Chapter 2
America’s Global Strategy and the Development of the Productivity Movement

Abstract This chapter discusses America’s global strategy to build the capitalistic world post WWII and the development of the US-led productivity movement. Regarding America’s global strategy, it considers the Marshall Plan and Germany’s position in it and elucidates the historical characteristics of the Plan compared with those of the Dawes Plan after WWI. In addition, it examines the restructuring of the US-led global capitalistic economic system in relation to the Bretton Woods system and the framework for the free trade system. Also, it analyzes Germany’s position in the US-led capitalist system. Regarding the productivity movement, this chapter discusses its international expansion under the US Technical Assistance Program, institutional efforts within the movement, Germany’s response to the expansion of the US-led productivity movement, and its historical characteristics and significance.

Keywords Bretton woods system • European productivity agency • GATT • Marshall plan • Productivity movement • Technical assistance

In Chap. 2, we will discuss America’s global strategy and the development of the productivity movement specific to the restructuring of the US-led world economic system after World War II. In particular, we will examine the following: (1) the framework for rebuilding and restructuring the capitalist world under the Marshall Plan, (2) how the restructuring of the US-led world economic system shaped the global structure of capitalism after the war, and (3) its significance for the subsequent development of German capitalism and corporations. In addition, we will analyze the significance of capital aid under the Marshall Plan in the rebuilding efforts of 16 Western European countries and the Technical Assistance Plan in shaping European markets. Specifically, we will explore the role of the Marshall Plan in the formation of an accumulation structure under German capitalism, which was the cornerstone of many European regions, and Germany’s efforts to gain independence from the US. Further, we will address the issues faced with the productivity
movement specific to America’s global strategy and European policy. We will also address the following questions: Together with the support of the framework, how did the productivity movement develop and what was its significance? How did Europe, in particular Germany, respond to these issues? We will shed some light on these important topics in this chapter.

In Sect. 2.1, we will first discuss the historical characteristics of the Marshall Plan and Germany’s stand on the policy embodying America’s global strategy. In Sect. 2.2, we will show Germany’s position in the restructuring of the US-led world capitalistic economic system. Finally, in Sect. 2.3, we will consider the development of the US-led productivity movement and its historical characteristics and significance.

2.1 Marshall Plan as America’s Global Strategy


We will first examine the Marshall Plan and consider its historical characteristics on the basis of its relevance to the restructuring of the US-led system of capitalism and compare it with the Dawes Plan.

In the case of the Dawes Plan post-World War I, US aid policy was limited to the defeated nation of Germany and focused on capital assistance through private funding. US capital assistance was economically and politically motivated in three ways: (1) keeping Germany in the realm of capitalism; (2) receiving the highest possible interest payments from the strikingly capital-poor Germany (Maekawa 1970, pp. 11–14); and (3) reclaiming US war loans from both England and France (Yoshida 1976, pp. 26–27). By contrast, post-World War II, aid was primarily from public funding rather than private due to the impetus of the Marshall Plan itself (Kudo 1996, p. 250). Based on the understanding that the reconstruction of the framework in Europe, the “joint action” and “initiative” of recipient countries were considered prerequisites for assistance (Suzuki 1977, pp. 395–396); however, these would be impossible if each country functioned independently. The Marshall Plan’s objectives were the economic rebuilding and invigoration of Western Europe, with its protection from the effects of communism using economic methods. The latter objective was tied to the embargo policy against the Soviet Union and its satellite countries (Karlsch and Stokes 2003, p. 258). Further, in the 1950s, there was a large chasm between Western Europe and the US regarding possible production and demand; thus, another objective of the Plan was to take advantage of the unsatisfied demands for US production in Western Europe (I.P.W.-Berichte 1978, p. 4).

The primary aim of the Marshall Plan was the provision of capital for a maximum of 4 years on import transactions exceeding Europe’s capacity to pay (Carreras 2006, p. 311). According to a 1950 report of the third quarter by Germany’s Federal Ministry
for the Marshall Plan, assistance through the Plan was invaluable to Germany due to the paucity of raw material, capital, and foreign currency (Bundesminister für den Marshallplan 1950b, p. 9). Two sectors benefitted from the Plan: (1) imports of daily necessity products, foreign raw materials of high utility, and critical finished goods such as special-purpose machines (Bundesminister für den Marshallplan 1952, p. 13) and (2) exports from West Germany, which strongly increased in the machine industry, transport equipment industry, metal processing industry, and other industries (Bundesminister für den Marshallplan 1950a, p. 48).

Another significance of the Marshall Plan was the effect on promoting investment through counterpart funds (Bundesminister für den Marshallplan 1951a, p. 19; Bundesminister für den Marshallplan 1953, p. 22), which not only were used in infrastructure and for industrial (producer) goods but also facilitated the mobilization of additional credit from banks (Abelshauser 1983, pp. 57–58). Especially since 1954, large-scale investments for automation and mechanization became important, and credit from the special assets of the European Recovery Program (ERP) acted as a detonator in the explosion of capital investment (Zieschang 1959, p. 77). ERP capital tended to be used in raw materials industries, and was particularly concentrated in the areas of coal mining, metals, and chemicals, all of which were faced with bottlenecks (Baumgart 1961, p. 59). However, although the percentage of self-financing was relatively higher in sectors such as the electrical industry, funding through the Marshall Plan remained significant. According to the Handbuch der Deutschen Aktiengesellschaften of FY 1952/1953, the continuation of a large-scale expansion of AEG’s factories was first made possible through the provision of credit by the ERP (Handbuch der Deutschen Aktiengesellschaften 1953, p. 4229).

Third, the Marshall Plan played an important role in the restoring and laying the foundation for productive forces in European countries through the Technical Assistance Plan. Even among the creators of the Marshall Plan, the transfer and deployment of US-style mass production into Europe was seen as obligatory (Djelic 1998, p. 114). Funds from the Marshall Plan were given to each country, undertaking overall planning for productivity improvements, and methods of technical assistance and the exchange of mutual experience were promoted in the program (Albrecht 1952, p. 49). The US-led economic system and technologies as well as management methods were held as models.

Another initiative of the Marshall Plan was realizing the integration of and free trade in Western Europe countries (Stolper et al. 1964, p. 272). The Plan aimed at establishing a multinational order for global trade and payments (Buchheim 1993, p. 78). Various policies to promote international cooperation in Europe and strengthen the capitalist system were coordinated by the Organization for European Economic Cooperation (OEEC), which was established with the goal and regulatory intent to gradually remove trade barriers, such as the allotment system in global trade, and similar discriminatory barriers (Schröter 2005b, p. 366; Postan 1967 p. 98). While the US worked to create conditions for economic restructuring in European countries under the Marshall Plan, it compelled these countries’ governments to open their markets to free trade and international competition.
(Schröter 2005a, p. 8). By laying the foundation for economic rebuilding based on the influx of dollars to many participating nations, capital aid under the Marshall Plan served as an important condition for the creation of the international monetary system after the war, which recognized the dollar as the world’s key currency.

The Marshall Plan was also a core element in the rebuilding of Germany’s economy, its return into the Western European economy, and the complete removal of policies that allowed the weakening Germany by occupation authorities (Furuuchi 2007, pp. 65–66). Thus, from this perspective, West Germany occupied a central position. In relationship to the anti-socialistically inclined political and economic policies, West Germany received capital aid, technical assistance, and grants for balance of payments, aiming at a membership with other Western European economic organizations such as the OEEC and European Payments Union (EPU) (Borchardt 1978, pp. 71–72).

2.1.2 Germany’s Position in the Marshall Plan

Therefore, due to its opposition to the socialist camp and being a defeated country in World War II, Western Germany acquired special consideration in the Marshall Plan. Extensive congressional research on ERP repeatedly emphasized that the Ruhr was the economic heart of Europe, and Germany was the pillar of the entire restructuring system (Kitamura 1973, p. 33); Germany’s high industrial production and its foundation that made it possible were the primary reasons for this importance. Moreover, as aid from the Marshall Plan was kept to a minimum due to the principles of “independence” and “mutual assistance” for European countries, promotion of German rebuilding was required to pick up the slack (Manabe 1989, pp. 174–175, 177–178, 188, 226). In other words, based on the US government’s understanding that the revival and expansion of German industries was necessary for the rebuilding of economic conditions in Europe (Barjot 2002, p. 49; Crouzet 2002, p. 435), Germany occupied a central role in technical assistance under the Marshall Plan and the productivity movement.

The Marshall Plan was designed to integrate the overall German economy and that of the Ruhr region with the economic system of the West through large-scale financial aid (Schlieper 1986, p. 162). At the beginning of 1947, West Germany was supposed to be at the center of US stabilization efforts for Western Europe. The Marshall Plan proposed trade policy rules to ease Germany’s return into the international scene, revive global markets in the mid-term, and develop international economic cooperation vehicles such as the OEEC (Abelshauser 2004, pp. 151, 153). The Plan aimed at bringing West Germany back into the European fold through the OEEC (Schröter 2005b, p. 369). One of the US’ initial goals was to reduce resistance from each country toward Germany’s economic rebuilding, by associating it to the rebuilding of Europe’s overall economy, rather than simply focusing on the critical role of Germany and how much European countries were needed to restructure the European economy (Suzuki 1977, pp. 426–427).
Due to factors such as the division of Germany into East and West, West Germany’s position at the axis of socialist bloc countries, and the relative strength of Germany’s industrial productive forces, Germany became a necessary element in reorganizing the US-led system of capitalism.

2.2 Germany’s Position in the US-Led System of Capitalism

Next, we will discuss measures specific to the restructuring of the US-led world economic system, and Germany’s contribution to and position in the system. The primary pillars of restructuring the capitalist system were (1) the restructuring of the international monetary and financial system on the basis of the Bretton Woods system, (2) the establishment of an institutional framework for free trade as represented by GATT, and (3) systems for economic cooperation in European countries under the Marshall Plan, recommended by the OEEC and other mechanisms to promote the economy and trade, such as the EPU within the OEEC. The restructuring of the global capitalist economic system was promoted as part of the America’s global strategy to open lucrative markets with their attractive, yet latent possibilities. To enable West Germany’s return into the world economy after the war, various conditions were imposed by the US through the creation of this type of international economic and financial system (Abelshauser 1983, p. 149).

The Bretton Woods system was a new institutional framework created to guarantee free multilateral trade, with the objective of creating an international settlement system that could absorb income and expenditure imbalances from the countries. The International Monetary Fund (IMF) was the most important establishment within this system (Carreras 2006, pp. 308–309). The US dollar, pegged to the value of gold, became the key currency of the Western world, and currency convertibility was implemented in the vast majority of Western countries that relied on the dollar. This created a steady foundation that made possible comparisons of trade accounting and settlements for all countries participating in world trade. In addition, the agreement within the GATT framework brought about dramatic reductions in import tariffs for member nations, and did away with the restrictions on import and export volumes and other discriminative barriers within international trade (Plettner 1994, pp. 111–112). West Germany was included under GATT in October 1951, and had thus restored total sovereignty in tariff and trade policies. Around this time, the 38 nations participating in GATT accounted for 80% of global trade volume (Abelshauser 2004, p. 223). Thus, the restructuring of the world economic system was extraordinarily significant to the rebuilding Germany’s economy post war.

OEEC had important implications not only on economic cooperation among European nations but also on the development of the productivity movement. The EPU was a component of the OEEC and a critical factor in the success of the step-by-step liberalization movement of international trade (Landes 1969, p. 506). The EPU was not merely a settlement institution, but acted as a credit organization as well (Hellborn 1963, pp. 124, 133). It eased European trade in goods and services,
thereby expanding trade, and created the prerequisites for the gradual shift to global currency convertibility (Bundesminister für den Marshallplan 1953, p. 43). The EPU was also an important player in the formation of a regional economic zone. As the movement toward a free trade system gained steam, a “structured” regional economic zone, or an “organizational” interdependent economic body, was formed by the OEEC and EPU, which perhaps may have been termed the Western European economic zone at a time when regional economic integration, such as that brought about by the EEC, had not yet taken shape. As a “protected market” distinguished from the US, the Western European economic zone provided favorable conditions for West German exports, creating an export structure further reliant on Western Europe (Furuuchi 2007, pp. 89–91). Therefore, the entrance of Germany into European markets became possible through the EPU and OEEC (Neebe 1996, pp. 104–105).

In stark contrast with the period following World War I, the creation of basic conditions for the advancement of the capitalist camp into global markets with the restructuring of the US-led world economic system was significant. Opportunities for global exports allowed for the adoption of a scale merit theory in investment policies of German corporations as well as the successful promotion of mass production within German industries (Wellhöner 1996, p. 17). Thus, the development of mass production, the switch to an economic system that pursued economies of scale, the restructuring of the US-led world economic system, and Germany’s inclusion in global markets are all greatly significant in business management.

In comparison with Germany, Asian countries, mostly being colonies, lacked mechanisms such as the OEEC and EPU that could contribute to trade promotion in Europe. Further, there was no emphasis on the creation of market linkages by opening markets within European countries. Nevertheless, Japan was given the position of a bastion of anti-communism in the Far East and the role of a factory in Asia. However, due to the conditions in each Asian country and the slow pace of development of Japanese productive forces, when compared with Germany’s expected role as an economic engine for rebuilding economic conditions within Europe, Japan played a relatively smaller role.

### 2.3 Development of the US-Led Productivity Movement

As discussed, the economic rebuilding of the capitalist system under the new framework was specifically brought about by the productivity movement that expanded internationally due to US-led guidance and assistance. The productivity movement provided opportunities to learn about and deploy US technologies and management methods, as well as strengthened linkages among European markets. Thus, the movement was critical to the global structure of capitalism postwar. We will next discuss the expansion of the productivity movement.

In Sect. 2.3.1, we will first discuss the international expansion of the productivity movement under the US Technical Assistance Program. In Sect. 2.3.2, we will
examine institutional efforts within the movement from the perspective of the US Technical Assistance and Productivity Program (USTA&P). Finally, in Sect. 2.3.3, we will consider Germany’s response to the expansion of the US-led productivity movement.

### 2.3.1 International Expansion of the Productivity Movement

The productivity movement was developed during the postwar era as a means for economic rebuilding, and its greatest characteristic was that it expanded internationally, particularly in the capitalist countries where rationalization under the Marshall Plan was carried out by US-led direction and assistance. The US aimed at not only the revitalization and industrial development of the impoverished capitalistic economies within these major countries, but also the reconstruction of global markets and the maintenance and strengthening of the capitalist camp through economic rebuilding in each country. Thus, countries under the Marshall Plan were asked to adopt rationalization policies and measures. This led to the establishment of the Technical Assistance Bureau in Paris in 1948 and a productivity committee in the OEEC in 1950/1951, which were later reorganized into the European Productivity Agency (EPA) in 1953. These organizations implemented rationalization policies in countries under the Marshall Plan, in particular West Germany (Pavel 1957, pp. 12–13; Thalmann 1956, p. 91). The international expansion of the productivity movement due to the creation of the EPA was an inevitable result of the fusion of the two primary goals of US policy postwar: improvement in productivity and promotion of European integration (Boel 2002, p. 88). In the first few years of the 1950s, among the countries under the Marshall Plan, West Germany was the heart of capitalistic rationalization (Thalmann 1956, p. 91) and an important country within Europe for the expansion of the productivity movement (National Archives, RG469, Assistant Administration for Production, Productivity & Technical Assistance Division, Records relating to U.S. Advisory Group on European Productivity, 1952–1953, The Concept and Status of the Productivity Program).

Next, we will compare the productivity movement with the rationalization movement post-World War I and examine the important differences. The US was involved in the rationalization movement after World War I, but this involvement was limited to funding rationalization through capital exports under the Dawes Plan. The industrial rationalization movement was individually undertaken by each country, with no leadership or direction provided by the US for the movement. As a result, efforts to study and implement US technology and management methods were mainly carried out individually at the corporate level. In contrast, the US provided strong institutional support at the technical and management levels post-World War II, which was promoted through unified guidance from the US. This was characterized as a more comprehensive movement to stabilize a system of capitalism (Nakamura 1958, p. 260).

Improvement in productivity became key in US aid policies for Western Europe, and US anti-communist efforts made during the Cold War era became to
provide political and economic stability in Western Europe after the war (Boel 1998a, pp. 37–38). However, at the time, independent efforts from each country were insufficient, and a speedy economic rebuilding within European nations was not possible without the international expansion of the productivity movement under the auspices of US technical and financial aid. A report by the Federal Ministry for the Marshall Plan pointed out that, among the countries under the Plan, productivity improvements could only be achieved through sufficient technical information and other assistance along with the necessary funding [Bundesarchiv Koblenz, B102/37052, Gründung einer europäischen Produktivitätszentrale. Dokumente PRA (52) 47 und PRA (52) 48 (8.1.1953), p. 1]. After the World War II, conditions for the study and deployment of US technology and management methods were put in place under US guidance and assistance. Moreover, the USTA&P, a part of the Marshall Plan, was a pillar of this assistance, which we will discuss below.

### 2.3.2 Development of the Productivity Movement and the US Technical Assistance and Productivity Program

#### 2.3.2.1 Characteristics of the US Technical Assistance and Productivity Program

In contrast with capital aid under the Marshall Plan, US assistance for each country’s productivity movement was termed technical assistance. As part of this technical assistance, the US shared technology with European countries for broadly-defined productivity improvements, intended to increase the effects of capital aid (Oba 1975, pp. 49–50; Takagi 1962, pp. 7–8). In other words, the objective was productivity improvement in European industries through the transfer of US technological and management know-how. The USTA&P was the specific program for promoting these means. The Marshall Plan and the productivity movement both provided unique opportunities to thoroughly research the transfer of management models to other countries from the standpoints of both usable volumes of knowledge and the scale and scope of know-how (Bjarnar and Kipping 1998, pp. 1–2). The USTA&P was created by ERP policy-makers and aimed at reforming European management practice as well as education and training (McGlade 1998b, p. 13). Further, in conjunction with the necessity to remilitarize because of the Korean War, the USTA&P heightened efforts to promote the large-scale transfer of US management models and industrial technology as a means to stimulate business and production reforms in Western Europe and increase munitions production capacity (McGlade 2011, pp. 170–171). On the other hand, from the perspective of European countries, a primary reason for the Americanization of Europe was the desire to catch up with US productivity and prosperity (Schröter 2005a, p. 221).

Under these circumstances, the productivity movement was an institutional effort to export US economic and management organization models to Western
Europe and the Far East in the 1950s (Kipping 2004, p. 31). The study and transfer of technology and know-how were the primary objectives of technical assistance projects [National Archives, RG469, Special Representative in Europe Office of the General Council, Subject Files, 1948–1953, Technical Assistance Criteria (6.4.1951)]. It was held that productivity improvements, carried out especially through a thorough the transfer and deployment of US management methods (Neebe 1989, p. 67) and advanced technologies, were primary issues.

The purpose of technical assistance was to realize the vast improvements in productivity through the promotion of proficient US technology standards through concentrated and unique experiences within economic sectors at the national and international level [Bundesarchiv Koblenz, B102/37021, Internationaler Erfahrungsaustausch im Rahmen des europäischen Wiederaufbauprogramms (15.11.1954), p. 1, National Archives, RG469, The Productivity and Technical Assistance Program for Europe, pp. 9–10, National Archives, RG469, Productivity and Technical Assistance Division Office of the Director, Technical Assistance Country Files, 1949–1952, A letter to the Security for advancement of management (New York) from Dr. C. Kapferer (20.9.1950)]. The USTA&P aimed at achieving the necessary production levels in the capitalist realm of the world economy as well as implementing productivity advances by working with the productivity centers of each country and providing financial assistance and know-how for them (Kleinschmidt 2007, p. 54). In addition, its objective was the improvement of production and distribution methods in European industrial and agricultural fields, amongst others (National Archives, RG469, Assistant Administration for Production, Productivity & Technical Assistance Division, Records relating to U.S. Advisory Group on European Productivity, 1952–1953, The Productivity and Technical Assistance Program for Europe, p. 1), and it attempted to instill the US principles of mass production and consumption among Europe’s business leaders (Kipping 2004, p. 32). The US intent of economic rebuilding in Germany by inculcating new values was not only limited to economic education but also included exportation of US culture (Schröter 2005a, p. 54).

The concept of productivity held two meanings. In the narrow sense, it meant an increase in per capita production per hour or year by using new production technology and management techniques; whereas in the broader sense, it included an attitude toward production, human relations in corporations, and consumption (Barjot 2002, p. 48). An essential goal of US productivity propaganda in Europe, particularly in West Germany, was the evangelization of the legendary benefits of the “American Lifestyle” (Wettengel 1963, p. 110).

The USTA&P was primarily responsible for the promotion of mutual cooperation between US and European corporations and industries. However, after 1949 there were many efforts to spread US-style business management practices, models for human relations in the workplace, and labor relations through various programs (McGlade 1998a, p. 26). In the fall of 1951, US politicians and business executives invited leading industrial executives and representatives from 17 European countries to tour US cities and factories, and sponsored a joint meeting of the two countries’ manufacturers. This meeting was the first highly conscious effort by the US in
the postwar era to ingrain the “gospel of productivity” in Europe’s corporate leadership (Kipping 1998, pp. 55–56).

US technical and management assistance under the framework of the Marshall Plan and USTA&P was particularly provided to small- and medium-sized firms (Kleinschmidt 2007, p. 110). USTA&P-sponsored productivity missions were more effective for medium-sized corporations than large enterprises directly connected to US corporations (Crouzet 2002, p. 437). Moreover, institutional opportunities for study and deployment were also important for large enterprises.

Based on the above, we see three types of projects within the content of the Technical Assistance Program: dispatch of observation teams from various European countries for study trips to the US (project type A); visits by US experts to Europe for consultation and seminar instructions (project type B); and study trips within Europe to facilitate exchanges of experience, information, and knowledge gained by the Europeans during their visits to the US (project type C) (Bundesarchiv Koblenz, B102/37023, Bericht über Produktivitäts-massnahmen in der Bundesrepublik Deutschland, pp. 9–10; RKW 1956, p. 36). Objectives of these projects were as follows: promoting rationalization and contributing to productivity improvements, implementing rationalization and productivity improvements that would serve economy-wide interests, and reporting of benefits by the trips’ participants, which would then be made public [Bundesarchiv Koblenz, B102/37262, Wirtschaftliche Studienreisen nach USA zu Export-zweck und zur Marktforschung (4.6.1954), p. 1].

2.3.2.2 European Framework for the US Technical Assistance and Productivity Program

Next, by examining the European framework of the USTA&P, we will observe that the greatest potential for economic improvement in Europe is through industrial production. The primary objectives of the European Cooperation Administration (ECA) were to increase industrial production (National Archives, RG353, The Interdepartmental Advisory Council on Technical Cooperation and its Predecessors, Subject Files, 1938–1953, Technical Assistance to Countries participating in the European Recovery Program, p. 8). In addition, mass production, productivity improvements, and the creation of a competitive environment in Europe were within the main scope of the program set by ECA for Western Europe (Djelic 1998, p. 115).

In most cases, the ECA took the initiative for exchanges of experiences between the US and participating nations and those directly between participating nations, as well as efforts to learn from the US under the Technical Assistance Program. These efforts took the form of proposals for specific projects in each country’s productivity centers (Schröter 2005a, p. 51). Entrepreneurs and managers in large corporations, with an interest in US management details and methods or new technologies, were not very interested in financial assistance; however, they held strong interests in USTA&P and OEEC programs (Kleinschmidt 2002, pp. 309–310).

Among these programs, the Article 13 programs formulated by the ECA in 1950 built a foundation for German policies to implement technical assistance. Some of the main strategies were as follows: the establishment of a productivity center;
advice from US experts on the German economic sector, study trips by German experts to the US and other countries; communications for technical advice; and expanding the use of statistics (productivity comparisons), educational films, and publications as educational materials (Bundesminister für den Marshallplan 1951b, pp. 49–51). These programs provided the possibility to learn from and implement all types of experiences from foreign countries, particularly the US, to develop the German economy [Bundesarchiv Koblenz, B102/37022, Etatvorschlag für die Produktivitätszentrale (PZ), p. 2]. Specifically, these were further expanded to include concentrated educational seminars for executives and managers, test projects providing special assistance to European corporations implementing US-style management and labor relations practices, consultant programs, and US industrial visits to European corporations (McGlade 1998a, pp. 27, 30; McGlade 2000, p. 67). Small research committees, created within US advisory groups, analyzed productivity issues and the most effective methods for analyzing problems that had a direct effect on productivity improvements (National Archives, RG469, Assistant Administration for Production, Productivity & Technical Assistance Division, Records relating to U.S. Advisory Group on European Productivity, 1952–1953, A letter to Mr. John, W. Nickerson from H. B. Maynart on 14 March 1952). Even in Europe, education and relevant materials for instructors provided as part of assistance from the US was being seen as necessary (National Archives, RG469, Assistant Administration for Production, Productivity & Technical Assistance Division, Records relating to U.S. Advisory Group on European Productivity, 1952–1953, A letter to D. L. Cole from R. L. Oshins on 25 June 1952, p. 3).

Within this framework of assistance, the Mutual Security Agency (MSA) made funding of 117,800,000 Deutsche Marks (DM) available from ERP special assets to promote German economic productivity (Bundesarchiv Koblenz, B102/37099, Produktivitätsprogramm (5.8.1953), p. 1, Bundesarchiv Koblenz, B102/37100, Produktivitätsprogramm, Dezember 1954, p. 1, Bundesarchiv Koblenz, B102/37099, Endgültige Richtlinien zum Produktivitäts-Kreditprogramm der Bundesregierung—Rundschreiben der Hauptgeschäftsführung vom 6 Juli 1953, pp. 1–2). However, conventionally large industries, such as the iron and steel industry and the chemical industry, did not rely on the USTA&P for organizational development and financial assistance. ERP assistance emphasized small- and medium-sized firms, although the amount of credit available for assistance to these firms was relatively small. Of the aforementioned 117,800,000 DM aid from the counterpart fund, projects requiring less than 50,000 DM of credit accounted for the largest portion (37.4%); whereas those requiring credit supplies from 75,000 DM to 100,000 DM accounted for one third. Projects over 100,000 DM accounted for no more than 10% of the total (Kleinschmidt 2002, p. 70).

However, based on the nature of the Technical Assistance Program, the need for experienced personnel was relatively high, in contrast to that for financial assistance. For example, from 1952 to 1953, 24% of MSA personnel in the US and Europe were dedicated to the USTA&P (National Archives, RG469, Assistant Administration for Production, Productivity & Technical Assistance Division, Records relating to U.S. Advisory Group on European Productivity, 1952–1953, The Productivity and Technical Assistance Programs for Europe, pp. 1–3).
The OEEC was deeply involved in the productivity movement, and from 1949 onward, it aided USTA&P in organizing a series of programs for re-training and technical assistance for management of private corporations in Europe (McGlade 2000, p. 71). The purpose of these technical assistance projects within Europe was to foster mutual assistance among countries in the region and the exchange of technical information [National Archives, RG469, Special Representative in Europe Office of the General Council, Subject Files, 1948–1953, Intra-European Technical Assistance (12.7.1951)]. It was in this environment that study trips at the national and international level were undertaken within the framework of the OEEC program that provided technical assistance (Blücher 1952, p. 33).

In addition, within the OEEC and USTA&P framework for promotion of the US-style productivity model in Europe, in 1953, the EPA was established as a semi-autonomous organization through initiatives by the US and OEEC (Kleinschmidt 2002, p. 64). The Technical Assistance Program, previously conceived as a productivity committee within the EPA, fulfilled its role of providing opportunities for exchanges within Europe through the promotion of heightened human interaction among related organizations (Bundesminister für den Marshallplan 1951b, p. 14).

The EPA had four main functions: (1) channelizing US aid to OEEC nations, (2) acting as the OEEC’s business department, (3) organizing information exchange among member nations, and (4) uniting the productivity centers of each country. Among these, it fulfilled the major role of improving business management from the outset of the program (Boel 1998b, pp. 36–37). The EPA’s primary responsibility was coordinating the expansion of aid programs for industries that were being implemented by each country’s productivity center (McGlade 2000, p. 72); however, it was planned as a means of transferring US technology, know-how, and ideas to Western Europe (Boel 1998a, p. 37). In addition, EPA activities included study trips to the US, sponsorships of international study trips and conferences within Europe, information and propaganda (e.g., reports, conferences, exhibitions, and films), research and development, education, information services, and exchanges of experiences between the US and European countries through technical assistance [National Archives, RG469, Deputy Director for Management Office of Organization & Methods Office of the Director, AFE Adm Budgets to France Organization European Country File 1954–1957, European Integration (1.3.1956), p. 5; Blücher 1954, p. 60; Harten 1953, p. 1013].

Thus, international projects for economic exchanges were undertaken on a large scale by the EPA in European regions [Bundesarchiv Koblenz, B102/37021, Internationaler Erfahrungsaustausch im Rahmen des europäischen Wiederaufbauprogramms (15.11.1954), p. 7, National Archives, RG469, Productivity and Technical Assistance Division Office of the Director, Technical Assistance Country Subject Files, 1949–1952, German-General, Technical Assistance Monthly News Report in February 1950 (9.3.1951)]. EPA activities were focused on disseminating values and attitudes related to modern management issues, in particular labor relations, marketing, and sales (Kleinschmidt 2004, p. 167). Among these, management education held a particularly crucial position. The core objectives of the EPA management education program were the creation of education centers in Europe and the “Europeanization” of educational content (Boel 1998a, p. 44).
Although the EPA did not become an important channel for implementing US management models, it functioned as a catalyst and promoter of a broad transfer of mechanisms, particularly aiding the creation and maintenance of various channels that did contribute to the spread of US models of productivity, management education, and labor relations (Bjarnar and Kipping 1998, p. 9). EPA activities did not focus on the implementation of various policies to improve productivity; instead, they acted as intermediaries in the development of necessary methods, specialized education, the promotion of experience exchanges, and the creation of favorable conditions for corporations to implement productivity improvements (von Lilienstern 1960, p. 1077; Harten 1955, p. 129).

2.3.2.3 Significance of the US Technical Assistance and Productivity Program

Based on the above points, we will next examine the significance of the USTA&P, particularly the relevance of institutional efforts to transfer and deploy US technology and management methods through strong US assistance.

After Germany’s transition from the stage of recovery to that of rapid economic development, the emphasis on Americanization moved from the level of institutions to that of enterprise. Along with direct investment and technical cooperation (licensing), the productivity movement acted as the primary route for transfer and deployment of US-style management methods (Kudo et al. 2004, pp. 9–10). US programs and projects exerted a tremendous influence on the introduction of US-style management methods through the formation of networks for US and German corporations, associations, government organizations, universities, and individual intermediaries that served as the basis for information transmission and the spread of US management and production methods (Kleinschmidt 2002, p. 83).

However, direct transfer mechanisms such as the Marshall Plan aid, US technical assistance, and trans-Atlantic productivity missions had a very limited influence on European industries. Decisive postwar initiatives for the absorption of US technology and management methods needed to be tailored for local environments by deconstructing, editing, and reconstituting the elements of the US model. This was done by manufacturers, engineers, and bureaucrats who had implemented the imported mass production methods or had experience using them (Zeitlin 2000, p. 41). Between 1953 and 1958, the USTA&P allowed the creative conformance to European government and the industrial world out of its own necessity, rather than directly adopting US-style industrial strategies and practices (McGlade 2000, p. 74).

As for the orientation of German corporations to US corporations and the implementation of US technology and management methods, although information networks between the two countries differed, they shared two supplementary relationships. First, were the efforts of the US government, organizations, and corporations through the mid-1950s; they exported philosophies and models for management and production into Germany through the framework of the Marshall Plan and USTA&P, which acted as a type of development aid or self-reliance assistance for small- and medium-sized firms. Second, was the relationship of free-will orientation toward the US model
within large corporations, which was a phenomenon that could not be appropriately expressed by the concepts of “Americanization” or “cultural imperialism in management.” Regarding the former, the trend toward Americanization reflected a disproportionate power relationship between the two countries (Kleinschmidt 2002, p. 396). In particular, contact with the US, and the many opportunities for the research and deployment of US-style technology and management methods provided by the productivity movement, created important conditions that strengthened this free-will orientation to the US model. From the 1960s, changes in market conditions brought about the important trend of stronger adaptation to US know-how in German corporations (Vgl. Hilger 2004, pp. 281, 284–286). Thus, the free-will orientation became increasingly stronger. Nevertheless, the opportunities and channels for the learning and development within the productivity movement framework remained important.

Furthermore, the USTA&P promoted greater deployment and penetration of the US-style corporate activity mechanism of “efficiency” into German corporations. Even after World War I, the principle of “economic efficiency” was flagged as a problem, which is seen in the name of the organization that was the greatest promoter and supporter of rationalization, Reichskuratorium für Wirtschaftlichkeit (the National Board for Economic Efficiency). However, it can be safely said that the USTA&P fulfilled its role as a promoter of a more earnest pursuit of productivity improvements in German corporations in accordance with US-style management principles. It did so by “evangelizing/preaching the gospel of productivity” and creating favorable conditions for research, implementation, and transfer of US technology and management methods.

2.3.3 Germany’s Response to the US-Led Productivity Movement

The US-led productivity movement and campaign was positively received by some European nations, although other nations that participated in the movement viewed it with skepticism, for example, England and other northern European countries (Boel 1998b, pp. 38, 48–49). Bearing this in mind, we will next analyze Germany’s response.

As we examine the relevance of technology transfer or deployment of management methods, we will observe resistance to the Technical Assistance Program due to a weak belief in US political organizations and the possibility of incorporating US practices in Germany (Wend 2002, p. 133). However, at the end of the 1940s and beginning of the 1950s, promoters of Americanization open to and positive toward US philosophies and methods were no longer in the minority. In the first half of the postwar era, this was evident not only in US machinery and technology, paid for by the Marshall Plan, but also in the gradual transfer and dissemination of ideology at the heart of management practices and product exports. World War II resulted in the weakening of the formerly strong and conservative position of German industries, and this change in balance urged the importation of American culture on an even
broader scale than that seen in the periods between the wars. However, instead of an overall adaptation, the US model was a peculiar mix of inherent German traditions and practices that imported US methods (Berghahn 1991, pp. 160–161).

The postwar pressure exerted by the US model was extraordinarily strong, and the wave of Americanization at the time was much larger in scale than that during the 1920s (Schröter 2005a, p. 62). Moreover, in comparison to the post-World War I era, the existence, role, and influence of the USTA&P and other US institutional programs in regard to Germany’s response made Americanization particularly significant.

On the basis of the above discussion, we can state the following about the historical characteristics and significance of the productivity movement. The productivity movement created a path for Germany to become a major player in the economic development of Europe and laid the market foundation and basis for activities, through which German corporations and industries could enter Western Europe and thereafter the Western world. In other words, participation in the productivity movement led and assisted by the US created conditions that drew West Germany closer to capitalist markets, in particular European markets, by putting West Germany in a central rationalized position within the movement. In addition, the formation of a framework with conditions favorable to the deployment of US-style technology and management methods and the subsequent continuation of those deployment routes in the period that followed are particularly noteworthy. By creating the foundation for a domestic market and conditions in which West Germany could increase its role in international markets, routes for deploying US technology and management methods that were key to expanding productive forces were inherited during the 1960s. Unlike the period before World War II, the productivity movement created opportunities for Germany to catch up with the US structure of productive forces by providing the right market conditions.

Thus, a broader and deeper global linkage to capitalism was created through the international expansion of the productivity movement, with the aim of providing the most favorable conditions by combining productive and market forces under a US-centric framework and system of aid. It was under these circumstances that Germany was granted a foundation for a reproduction (accumulation) structure for German capitalism centered in European regions, which was based on its own interpretation and development of the Americanization of technology and management.

In the case of Japan, the Asian markets did not open up as they did in Europe. This was because many Asian countries implemented the productivity movement much later than Japan did and had limited trade partners after the war. Thus, Japan had no regional market linkages in Asia as did Europe, and Japan’s trade reliance on the US had only heightened. The productivity movement within Japan began in 1955, and compared to Europe, it was not necessarily considered a direct method of economic rebuilding in the postwar period. These differing circumstances in the expansion of the productivity movement created the foundation for German independence from the US and the path to Europeanization through the formation of markets in response to an increase in productive forces.
In our discussions thus far, we have shown the significance of Germany in Europe by comparing with it that of Japan in Asia, and the restructuring of both in the post-war world economic system based on America’s global strategy. Within Germany itself, there were major political and economic changes in the postwar era, such as the restructuring of the economic system and the development of competition policies and anti-monopoly policies thereafter and a new framework for labor relations based on the codetermination system. In Chaps. 3 and 4 we will discuss these issues at greater length.

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