employee relations, research, and suggestions from employees. Directors, he said, uncontrolled by shareholders, should be replaced by better people. Workers had been left to watch things go from bad to worse and then the unemployment line.

In September 1945, the BOT in the new Labour government inaugurated select industry-union-government committees, called Working Parties, to report on seventeen different industries identified as critical to Britain's domestic and export markets. These groups were to determine if British plants and production methods were actually as obsolete and inefficient as popularly reported and to recommend steps to strengthen each industry. Their research identified many of the long-recognized factors contributing to productivity problems and their recommendations offered many excellent ideas for improvement in facilities, equipment, and methods. The startling efficiency differences the Working Parties noted between organizations suggested the immense importance of good management, good work relations, technical and scientific training, the use of

²⁴Stafford Cripps, "The Century of the Common Man," in Democracy Alive: A Selection from Recent Speeches by the Rt. Hon. Sir Stafford Cripps, K.C., M.P., ed. Alan Jarvis (London, Sidgwick & Jackson, 1946), 34-36.

scientific management principles, adequate pay for managers, and the addition of graduates from technical universities. Despite a remarkably thorough and frank series of reports, interest in taking action on Working Party recommendations soon faded when the cost of suggested changes was understood, and a lack of initiative prevailed.²⁵

Britain's management culture demanded charismatic, powerful, senior managers who, like generals, could dominate a hierarchy of lower-level managers, as if in a small imperial court.²⁶ British managers, usually in a tone of languid superiority, expressed amusement at America's rather endearing business efficiency and the willingness of American executives to pay consultants to criticize them.²⁷ Up until the end of World War II, Britain had no business schools comparable to those in the U.S. Nor did contact with American industrialists, management literature, or professional organizations make much impact on British management's deeply-rooted habits.²⁸ In early 1946, government officials, shocked by the technical ineptitude and autocratic attitudes displayed by managers, were determined to reopen the issue of the British Institute of Management, and to create joint government, union, and management organizations to force

²⁵S. E. Davson, The State of British Industry: An Objective Survey of Reports of the Working Parties Investigating Britain's Medium Industries (London: National News-Letter, 1948), 21-22.

²⁶Tiratsoo and Tomlinson, Industrial Efficiency 46.

²⁷Nick Tiratsoo, "British Management 1945-1964: Reformers and the Struggle to Improve Standards," in E. Abe and T. Gourvish, eds., Japanese Success? British Failure? Comparisons in Business Performance Since 1945 (Oxford: Oxford University Press, 1997), 90.

²⁸Ibid.

management to pay greater attention to the manufacturing arts.²⁹ But powerful vested interests and old habits guaranteed considerable conversation, extensive committee meetings, a flood of memoranda, and little progress.

In the aftermath of World War II, the responsibility for managing a factory proved to be an unenviable task and also contributed to a manager's resistance to outside interference that demanded change. Coal and labor shortages blocked productivity in most industries. Government controls required unreasonable personal follow-up and increased overhead costs. Excessive and conflicting production targets made fulfillment impossible. Some managements were seriously discouraged or even paralyzed by government controls.³⁰ At an annual luncheon of the British Export Trade Research Association, Sir Stafford Cripps admitted they were living in a strange world.³¹ He described business executives breaking down in despair when an order arrived in the mail, but who would be ready to celebrate if a parcel arrived containing raw materials or components. This was not an environment that left much time for new ideas.

The Manchester Guardian Weekly's painfully objective view of industry's post-war plight made it clear that management's task was not easy. There was constant bickering, tension, and worry in the factories. Factories suffered from appalling bottlenecks and frightening rigidity in the relations between unions, employers, and

²⁹Ibid., 79.

³⁰"The Struggle for Production," The Manchester Guardian Weekly, February 6, 1947.

³¹Barnett, The Lost Victory, 180.

government. The waste of managerial skills, the alarming increase in administrative employees in the struggle with shortages and controls, and workers' preference for leisure continued to sap the vitality of industrial output.³²

Britain's unsatisfactory level of productivity guaranteed that managers would receive a continuing barrage of criticism. Factory owners could have seen the warning signs long before the two world wars and now received persistent and more specific criticisms. Productivity suggestions made by the President of the American Chamber of Commerce in London proved similar to many that had long and often been recommended by Working Parties and others. He saw production equipment that was more than thirty years old, a lack of management attention to materials handling, and a need for better employee training and improved inspection methods.³³ Production Engineer Lt.-Col. C. W. Mustill urged management to apply such scientific management principles as standard times, tool standardization, careful layout of plants and tools, improved lighting and air-conditioning, better pay systems, profit sharing programs, worker-foremen committees, and increased attention to employee communications.³⁴ After thirty years of painful politicking, the government inaugurated the British Institute of Management (BIM). The BIM's priority concerns were to be management standards, human relations, and

³²"British Industry in 1948," Manchester Guardian Weekly: March 11, 1948, 9, March 18, 1948, 9, March 25, 1948, 12, April 1, 1948, 13.

³³"Wasted Labour," Mechanical Handling vol. 34. no. 3 (March 1947), 11; "Efficient Handling," Mechanical Handling, vol. 34, no. 4 (April, 1947), 173.

³⁴C. W. Mustill, "Management," Institution of Production Engineers, vol. 27, 1948, 517.

industrial technology.³⁵ The Federation of British Industry publicly offered its support but privately suspected it would be a Trojan horse in the pay of a government bent on nationalizing industry.³⁶

James Silberman's brutally frank account of Britain's embarrassing industrial weaknesses proved to be a clear indictment of factory owners and their absentee-management style. Facilities, equipment, and methods, on average, were a half century behind operations in similar U. S. factories. The differences in efficiency involved every part of factory work including management, organization, and production processes. He claimed that the British understood very little about productivity, had little idea of the progress made by American industry after the turn of the century, and were doing almost nothing to improve manufacturing operations. Britain's class-ridden society was mirrored in industry where top managements had Oxford and Cambridge educations, shop managers were mostly high school graduates, and the two levels rarely talked to each other. Silberman reported a lot of bitterness among people in the shops who were running the factories, a condition, he said, that had been going on for centuries. American-owned British companies, like the General Motors's Vauxhall plant, functioned no differently than British-owned factories. British-built Hoover vacuum cleaners required twice the labor needed in Hoover's American facilities. After the beginning of the Marshall Plan, Silberman's major concern was that Marshall Plan funds

³⁵Tiratsoo and Tomlinson, Industrial Efficiency, 111-114.

³⁶Ibid., 168.

would be used by the British to subsidize continuation of the gross inefficiencies he had seen. British factory owners, he felt, if granted aid monies to purchase new plant and equipment, would mindlessly replace antiquated technology, continue high cost operations, and waste Marshall Plan money.³⁷ Hoffman, the European Cooperation Administration (ECA) chief, whose opinion concerned British leaders most, said that British industry was so decadent and backward that only the widespread use of American methods and American technicians could pull it through.³⁸

Apparently the nation would not accept the fact that anything drastic had happened to it. Hardly anyone in Commons believed there was anything wrong with British industry. The country's participation in two wars had given birth to the doctrine of the welfare state. It had also confirmed habits of improvidence. With considerable chagrin the Economist concluded that both sides of British industry are, "... apparently sunk so deep in its twilight sleep of complacency that not even this peril can arouse it."³⁹

In mid-September 1948, the U.S. and British chairmen of the newly inaugurated Anglo-American Council on Productivity exchanged ideas by mail about the agenda for their first meeting.⁴⁰ Co-chairman Reed, the Chairman of the Board of General Electric,

³⁷James M. Silberman, interview by author, Alexandria, Virginia, August 2, 1995.

³⁸Ibid., 17-18.

³⁹"Twilight Sleep," The Economist, August 7, 1948, 209-210.

⁴⁰Letter to Reed, September 14, 1948, T 232 101, 163-164, PRO; Reed to Bain, Letter, September 22, 1948, FBI files, MSS 200/F/3/D3/7/2, Modern Records Centre, Warwick University, Coventry hereafter cited as MRC.

offered a program that went well beyond what British council members would consider.⁴¹ The GE chairman, offering a review plan typically expected by top American board members, proposed a broad review of Britain's industrial establishment and government industrial policy.⁴² He felt that a look at investment in modernization of plant and equipment would include consideration of management policy, incentives for investment, capital control, export policy for capital goods, and allocation of raw material. A review of economic production units would include uniform standards, specialization in parts and components, consolidations, and competition. An analysis of production planning for low cost manufacture needed to consider product design, production methods, plant layout, mechanization, materials handling, labor and production standards, inventory control methods, and burden control. Reed also wanted to review working-conditions, rewards for innovation, and ways to increase job satisfaction. In addition he suggested a review of municipal and other codes that might be obstacles to productivity. The employer members of the council urged Sir Greville Magginess, the soon-to-be AACCP co-chair, to cable Reed about simplifying his proposed agenda.⁴³ The British employer contingent of the AACCP, although determined to resist any and all interference in their affairs, did reluctantly acquiesce to the productivity team visits program.

⁴¹Letter to Magginess, September 27, 1948, FBI files, MSS 200/F/3/D3/7/2, MRC.

⁴²Reed to Bain, September 22, 1948, FBI files, MSS 200/F/3/D3/7/2, MRC.

⁴³Letter to Magginess, September 27, 1948.

Team reports show that many of the participants were enthusiastic about their findings and prepared to return home as disciples for change. The role played by top factory executives in the United States, especially their direct contact at every level of operations, surprised and delighted them the most. A thoroughly-impressed Diesel Locomotive team decided that British managers needed to come to the United States to see the American attitude to managerial responsibility in action first-hand.⁴⁴ Contrary to British custom, most of the top American executives the teams met started their careers in the shops, had proved their competence, earned the respect of employees in the organization, and found great social and intellectual prestige attached to their positions. Top managers had expansionist policies, usually worked the same hours as people in the factory, visited shops in shirt sleeves, knew many of the employees by name, and were open to discussion about new ideas. Management expected workers to use their own initiative, encouraged them to participate in discussions about productivity improvement, and rewarded them with increased authority and income. Promotion of workers to supervisory and factory executive positions were based on technical knowledge, factory experience, and ability with people. Supervisors were expected to be the strong link between management and the worker, delegated great authority, provided with higher earnings than employees, expected to be interested in new methods, provided with ample technical support, and offered educational opportunities. The relationship between workers, supervisors, and executives in the workplace, the system of incentives involved

⁴⁴Diesel Locomotives Productivity Team Report (London: AACF, November 1950), 3.

in promoting workers, and the impact of team spirit on productivity deeply impressed all productivity teams.

The Fleming-Waddell analysis of the first twenty-two team reports sponsored by the AACP emphasized that

The initiative for the creation of conditions fostering productivity through the use of management and production techniques mentioned by the teams must be the responsibility of management. Only management has the complete opportunity to see the overall picture and has ready access to the sources of information on which improvement can be based.⁴⁵

Graham Hutton's book, We Too Shall Prosper, should have been an eye-opener for British managers willing to consider the controversial text. Sponsored by the AACP to summarize team reports, it should have been a wake-up call for Britain's managers, a textbook listing the management concepts and methods employed by American managers to make their firms productive. Hutton explained that while all was not perfect in American industry, American industrialists in prior decades had benefitted from several advantages during the time British manufacturers suffered major problems. But America's productivity lead had not been achieved by methods that were secret or technically impossible in Britain. The overwhelming conclusion of the AACP teams, he said, was that British productivity could be raised substantially, with a little more

⁴⁵"Fleming-Waddell Report," Draft, MSS 200/F/3/D3/7/6, MRC, 68-69.

equipment and without great strain on workers, mainly by better managerial and union methods.⁴⁶

Britain's trade associations, made their own summary of AACCP reports, listed the key features of American industry that created high productivity, and implicated Britain's managers as culprits in the country's relative industrial decline. American management initiatives, they observed, included more effective managerial standards, made greater use of machinery, pursued simpler designs and processes, developed better industrial relations, and offered greater incentives for increased productivity.⁴⁷

Another publication that extolled the virtues of American managers and, by implication, criticized the weaknesses of their counterparts in Britain, was the AACCPs Education for Management productivity team report.⁴⁸ The team, assigned to study American management's educational background, personal qualities, and operating methods, decided that the reasons for higher productivity in the United States were the unique qualities of American managers, a climate of opinion conducive to maximum effort by all participants, and the American system of higher education. In direct contrast to British mores of the times, there was great social and intellectual prestige attached to

⁴⁶Graham Hutton, We Too Can Prosper: the Promise of Productivity (London: George Allen and Unwin, 1953), 219.

⁴⁷"AACCP Reports: Summary of General Conclusions," Trade Association's Promotion of Productivity Drafts and Working Papers, No author, no date, MSS 200/F/3/S2/18/10, MRC.

⁴⁸Education for Management Productivity Team Report (London: AACCP, November 1951), 21-29.

executive positions in top American manufacturing firms, leading many of the best university students chose business as a career. The team was impressed with U.S. industry's major emphasis on human relations and communications. Employees at all levels in manufacturing enterprises were encouraged to discuss their work-related ideas, assisted in becoming more productive, and developed for maximum growth potential. American managers could discuss any detail of factory operations, were receptive to new ideas, and applied great ability and energy in pursuit of production efficiency. The high quality of management set the pace for good management-worker relations through a great deal of personal and practical supervision, a willingness to delegate authority, and an expectation of good results. The higher levels of management in the U.S. were much more familiar with production problems than was the case in Britain. British foremen were considered as intelligent as those in the U.S. but did not apply themselves to production problems as vigorously. Having observed energetic Americans at work, the team expressed concern about the level of complacency in British industry they found to be in stark contrast to the carefully-orchestrated American industry team work evident from top management right down the line.

The British government, long concerned about industry's inefficient practices and terrible personnel relations, offered its own program for raising industrial management effectiveness. Sir Stafford Cripps as president of the Board of Trade declared that industry's backwardness led to inefficiency, poor industrial relations, industrial decline, and the need for government action. Despite great hostility from industry, the government helped create the British Institute of Management (BIM), a body designed to

emphasize professional management standards and promotion of progressive management thinking in human relations and the technical aspects of business. The government identified the low quality of British industrial managers as a factor in the country's economic decline, attempted to force corrective action, but then failed to make a noticeable impact through the British Institute of Management.⁴⁹

The most unusual source of management criticism was the country's union leadership. The Trades Union Congress (TUC) contemplated undertaking management initiatives it felt employers had long ignored and were incompetent to take. Unlike management, it said, organized labor was a responsible body and would have to assume initiatives to assure productive gains through time and motion studies and greater use of mechanical devices. Unions actively moved on a collision course with managements to assume responsibility for factory-floor modernization. The TUC's National Production Advisory Council recommended that unions employ production experts, establish their own production departments, provide training on production and management, devote more space to articles on productivity in union journals, and that the TUC general council provide advice and assistance to all unions on production and productivity. The TUC established a production school that offered one-week courses to union officials and shop stewards on time and motion study, cost accounting, wage incentives and factory organization. Some forty younger union officials and fifteen shop stewards attended courses at technical colleges covering time and motion study, job evaluation, factory

⁴⁹Tiratsoo and Tomlinson, Industrial Efficiency, 39-43, 111-114.

organization and management, payment and incentive methods, and industrial relations. Aggressive national unions, management ineptitude, fears of more nationalizations, the continued flowering of socialism, and the tensions in industries with communist-affiliated workers, continued to aggravate industrial relations and block industrial progress.⁵⁰

Most factory owners had little understanding of manufacturing operations, rarely employed the services of industrial engineers, and were unqualified to lead campaigns for productivity improvement. Britain's factory system and management arts still clung tenaciously to methods reminiscent of craft guilds heavily dependent on the apprentice system of training workers. Job performance was left primarily to foremen who brooked little interference from management and to workers who supplied their own tools. According to Dunning, workers just did what they were supposed to, considered it all rather distasteful, and were unwilling to do a better job whether or not it resulted in less effort.⁵¹ Hubert thought that the British workers never expected the company's future to be their future. Their work philosophy, he thought was aptly expressed in the saying, "They pretend to pay and we pretend to work."⁵²

The British public had little understanding of productivity issues and very little interest. Productivity, it seemed, was a concern only to the British Chancellor and the

⁵⁰Ibid., 5-6.

⁵¹John H. Dunning, American Investment in British Manufacturing Industry (London: George Allen & Unwin, 1958), 136-137.

⁵²Anthony Hubert, Secretary General, European Association of National Productivity Centers, interview by author, Brussels, October 18, 1996.

ECA administrator. Besides, the war was over, Britain had been one of the victors, the country's new government guaranteed full employment, and life was better than before the war. In this casual environment, one that continued to nurture the historic wall between manager and worker, the prospects for innovation and progress lay dormant in the stalemate between medieval and tenacious craft skills and owners who preferred to be country gentlemen.⁵³

The Anglo-American Council on Productivity was to suffer the same fate as other messengers of Britain's impending demise. The results of U.S. involvement in the Anglo-American Council on Productivity, essentially an effort to support the larger goals of the Marshall Plan, proved inadequate to achieve ECA's short term goals. The American version of the AACP's objectives proved unrealistically ambitious for the short time available under the Marshall Plan, or for that matter, under successive American aid and technical assistance programs. The generation or more of time that one might expect for a massive conversion of British industry to the equipment and methods espoused by Americans were, of course, unacceptable under Marshall Plan time pressures and thus the need to rely on Britain's own sense of urgency, initiative, and scheduling. Undoubtedly enterprising British industrialists gained advantage from select American productivity ideas, the benefit merging with the general indices of national economic growth and demonstrating continuing improvement over prewar levels. Despite many challenges, the

⁵³James Gooch, Michael George, and Douglas Montgomery, America Can Compete (Dallas: George Group, 1987), 11-12.

scarred but proud United Kingdom survived post-war economic scares and Marshall
Planners returned home, reasonably content, but short of fulfilling remarkable goals.

APPENDIX
AACP PRODUCTIVITY TEAMS

AACP PRODUCTIVITY TEAMS

Industry Specific Teams

Ammunition
Brassfoundry
Brushes
Building
Cake and Biscuits
Coal
Cotton Spinning
Cotton Weaving
Cotton Yarn Doubling
Diesel Locomotives
Drop Forging
Electric Motor Control Gear
Electricity Generation and Transmission
Electricity Distribution
Fertilizers
Food Canning
Footwear
Fruit and Vegetable Utilization
Furniture
Gas
Grey Ironfounding
Heavy Chemicals
Hop Industry
Hosiery and Knitwear
Internal Combustion Engines
Iron and Steel
Letterpress Printing
Lithographic Printing
Meat Packaging and Processing
Men's Clothing
Metalworking Machine Tools
Milk Utilization
Moulded Plastics
Non-Ferrous Metals
Packet Foods
Pharmaceuticals
Pressed Metal
Productivity in Farming
Provincial Press

Rayon Weaving
Retailing
Rigid Boxes and Cartons
Steel Construction
Steel Founding
Valves (Steel, Iron, and Non-Ferrous)
Woodworking Machinery
Zinc and Aluminum Die Casting

Specialist Teams and Expert Groups

Conservation of Fuel, Heat, and Energy
Design for Production
Education for Management
Freight Handling
Hot Dip Galvanizing
Inspection Methods
Management Accounting
Materials Handling in Industry
Metal Finishing
Packaging
Plant Maintenance
Production Control
Saving Scarce Materials
Short-term Storage of Produce
Simplification in Industry
Training of Operatives
Training of Supervisors
Universities and Industry
Welding

ABBREVIATIONS

AACP	Anglo-American Council on Productivity
ACSP	Advisory Committee on Scientific Policy
BEC	British Employers Confederation
BIM	British Institute of Management
BLS	Bureau of Labor Statistics
BOT	Board of Trade
BPC	British Productivity Council
CEEC	Committee of European Economic Cooperation
CIP	Committee on Industrial Productivity
ECA	European Cooperation Administration
ERP	European Recovery Program
EIU	Economic Information Unit
ERP	European Recovery Program
FBI	Federation British Industries
JMT	Jobs Method Training
GNP	Gross National Product
JPC	Joint Production Committees
LPC	Local Production Committees
MAP	Minister of Aircraft Production
MRC	Modern Records Center
NAM	National Association of Manufacturers
NA	U. S. National Archives and Records Administration
NATO	North Atlantic Treaty Organization
NIC	National Industrial Council
NJAC	National Joint Advisory Council
NJETM	National Joint Engineering Trades Movement
NPACI	National Production Advisory Council on Industry
OEEC	Organization for European Economic Cooperation
PMH	Production per Man-Hour
PRO	Public Record Office
SRE	Special Representative in Europe
TUC	Trades Union Congress

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