# THE EUROPEAN PRODUCTIVITY AGENCY AND TRANSATLANTIC RELATIONS, 1953-61

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# THE EUROPEAN PRODUCTIVITY AGENCY

# and

# TRANSATLANTIC RELATIONS, 1953-1961

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# INTRODUCTION

> The goal of the productivity program in Europe is nothing less than the reshaping of the European economies from a static pattern characterised by restrictionism into a pattern of dynamic and expanding free and competitive enterprise. This alone will make possible continually rising living standards and ever-increasing consumption of more and better things by more people. Behind this objective, of course, and the ultimate justification, is the compelling need to keep the countries of Europe willing and effective partners in the free world.[1]

> It is sometimes said that no man is truly dead as long as his work lives on. The EPA will now disappear from the list of international organisations, but its name will live on in thousands of mouths all over Europe. "We started our collaboration through meeting at the EPA conference." "It was an EPA consultant who showed us how to reorganise." "We got our stud bull through the EPA." "We work to EPA standards here." So very little money has been spent and so few people employed that it is a wonder so much has been done. Now the torch of Productivity passes to the OECD.[2]

## A. Aims

The European Productivity Agency (EPA) was a product of the Marshall Plan's technical assistance program initiated in 1948. It was an American idea, created in March 1953 as a semi-autonomous organization within the framework of the Organisation for European Economic Cooperation (OEEC).[3] Its purpose was to promote productivity in the member countries, and it was primarily financed by the United States. The EPA was a short-lived experiment, since it was wound up after only eight years, when the

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[1] Washington National Records Center (WNRC), Record Group (RG) 469, United States Operating Missions (USOM), Mission to Austria, Productivity and Technical Assistance Division (PTAD), Subject Files (SF) 1952-58, box 4, folder (f.) "Briefing Materials," memo, Hall to Russell, 23.9. 1954, "The FOA Productivity Program."

[2] *EPA Information Bulletin*, Paris, September 1961, "Eight Years of Promoting Productivity."

[3] The EPA was an integral part of the OEEC, and all 17 OEEC countries were co-founders of the EPA. The agency thus comprised Austria, Belgium, Denmark, France, Germany, Greece, Iceland, Ireland, Italy, Luxembourg, the Netherlands, Norway, Portugal, Sweden, Switzerland, Turkey and the United Kingdom. The United States and Canada, which had been associated members of the OEEC since 1950, became associated members of the EPA from its initiation. Later on Yugoslavia (from 1957) and Spain (from 1958), also became associated with the agency (cf. OEEC, *9th Report. A Decade of Co-operation. Achievements and Perspectives*).

OEEC was transformed into the Organisation for Economic Cooperation and Development (OECD). Today, few have heard of it. The early death of the EPA and its quick slide into oblivion could lead one to conclude that the experiment was a total failure. This book will argue that such a dismissal is unwarranted. First, the EPA was historically a very innovative experience. Never before had an intergovernmental organization been created with the purpose of improving productivity in its member countries. Although it was imitated, no similar organization has reached the same level of activity. Second, two essential features of the US economic aid policy towards Western Europe after World War II were the "productivity crusade" and the push for European integration. These driving forces came together with the creation of the EPA. Obviously, the EPA was not the focal point of the US policy towards Western Europe in the 1950s. It dealt with "low politics" and could thus hardly be a major focus of the US National Security Council's deliberations.[4] However, it constituted one of the non-military frameworks which brought Europeans and Americans closer together and it is therefore an important case study for US-European relations as well as European cooperation in the 1950s. Third, the EPA was established to play a key role in the European productivity drive of the 1950s. Although its overall impact is impossible to assess, scholars have argued that its influence was strong in various fields.[5] Fourth, it has been argued that what the Eastern European countries needed after 1989 was less a massive transfer of capital than assistance to revolutionize ways of thinking and working. Since this is exactly what the EPA was supposed to do in the 1950s, it appears relevant to investigate its history.[6]

This book will analyze the political history of an intergovernmental organization. It will discuss the reasons why the EPA was created and subsequently terminated, the roles which it played and the results it achieved. In answering these questions it will shed light on the policies of the governments involved, and more specifically on US-European relations and on European cooperation in the 1950s. However, the agency's intergovernmental status was not always clear-cut. Some saw it – or wished to see it – as

[4] Indeed, it seems that the EPA has never been discussed during an NSC meeting.

[5] See Chapter IX.

[6] Interviews with Alexander King (23.6. 1995) and G.L.G. de Milly (31.5. 1995); Vera Zamagni, "The Marshall Plan: An Overview of its Impact on National Economies," The Johns Hopkins University, The Paul H. Nitze School of Advanced International Studies, Bologna Center, Occasional Paper no. 73., April 1992; James M. Silbermann and Charles Weiss, "Restructuring for Productivity. The Technical Assistance Program and the Marshall Plan as a Precedent for the Former Soviet Union," World Bank Industry and Energy Department Working Paper, Industries Series Paper, no. 64, November 1992.

a tripartite organization based on close cooperation between labor, management and governments. Some light will thus also be thrown on the role of the European organizations for trade unions and employers.

This book is not an economic history of the EPA. While it will discuss the agency's achievements, it will focus on the perceived impact rather than on the actual one. Moreover, it will not analyze the productivity discourse in the 1950s. Such an analysis would have to build on a different body of texts than those used for this research. The governmental archives which have been examined do not generally address the concept of productivity and its different permutations. Neither does this book claim to be a contribution to organizational theory. The lack of sources from the EPA bureaucracy precludes such a study.

## B. Historiographic Introduction

Although the American technical assistance program and the European productivity drive until 1952 have been the subject of previous studies,[7] the subsequent years have received only scant attention,[8] and in particular the EPA has been ignored.[9] One possible explanation for this historiographical

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[7] See for example: René Girault and Maurice Lévy-Leboyer (eds.), *Le Plan Marshall et le relèvement économique de l'Europe,* Paris, 1993; Peter M. Stirk and David Willis (eds.), *Shaping Postwar Europe. European Unity and Disunity 1945-1957*, London, 1991; Frederico Romero, *The United States and the European Trade Union Movement 1944-1951*, Chapel Hill and London, 1992; Michael Hogan, *The Marshall Plan. America, Britain and the Reconstruction of Western Europe, 1947-1952*, Cambridge, 1989; Nick Tiratsoo and Jim Tomlinson, *Industrial Efficiency and State Intervention: Labour 1939-51*, London and New York, 1993.

[8] For exceptions, see: Anthony Carew, *Labour under the Marshall Plan,* Manchester, 1987; Jacqueline McGlade, "The Illusion of Consensus: American Business, Cold War Aid and the Industrial Recovery of Western Europe, 1948-1958," Ph.D. diss., George Washington University, 1995; Sergio Chillé, "Il 'Productivity and Technical Assistance Program' per l'economie italiana (1949-1954): accettazione e resistenze ai progetti statunitensi di rinnovamento del sistema produttivo nazionale," in: *Annali della Fondazione Giulio Pastore*, vol. 22, 1993, pp. 76-121; Pier Paolo D'Attore: "ERP Aid and the Politics of Productivity in Italy During the 1950s," European University Institute Working Paper no. 85/159, April 1985; International Cooperation Administration (ICA), *European Productivity and Technical Assistance Programs, a Summing Up, 1948-1958*, Paris, 1958; Nick Tiratsoo and Jim Tomlinson, *The Conservatives and Industrial Efficiency, 1951-64: Thirteen Wasted Years?*, London and New York, 1998; Marie-Laure Djelic, *Exporting the American Model. The Postwar Transformation of European Business*, Oxford, 1998.

[9] For exceptions, see: Carew, *Labour under the Marshall Plan*; contributions by Rolv Petter Amdam, Gunnar Yttri, Giuliana Gemelli and Bent Boel to: Nick Tiratsoo and Terry Gourvish (eds.), *Missionaries and Managers: United States Technical Assistance and*

vacuum is that productivity policies have generally been dealt with as an element of US-European relations during the Marshall Plan years, 1948-51. Another reason for this oversight may be that the sums involved were modest compared to the total Marshall Aid.

The literature relevant to the productivity drive in Western Europe in the 1950s deals with four main categories of questions: the origins of this policy, its outcome, the driving forces behind European integration and cooperation, and the nature of the US-European relations during this period.

## 1. Origins: The US and the "Politics of Productivity"

The first major discussion of American foreign productivity policy was introduced by Charles Maier when he proposed the concept of "politics of productivity" as an explanatory framework for the American policy towards Western European countries after the World War II. The politics of productivity were supposed to depoliticize social and economic issues. Enhancing their productivity, Western European societies would be enabled to overcome social conflicts resulting from scarcity, as had already been accomplished in the US, according to a common American self-perception. What should move societies was not the dialectics of class struggle, but the forward-going movement from scarcity (viewed as a result of inefficient use of resources) to abundance. The means to achieve a successful transition from the former to the latter was a matter of engineering (of finding the most efficient way), and not of politics (of differing interests).[10] Maier's work has inspired other historians. His focus on the domestic roots of American foreign aid policy has encouraged the "corporatist" approach to analyzing American foreign policy.[11] Further, several authors have investigated the role

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*European Management Education, 1945-1960*, Manchester, 1998; Bent Boel, "The European Productivity Agency: a Faithful Prophet of the American Model?," in: Matthias Kipping and Ove Bjarnar (eds.), *The Americanisation of European Business. The Marshall Plan and the Transfer of US Management Models*, London and New York, 1998; Bent Boel, "The European Productivity Agency," in: Richard T. Griffiths (ed.), *Explorations in OEEC History,* Paris, 1997.

[10] Charles S. Maier, "The Politics of Productivity: Foundations of American International Economic Policy after World War II," in: Charles S. Maier, *In Search of Stability. Explorations in Historical Political Economy*, Cambridge, 1987, pp. 121-52 (originally published in: *International Organization*, vol. 31, 1977, pp. 607-33).

[11] Thomas J. Mccormick, "Drift or Mastery? A Corporatist Synthesis for American Diplomatic History," in: *Reviews in American History*, vol. 10, no. 4, December 1982, pp. 318-30; Michael Hogan, "Corporatism," in: Michael J. Hogan and Thomas G. Paterson (eds.): *Explaining the History of American Foreign Relations*, Cambridge 1991, pp. 226-37.

of the politics of productivity or "politics of growth" in Western Europe after the war.[12] For instance, Michael Hogan interprets the Marshall Plan as the foreign policy manifestation of the "New Deal Synthesis" achieved in the US at the end of the 1930s and during World War II. In other words, American foreign policymakers are seen as projecting in their foreign policy the corporatist model achieved at home. Although Hogan does not use the term "politics of productivity," he makes a similar analysis of the rationale behind the American policy.[13] His examination of the progressive vein in American policy, which threatened the vested interests of conservative employers, leads him to see "social-democratic elements" in the Marshall Plan. However, he concludes that these elements were defeated by the resistance of Western European elites.[14]

Anthony Carew has analyzed the politics of productivity as a successful means of strengthening moderate forces in the labor movement, and as such judges it quite successful. However, he is skeptical about the manner in which the political and social stabilization of Western Europe took place. No matter how sincere the American insistence on improved labor-management relations was, it was not the real purpose of the policy. While labor's influence on productivity policies always remained marginal, these policies managed to encourage ideological revisionism and thereby de-radicalize labor movements.[15] Carew is, moreover, the author who has devoted most attention to the EPA, chiefly as seen from the angle of labor-management relations.[16]

Maier, Hogan and Carew have all focused on the American origins of the politics of productivity. Others have stressed its European roots. While David Ellwood does highlight the role of the US, he also stresses that large segments of the population expected increased standards of living and that the political elites saw "politics of growth" as a necessity if political and social stability was to be established.[17] Matthias Kipping has gone one step further

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[12] David W. Ellwood, "The Marshall Plan and the Politics of Growth," in: Stirk and Willis (eds.), *Shaping Postwar Europe*, pp. 15-26.

[13] Hogan, *The Marshall Plan*, pp. 151, 427-29.

[14] Ibid., p. 445.

[15] Carew, *Labour under the Marshall Plan*, pp. 249-50.

[16] Ibid., pp. 184-200.

[17] David W. Ellwood, *Rebuilding Europe. Western Europe, America and Postwar Reconstruction*, London and New York, 1992, pp. 2, 226-32. There is an obvious parallel to the discussions about the Marshall Plan aid and its importance for Western European reconstruction: while some stress the importance of American aid for the latter's success, other scholars prefer to emphasize the key role played by domestic factors (see Lucrezia

in minimizing American responsibility for the European productivity increases in the 1950s, emphasizing the importance of the micro economic factors, and in particular the market forces and competition between industrial actors.[18]

Alan Milward has criticized Maier's and Hogan's idea that American politics of productivity played an important role in shaping the political and social stability of Western Europe after World War II. He does not question the major role of the concept of productivity in American policy, but he argues that the roots of stability were European, i.e., that they were the result of shifts in political power which took place in Western Europe in the immediate postwar period. In his view, Western European governments accepted the ideology of productivity only in the mid- or even late fifties. Their stand was thus merely the ideological reflection of and justification for developments already taking place.[19] While this book does not claim to discuss the overall reasons for postwar stability in Western Europe, it will attempt to shed some light on the responsiveness of Western European governments to the productivity ideology in the 1950s.

The Western European productivity policy as formulated in and implemented by the EPA has not as yet been the focus of a scholarly study.[20] However, many national productivity policies have been at least partly investigated. Aspects of the French,[21] British,[22] Italian,[23] Danish,[24] Dutch,[25] German[26]

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Reichlin, "The Marshall Plan Reconsidered," in: Barry Eichengreen (ed.), *Europe's Postwar Recovery*, Cambridge, 1995, pp. 39-67.)

[18] Matthias Kipping and Jean-Pierre Nioche, "Le meilleur élève de la classe? Productivity Drive and Management Training in France (1946-1955)," paper presented at the seminar "The Development of Business Schools in Europe. The Impact of the European Productivity Agency and its 'Satellites' on Management Education in Europe," Bertinoro, June 2-3, 1995.

[19] Alan S. Milward: "Was the Marshall Plan Necessary?," in: *Diplomatic History*, vol. 13, no. 2, spring 1989, pp. 231-53.

[20] What can be found are mainly publications by international (OEEC/OECD) or national institutions (indications will be given in the footnotes). See also footnote 9 and references given in Chapter IX.

[21] Luc Boltanski, "America, America... Le plan Marshall et l'importation du management," in: *Actes de la Recherche en sciences sociales*, no. 38, May 1981, pp. 19-41; Pierre Louis Mathieu and Philippe Leduc, "La politique française de la productivité depuis la guerre," master's thesis, Institut d'Etudes Politiques de Paris, 1961; Richard Kuisel, *Seducing the French. The Dilemma of Americanization*, Berkeley, 1993; Kipping and Nioche, "Le meilleur élève."

[22] Tiratsoo and Tomlinson, *Industrial Efficiency and State Intervention*; Tiratsoo and Tomlinson, *The Conservatives and Industrial Efficiency, 1951-64*; Jonathan Zeitlin, "Americanization and its Limits: Theory and Practice in the Reconstruction of Britain's

Norwegian[27] and Austrian[28] policies have been more or less extensively researched. However, as noted earlier, these inquiries generally concentrate on the period prior to 1952. Since the EPA was the main institutional result of the American politics of productivity on a European level, its history should add to our understanding of this policy during the 1950s.

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Engineering Industries, 1945-55," in: *Business and Economic History*, vol. 24, no. 1, fall 1995, pp. 277-86.

[23] Chillé, "Il 'Productivity and Technical Assistance Program';" D'Attore, "ERP Aid and the Politics of Productivity in Italy;" Romero, *The United States and the European Trade Union Movement*; Giuliana Gemelli, "The Ford Foundation and the Development of Social and Political Sciences in Italy (1954-1973). Some Case Studies," in Giuliana Gemelli (ed.), *Big Culture. Intellectual Cooperation in Large-Scale Cultural and Technical Systems. An Historical Approach*, Bologna, 1994; Luciano Segreto, "Sceptics and Ungrateful Friends v. Dreaming Social Engineers: the Italian Business Community, the Italian Government, the United States and the Comitato Nazionale per la Produttività," in: Gourvish and Tiratsoo (eds.), *Missionaries and Managers*, pp. 77-94; Giuliana Gemelli, "International strategies and National Issues: the Comitato Nazionale per la Produttività and its Networks," in: Ibid., pp. 95-120.

[24] Vibeke Sørensen, *Denmark's Social Democratic Government and the Marshall Plan 1947-1950*, Copenhagen, 2001; Peter Kjær, "Produktivitetspolitik i Danmark 1945-1960," in: Marianne Rostgaard and Michael Wagner (eds.), *Lederskab i dansk industri og samfund 1880-1960*, Aalborg, 2000; Carsten Holst-Jensen, Anne Kirstine Johansen, Johannes Thomsen, "Boom! Industriudvikling og industriborgerskab i Danmark 1950-1965," master's thesis, Copenhagen University, 1981; Peter Knoop Christensen et al., *Amerikaniseringen af det danske kulturliv i perioden 1945-58*, Aalborg, 1983.

[25] Erik Bloemen, "Hard Work! Ideology and Interest in Dutch Economic Policy at Home and Abroad Between 1945 and 1951," in: *Economic and Social History in the Netherlands*, vol. 2, 1991, pp. 135-48; Erik Bloemen, "Technical Assistance and Productivity in the Netherlands 1945-52," in: Girault and Lévy-Leboyer (eds.), *Le Plan Marshall et le relèvement économique de l'Europe*, pp. 503-13; Marja Roholl, "Uncle Sam: An Example for All? The Dutch Orientation Towards America in the Social and Cultural Field, 1945-1965" in: Hans Loeber (ed.), *Dutch-American Relations 1945-1969*, Maastricht, 1992, pp. 105-52; Mel van Elteren, "Psychology and Sociology of Work Within the Anglo-American Orbit," in: Ibid., pp. 153-78.

[26] Christoph Thüer, "Der Einfluss des Marshallplans auf die Interne Diskussion und die Praxis der westdeutschen Gewerkschaften (1948 bis 1952)," master's thesis, University of Bochum, 1989.

[27] Rolv Petter Amdam and Gunnar Yttri, "The European Productivity Agency, the Norwegian Productivity Institute and Management Education," in: Gourvish and Tiratsoo (eds.), *Missionaries and Managers*, pp. 120-39; Gunnar Yttri, "From a Norwegian Rationalization Law to an American Productivity Institute," in: *Scandinavian Journal of History*, vol. 20, 1995, pp. 231-58; Kai R. Pedersen, "Norwegian Business and the Marshall Plan, 1947-1952," in: *Scandinavian Journal of History*, vol. 21, 1996, pp. 285-301.

[28] Kurt K. Tweraser, "The Politics of Productivity and Corporatism: The Late Marshall Plan in Austria, 1950-54," in: Günter Bischof and Anton Pelinka (eds.), *Austria in the Nineteen Fifties*, New Brunswick and London, 1995, pp. 91-115.

## 2. Outcome: "Americanization"?

The impact of the productivity policies on productivity levels has only been discussed in a limited way, probably because of the difficulties inherent in such a discussion.[29] A concept which has been used in connection with American-Western European relations since World War II, and which in particular has been used in discussing the outcome of the American policies to educate Western Europeans to the American way of doing things, is that of "Americanization." This concept is problematic, and has indeed been much criticized.[30] One may define it as the process through which techniques, products, consumer patterns, ideas, attitudes etc., have been transferred from the US to Western Europe. Such a definition is obviously very broad. It does not take into consideration the debate about the "American" character of the features imported by the Europeans from the US and the transformations occuring during the transfer. It does not imply a one-way influence, since the "Americanization" of Western Europe does not rule out a possible "Europeanization" of the US. Vague though it may be, the expression "Americanization" has provided a fruitful starting point for the discussion of one aspect of the outcome of the politics of productivity in Western Europe. It indeed raises the following question: to what extent did this policy result in the transfer of American methods of production, management and distribution to Western Europe? Answering this is difficult since it involves counterfactual analysis (i.e., had the Americans not been there, would the Europeans have invented the "American" management techniques by themselves?). Some authors have nevertheless tried to provide an answer to this question. Most of them conclude that a partial "Americanization" took place. However, there is no consensus of opinion on how strongly such an influence made itself felt. Some scholars emphasize it, others stress the limits of the phenomenon. The idea of a partial "Americanization" is notably to be found in the works of Richard Kuisel, Michael Hogan, Pier Paolo D'Attore and Volker Berghahn. However, these authors do not agree on the extent to which Western Europe became "Americanized."[31] The idea

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[29] See Chapter IX.

[30] For a more detailed discussion, see: Bent Boel, "'Americanization': Uses and Misuses of a Concept," in: Csaba Szaló (ed.), *On European Identity: Nationalism, Culture and History*, Brno, 1998, pp. 217-35.

[31] Hogan, *The Marshall Plan*, p. 436 (for Western Europe) and D'Attore, "ERP Aid and the Politics of Productivity in Italy", p. 37 (for Italy) both use the expression "half-Americanization." While concluding that a partial "Americanization" took place, Kuisel (*Seducing the French*, pp. 231-32) underlines the limits of this process (for France), whereas Berghahn (*The Americanisation*, pp. 331-32) emphasizes its importance (for West Germany).

of partial "Americanization" is shared by Ellwood, who insists that the Europeans were able to take what they wanted from the American shelves and leave what they did not want.[32] The picture painted by these scholars is that of a success and also of a partial failure. The success is ascribed to a variety of factors. Some authors tend to see the "Americanization" of Western Europe as inevitable after May 1945, given the power of the US and the intrinsic appeal which the American way of life would necessarily have on defeated and/or war-stricken European populations.[33] Others, while not denying this appeal, emphasize the role played by the deliberate American efforts to "Americanize" Western Europe.[34] The partial failure of these endeavors is notably explained by the considerable reluctance to accept American management methods both among labor and management. American policy goals were judged too progressive by some, reactionary by others.

There has been a tendency in the literature to contrast cultural and technological "Americanization." The cultural "Americanization" was met with ambivalent feelings, ranging from enthusiasm for American mass culture by the youth and the "masses" in general, to fear or contempt by the intellectual elites.[35] The technological "Americanization" on the other hand was allegedly welcomed. This distinction has come under attack by Jonathan Zeitlin, who has argued that the Europeans also resisted American methods on economic and technological grounds. The debate on the "Americanization" of Western Europe has often been interpreted as a debate on "modernization." In this perspective, resistance to "Americanization" or an unsuccessful "Americanization" has been understood as resistance to modernization and thereby as an explanatory factor for later economic problems or industrial decline.[36] Zeitlin argues that British industrialists had sound economic and technological reasons to resist an indiscriminate acceptance of American production methods.[37]

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[32] Ellwood, *Rebuilding Europe*, p. 236.

[33] Søren Schou, "The Charisma of the Liberators. The Americanization of Postwar Denmark," in: Roger de la Garde, William Gilsdorf and Ilja Wechselmann (eds.), *Small Nations, Big Neighbour: Denmark and Quebec/Canada Compare Notes on American Popular Culture*, London, Paris and Rome, 1993, pp. 77-78 (concerning the Danish case).

[34] Reinhold Wagnleitner, *Coca-Colonisation und Kalter Krieg: die Kulturmission der USA in Österreich nach dem Zweiten Weltkrieg*, Wien, 1991.

[35] Schou, "The Charisma of the Liberators."

[36] See for example: J. Bradford De Long and Barry Eichengreen, "The Marshall Plan: History's Most Successful Structural Adjustment Program," in: Rüdiger Dornbusch, Wilhelm Nölling and Richard Layard (eds.), *Postwar Economic Reconstruction and Lessons for the East Today*, London, 1993, p. 221.

[37] Zeitlin, "Americanization and its Limits." For the view that the Americans in some ways knew better, see Zamagni, "The Marshall Plan: An Overview of its Impact on

Another way to evaluate the outcome of the productivity policy is in terms of the goals it set for itself. Many of the aims of the Marshall Plan (and of the politics of productivity) were achieved. After 1948, Western European societies experienced a period of unparallelled and prolonged growth in production and productivity, which created a foundation for their political and social stabilization and for a transatlantic relationship characterized by what Maier has termed a "consensual American hegemony."[38] Some fundamental goals were attained, but to establish a firm link of causality between the politics of productivity (or the American aid policy in general) and these achievements is an arduous, next to impossible, task.[39]

The EPA was explicitly created with a view to transferring techniques, know-how, ideas from the United States to Western Europe. This book will discuss this "Americanizing" role, and in particular it will analyze how this role was perceived by Europeans and Americans.

## 3. European Integration

The historical literature about the early period of European integration may be divided into three different schools: the American-centered perspective, the federalist view and the "national interest" approach.[40] In the case of the EPA, the US is placed at center stage. At the same time, the agency's history gives considerable support to the "national interest" approach. The EPA was part of the OEEC, which was an instrument of cooperation rather than integration.[41] Decisions concerning projects were taken by majority vote within the EPA, but supervision by the OEEC Council ensured that the EPA remained an intergovernmental organization. The agency moreover operated within the sphere of "low politics," thereby hardly affecting fundamental issues of national interest. Nevertheless, there were numerous conflicts

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National Economies."

[38] Maier, "The Politics of Productivity", p 148.

[39] See Chapter IX; ICA, *European Productivity*, p. 5.

[40] Clemens Wurm, "Early European Integration as a Research Field: Perspectives, Debates, Problems," in: Clemens Wurm (ed.), *Western Europe and Germany. The Beginnings of European Integration 1945-1960*, Oxford and Washington DC, 1995, pp. 9-25.

[41] On the surprising lack of historical research concerning the OEEC, see: Vibeke Sørensen, "Atlantic Interdependence and European Integration – Two Different But Related Institutional Frameworks for International Cooperation?," paper presented at the conference "Beyond the Cold War: The United States and the Renewal of Postwar Europe," Florence and Bologna, 26.10.-29.10. 1994, pp. 14-15. See however: Richard Griffiths (ed.), *Explorations in OEEC History*, Paris, 1997.

involving questions of national sovereignty between the EPA secretariat and the member countries. Thus, the history of the EPA illustrates the very different attitudes towards European integration in the OEEC countries and in particular it reveals the strength of the member countries' susceptibilities whenever their sovereignty seemed infringed upon.

## 4. The American "Empire": US-European Relations in the 1950s

The nature of the relationship between the US and Western Europe has been a key issue on the research agenda of Cold War historians as well as of scholars of European integration. While traditionalists and revisionists strongly disagree about motives and driving forces, they converge in their view of the United States being very influential and largely successful in obtaining European agreement to its policies, whether by coercion or by consensus. The recent literature has stressed the European input into the American policy and the European successes in resisting American views which they disagreed with. Cold War historians like Geir Lundestad and John Lewis Gaddis have put forward the concept of "Empire by invitation" to characterize the nature of the US-European relationship in the postwar period. Amongst scholars of European integration, there has been an increasing tendency to focus on the persistence and vitality of European nation states and their ability to defend their own interests, even when confronted with the seemingly omnipotent influence of the United States.[42]

The productivity drive in the early postwar period is relevant to this debate in several ways. It was largely an American idea, which became a controversial matter in transatlantic relations. Moreover, the drive led to the creation of an organization for European cooperation, the EPA, which was strongly encouraged by the Americans, but ambivalently viewed by the Europeans. The book will address the issue of conflict and cooperation in US-European relations in the area of productivity as well as in the area of European cooperation.

[42] Richard Griffiths, "The European Integration Experience," in: Keith Middlemas, *Orchestrating Europe. The Informal Politics of European Union 1973-1995*, London, 1995, p. 3.

## C. Sources

The sources concerning the EPA are numerous. Those of the agency itself are the least rewarding since most of its archives have vanished. A few published reports and some unpublished documents have been preserved. However, very little material from the internal workings of the agency's secretariat seems to have survived. This obviously handicaps any attempt to analyze the latter's role in the EPA's programming and policy, and attempts to understand the conflicts at work within the EPA.[43] The minutes of the OEEC Council meetings relating to the EPA and EPA documents turned into Council documents can be found in the European Community Historical Archives in Florence. Many EPA documents have been located in the archives of member countries, but no country seems to have a complete collection.

The most important source material is to be found in the governmental archives of a large number of EPA/OEEC member countries and of the United States. The latter has very rich archival holdings, especially for the first years of the EPA. For the purpose of this book, the governmental archives of the following countries have been investigated: Denmark, France, Germany, Holland, Italy, Norway, Sweden, Switzerland, United Kingdom and the United States.[44] Most of the European archives have a substantial amount of material on the EPA with the notable exception of those in France and Italy. Since France played a central role in the EPA, the lack of documents from this country is particularly disappointing and surprising. The scarcity of public Italian archives concerning the EPA is to some extent made up for by the quality of the archives of the Italian Industrial Federation, Confindustria. In addition, a few organizational archives have been investigated. Documents concerning the Council of European Industrial Federations (CEIF) have been found in the employers' organizations' archives in Denmark, Sweden and Italy. Materials concerning the trade union side were investigated in the archives of the Trade Union Advisory Committee (TUAC). These records have been supplemented with interviews with several officials from the EPA and the national productivity centers, as well as with a number of participants in the Sardinian pilot project.

[43] The archival remains are kept at the European Community Historical Archives, Florence.

[44] Cf. Bibliography: Unpublished Sources.

# I. AMERICAN TECHNICAL ASSISTANCE TO WESTERN EUROPE, 1948-53

## A. American Initiatives

### 1. Politics of Productivity

Charles Maier has coined the term "politics of productivity" as a key to the understanding of American policy after World War II. During the war, the US developed a strategy of social engineering which it tried to implement in Western Europe through the Marshall Plan. Social problems were sought depoliticized and turned into technical problems. Productivity, which was low in Europe compared with America, should be enhanced through co-operation between workers and management, and the increased benefits resulting from this effort should be shared equitably between labor, stock-holders and consumers. Growth would make conflicts over distribution of wealth superfluous, since it would allow everyone to enjoy rising living standards. Thereby it could be hoped that "old-fashioned" traditions of class-struggle, still deep-rooted in many European labor movements, would die away.[1] The American policy was thus also the product of a certain vision of Western Europe, and particularly of countries such as France, Italy or Western Germany, where the production and distribution system was "antiquated"[2] and where management was perceived as impregnated with "feudal economic thinking,"[3] while the labor movement seemed dangerously dominated by leftist ideologies. Modernization in these countries could only be achieved by their conversion to the American version of free market economy. The economic and social-engineering motives behind the American politics of productivity were closely linked to American Cold War policy. On a general level, economic prosperity would hopefully provide social and

[1] See Introduction. Concerning the different dimensions of the Marshall Plan, see: Melvyn P. Leffler, *A Preponderance of Power. National Security, the Truman Administration and the Cold War*, Stanford, 1992, pp. 157-64.

[2] Fitzgerald to the Sub-Committee on Mutual Security Appropriations on 6.7. 1953, in: *Mutual Security Appropriations for 1954. Hearings Before a Sub-Committee of the Committee on Appropriations, House of Representatives*, Washington, 1953, p. 506.

[3] Dwight D. Eisenhower Library (DDE), Manuscripts, Clarence Francis Papers 1933-1973, box 3, f. "European Productivity Agency. January 1954," memo, Todd to Stassen and Rand, 25.1. 1954, "General Objectives of US Economic Policy in Western Europe." See also: Hogan, *The Marshall Plan*, p. 418.

political stabilization, turning social conflicts into harmonious cooperation which would undermine socialist ideologies. A more specific element of this strategy was the strengthening of the so-called free, i.e., non-communist trade unions. The politics of productivity thus also served the strategical purpose of fortifying a "free world" united by common ideals – those embodied by the American way of life – and weakening its enemies.[4]

The Economic Cooperation Administration (ECA), which was established in 1948 to administer American aid to Western Europe, had no ready-made plan for increasing productivity.[5] The US policy developed incrementally, in response to economic and political developments in Western Europe, and as the result of intra-bureaucratic battles. The Marshall Plan started as a "fire-fighting operation"[6] aimed at the political, social and economic stabilization of Western Europe. A massive transfer of resources – both consumer and capital goods – should ensure the recovery of Western Europe after the war. Most of the American aid helped OEEC countries finance essential imports of goods such as fuel, food, feed, fertilizers, raw materials, semi-manufactured products and machines.[7] The Marshall Plan counterpart funds were used to enhance production in the immediate aftermath of the war through massive investments in new productive capital equipment: sixty percent of these funds were earmarked for industrial modernization projects.[8] As early as 1948, however, the Americans found that the main obstacle to the attainment of the Marshall Plan's goal of achieving Western European economic viability by 1952 was the productivity gap between Western Europe and the US. After World War II, manufacturing productivity in the US was more than twice as high as in some Western European countries.[9]

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[4] ICA, *European Productivity*, pp. 10-11; Ministère des Affaires étrangères (MAE), DE-CE, 1945-1960, vol. 355, f. "3-5," note (JPB), 24.12. 1948, "Productivité."

[5] American aid to Western Europe in the 1950s was successively administered by the Economic Cooperation Administration (ECA, 1948-51), the Mutual Security Agency (MSA, 1951-53), the Foreign Operations Administration (FOA, 1953-55) and the International Cooperation Administration (ICA, 1955-61).

[6] Harriman, quoted in: Ellwood, *Rebuilding Europe*, p. 161.

[7] Hogan, *The Marshall Plan*, pp. 414-15.

[8] Ibid., pp. 206, 415; Ellwood, *Rebuilding Europe*, p. 155.

[9] Alan S. Milward, *The European Rescue of the Nation-State*, London, 1992, p. 124; S.N. Broadberry and N.F.R. Crafts, "European Productivity in the Twentieth Century: Introduction," in: *Oxford Bulletin of Economics and Statistics*, vol. 52, no. 4, November 1990, p. 332. According to Hogan, in 1951, labor productivity was nearly three times greater in the US than it was in Western Europe (excluding the UK), cf. Hogan, *The Marshall Plan*, p. 417. Contemporary observers thought the gap even greater: in some cases manufacturing productivity in Europe was estimated at one-fourth of the US level whereas productivity in agriculture was estimated at one-sixth, cf. Harry S. Truman

This productivity gap created a major economic problem. The US was for Western Europe the primary source of raw materials, industrial goods and of the liquidity necessary for buying such goods. But the lack of competitivity of these countries impeded a successful overcoming of their balance of payment problems. Moreover, without significantly increased productivity, Western Europe would not be able to achieve the growth rates required to reach the degree of economic prosperity which had now become a major objective for governments in all Western European countries.[10]

In 1949, Western Europe's worsening trade and payments deficit with the US made it clear that without increased productivity the old continent would be indefinitely dependent on American aid. The urgency of the problem was underlined by the fact that the Marshall aid was supposed to bear fruit within four years. Enhancing productivity thus became a key element in the American policy towards Western Europe.[11] In June 1949, the ECA's Special

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Library (HSTL), Papers of Everett H. Bellows, f. "Bellows, Material on Productivity Program," box 1, note, The Snack Bar Policy Board, 13.6. 1949 (reproduced in Washington 10.7. 1951), "Productivity – the 'Ninth Principle';" Archives nationales (AN), 80AJ80, f. "Visites Silbermann," letter (ltr.), Monnet to Queuille, 16.9. 1948; AN, SC, F60 ter, box 517, Présidence du conseil, Commissariat général du Plan, Groupe de travail de la productivité, February 1949, "Programme d'accroissement de la productivité française par utilisation de l'expérience étrangère."

[10] Ellwood, *Rebuilding Europe*, pp. 14 and 139; Hogan, *The Marshall Plan*, pp. 208-209. While the official US policy towards increasing European productivity was clearly positive, an opposition did exist, and private attitudes were ambiguous. The Marshall Plan in general had always encountered opposition from conservatives in the Congress who among other things feared the revival of European competition (cf. Hogan, *The Marshall Plan*, p. 190). Anthony Rowley suggests a possible reluctance on the part of the Americans to make their most modern technology known to the Europeans, without giving any precise information corroborating such hypothesis (Anthony Rowley, "Les missions de productivité aux Etats-Unis," in: *La France en voie de modernisation 1944-1952*, Paris, 1981, p. 12). McGlade has found more substantial evidence for a rapidly emerging reluctance towards the productivity drive on the part of some American firms (McGlade, "The Illusion of Consensus," pp. 402-3). In 1954, a report by Nichols Hall, chief of the Productivity and Technical Assistance Division, noted that "[s]ome US businessmen (although surprisingly few) of the hundreds who have been involved in it have opposed the program because they saw in it only increased competition through lowered costs abroad" (cf. Washington National Records Center (WNRC), Record Group (RG) 469, United States Operating Missions (USOM), Mission to Austria, Productivity and Technical Assistance Division (PTAD), Subject Files (SF) 1952-58, box 4, f. "Briefing Materials," memo, Hall to Russell, 23.9. 1954, "The FOA Productivity Program"). Fear of Western Europe as a competitor and ensuing governmental skepticism towards US assistance to a European productivity program, emerged more strongly towards the end of the fifties, and played a role in the winding up of the EPA (see Chapter II).

[11] On Paul Hoffman's position in 1949, see: AN, SC, F60 ter, box 517, Présidence du conseil, Commissariat général du Plan, Groupe de travail de la productivité, February 1949, "Programme d'accroissement de la productivité française par utilisation de

Representative in Europe (SRE), Averell Harriman, insisted that "the program of trade and financial stability must be accompanied by a program for greatly increasing productivity."[12] In his speech to the OEEC ministerial council in October 1949, the ECA administrator, Paul Hoffman, stated that creating a single Western European market would encourage the creation of large-scale, low-cost industries and thereby set in motion a rapid growth in productivity in the OEEC countries.[13] In December 1949, William C. Foster, Harriman's deputy, stated that it was the ECA's intention to spur "a complete mental revolution in European managers and laborers" with "Uncle Sam as the consulting and management engineer."[14]

The "productivity ideology" played a key role in the American rhetoric which aimed at selling the Marshall Plan to the Europeans and at convincing them that: "You too can be like us."[15] A major vehicle for this ideology was the Technical Assistance Program (TAP), which developed from 1948 onwards. Expenses for this program were comparatively modest. All in all, the American productivity and technical assistance programs amounted to less than 1.5 percent of the thirteen billion dollars in aid under the Marshall Plan.[16] The gap between theory (which made "productivity" a key concept for the American aid policy) and practice (which only earmarked modest funds to the productivity drive) may not be as big as it seems. In 1958, an official of the US International Cooperation Administration[17] stated to the House Foreign Affairs Committee that these programs had "probably done more to promote American interests per dollar spent, than any other type of aid program in Europe."[18] As Michael Hogan has pointed out, the signifi-

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l'expérience étrangère."

[12] HSTL, Papers of Everett H. Bellows, box 1, f. "Bellows, material on Productivity Program", note, The Snack Bar Policy Board, 13.6. 1949, "Productivity – the 'Ninth Principle".

[13] Hogan, *The Marshall Plan*, pp. 207-209, 273-74; Ellwood, *Rebuilding Europe*, pp. 93-94, 158-59.

[14] Quoted in McGlade, "The Illusion of Consensus," p. 433.

[15] Ellwood, *Rebuilding Europe*, p. 227.

[16] Hogan, *The Marshall Plan*, pp. 207, 414-15; WNRC, RG 469, Special Representative in Europe (SRE), Office of the Director of Administration (ODA), Office of the Director (OD), SF, 1948-53, box 11, f. "PTAD – General," memo, 7.11. 1952, "Interrelationship of Requirements for Technical Assistance (TA) Dollars, 10 % Counterpart, and Moody Local Currency;" ICA, *European Productivity*, p. 4.

[17] See footnote 5.

[18] ICA, *European Productivity*, p. 3; WNRC, RG 469, United States Mission to the North Atlantic Treaty Organization and European Regional Organizations (USRO), Office of the Executive Secretariat (OES), SF 1952-55, box 19, f. "Fifth Session of Annual Conference," report, MacPhail, "FOA, Annual Conference of US Operations Mission

cance of the TAP is not quantifiable and cannot be measured by the sums allocated to it. Technical assistance was indeed a "low-overhead item," in that it involved the transfer of know-how, ideas, attitudes, with a low cost but a strong impact.[19] However, these statements beg the question: if this money was so well spent, why didn't the US give the TAP higher priority?

In fact, while American officials could agree on a diagnosis of the European problem, they were at odds with each other as to the most appropriate cure. As the so-called Gulick report stated in 1954, "[t]he technical assistance program has probably been the most controversial element in the overall European aid program," not only in the relations between the US and its European allies but also within the American administration.[20] Even though there was a general consensus in favor of making increasing productivity a central goal, very few activities were developed by the ECA with that specific purpose in mind. In June 1949, a group of ECA officials complained that "[e]verybody talks about productivity, but nobody has done much about it" and that the "ECA has paid surprisingly little attention to practical measures to increase Europe's productivity."[21] The American administration was divided over the means to be used to obtain productivity growth. A minority favored a "physical" or a "plant level" approach. It felt that the necessary changes in labor-management relations, price and wage structure, marketing and distribution could best be accomplished by technical and economic aid at the individual plant level. The proponents of this approach advocated using large sums specifically aimed at increasing productivity through technical assistance projects. A majority favored the broader and more indirect "financial approach" – or "balance of payments" approach – based on the belief that trade liberalization and governmental action on financial policy and the overall investment pattern could accomplish the same purpose. According to the latter, the productivity gap between the US and Western Europe was mainly due to the size of the American market which allowed American manufacturing to achieve lower costs, lower prices and higher competitivity through economies of scale. It could be reduced if Europe trusted the market mechanisms and pursued its economic and political integration.[22]

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Directors, 19.11. 1954."

[19] Hogan, *The Marshall Plan*, p. 415.

[20] WNRC, RG 469, Office of European Operations (OEO), Regional Organizations Staff (ROS), SF 1948-53, box 4, f. "Economics: Productivity Program (2 of 3)," note no. 390, 15.12. 1954, "Report on the European Productivity Program."

[21] HSTL, Papers of Everett H. Bellows, box 1, f. "Bellows, Material on Productivity Program," note, The Snack Bar Policy Board, 13.6. 1949, "Productivity – the 'Ninth Principle'."

[22] WNRC, RG 469, OEO, ROS, SF 1948-53, box 4, f. "Economics: Productivity

The conflict between proponents of the "financial approach" and those of the "physical approach" was a "major and continuing difference within ECA,"[23] with the former clearly dominating the contest:

> The financial people were at all times dominant in ECA, as symbolized by Dick Bissell. Often we would get in Hoffman's speeches a go-ahead on what I have called the "physical" approach only to find that in practice Hoffman's views were negated by Bissell in the programming function. Ironically, in the last days of ECA Bissell changed his mind on this matter but it was then too late. This was the real fundamental tension within ECA.[24]

In October 1949, when Hoffman stated that productivity growth was a central goal of the American policy, he made it clear that this would first of all be achieved through trade liberalization and economic integration which would produce a "massive change in the economic environment" in Western Europe.[25] At the same time, the "physical approach" was given a higher priority through the expansion of the TAP. However, reflecting the policy disagreements within the administration, the TAP would be programmed largely independently and without coordination with the total economic aid program.[26]

## 2. The US Technical Assistance Program

Technical assistance was one of the means foreseen by the Foreign Assistance Act adopted in June 1948: "[t]he Administrator may, from time to time, furnish assistance to any participating country by providing for [...] the procurement of and furnishing technical information and assistance."[27] The ECA started the TAP, aimed at improving productivity in Western Europe, towards the end of 1948. The sums allocated to the TAP rose in the period

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Program (2 of 3)," note no. 390, 15.12. 1954; Carew, *Labour under the Marshall Plan*, pp. 158-59.

[23] HSTL, Papers of Harry B. Price. Oral History Interviews on the Marshall Plan conducted by Harry B. Price, box 1, f. "May 1953," Interview with Bob Oshins, 4.5. 1953.

[24] Ibid.

[25] Hogan, *The Marshall Plan*, p. 274.

[26] WNRC, RG 469, OEO, ROS, SF 1948-53, box 4, f. "Economics: Productivity Program (2 of 3)," note no. 390, 15.12. 1954.

[27] Dutch National Archives (NLRA), 2.06.061, Ministerie van Economische Zaken (MEZ), Afdeling Produktiviteitsbevordering (AP), Inv.nr. 587, ltr., no. 19612, Beugel to Albregts, 21.3. 1951, attachment (att.): note, "De Plaats van de productiviteitsbevordering in het Europese Herstelprogramma."

1948-51 from less than two million to thirteen million dollars and further to a still modest twenty million dollars in 1952. From 1949 onwards, a growing number of "missionaries," usually in mixed labor-management teams, went to the US to study American industrial and agricultural production methods. As it gained momentum, it took the form of a "crusade," with missionaries going to the American Holy Land and on their return spreading the gospel of productivity which would hopefully save Europe from backwardness and communism. It was supplemented by tours in Western Europe for American experts lecturing about methods to improve productivity.[28]

The TAP was intended to help the Europeans overcome the numerous obstacles to increasing productivity. Initially, the productivity gap was often seen as the result of a partly war-time induced technological gap, the rich natural resources of the US and the size of the American domestic market. Very soon, however, it was concluded that low productivity was not only, and in fact not mainly, due to technological lagging behind, but rather to problems relating to management and labor.[29] Four factors were singled out. One was the low labor costs, which meant that the incentive for entrepreneurs to adopt labor-saving capital equipment and industrial techniques was weak. Another was the inherited ownership of much industry which inhibited dynamism. A third important factor was the deep gulf between workers and management. Lastly, the US denounced the lack of governmental will to attack restrictive business practices and encourage competition.[30]

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[28] Hogan, *The Marshall Plan*, p. 143. From 1948 to August 1952, 7,000 European "missionaries" had travelled to the US, 800 American experts had been sent to Europe (WNRC, RG 469, OEO, ROS, SF 1948-53, box 4, f. "Economics: Productivity Program (3 of 3)," note, Bellows, 8.8. 1952, "The Productivity Program."

[29] The idea that the productivity gap was due less to technological than managerial problems was expressed again and again by US officials during the period 1950-55, just as was their opinion that emphasis ought to be put on the latter rather than the former. Many European aid recipients begged to differ, however, since they still found technological projects quite attractive. The initial activities of the EPA, in 1953-54, were largely "vertical" rather than "horizontal" in nature, i.e., dealt with diffusion of technical knowledge and mainly American production techniques (see for example: HSTL, Papers of Everett H. Bellows, "Bellows – Correspondance. General," box 1, memo, Bellows, 8.3. 1953, "The US Approach to the European Productivity Program;" NLRA, 2.06.061, MEZ, AP, Inv.nr. 587, ltr., no. 19612, Beugel to Albregts, 21.3. 1951, att.: note, "De Plaats van de productiviteitsbevordering in het Europese Herstelprogramma.")

[30] WNRC, RG 469, OEO, ROS, SF 1948-53, box 4, f. "Economics: Productivity Program (3 of 3)," note, Bellows, 8.8. 1952, "The Productivity Program." See also: HSTL, Papers of Everett H. Bellows, f. "Bellows – Correspondance. General," box 1, memo, Bellows, 8.3. 1953, "The US Approach to the European Productivity Program."

The TAP intimately mixed culture and technology. Its purpose was not only to transfer American production and management techniques and know-how to Europe but also to export the American productivity spirit: "[w]hat we are trying to do is to implant in Europeans, as an alternative to that revolutionary faith in communism which is at the base of Russian foreign policy, a revolutionary (to Europeans) faith in free enterprise."[31] Deputy Director Fitzgerald of the Mutual Security Agency (MSA)[32] summed it up in 1952: "what we are basically trying to do [...] is to change attitudes of mind and thinking of 250 million people"[33] thereby overcoming all "restrictive business practices" impeding economic growth in Western Europe. As other government officials stated, Europe needed the US if it was to "move from moribund to dynamic capitalism"[34] because "the US is the only source of the ideas that we are trying to get across. [... O]nly here do we really believe in and practice dynamic competitive capitalism on a national scale."[35]

The first report from a productivity mission, the British steel mission report, was published in October 1949. The missionaries found that US successes were due to the "productivity consciousness" in American firms, namely their psychological readiness to consider all factors likely to increase productivity. This conclusion was widely publicized in the UK and in other European countries.[36] Other reports pointed to a variety of explanations such

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[31] WNRC, RG 469, USOM, Mission to Austria, PTAD, SF 1952-58, box 4, f. "Briefing Materials," memo, Hall to Russell, 23.9. 1954, "The FOA Productivity Program."

[32] See footnote 5.

[33] WNRC, RG 469, USOM, Mission to France (MF), OD, General Subject files (GSF) 1948-55, box 40, f. "7. Productivity – Meetings and Conferences. 1952-1953," "Excerpts from the Minutes of the Productivity and Technical Assistance Regional Conference, Paris, 1.10.-4.10. 1952," p. 58.

[34] WNRC, RG 469, OEO, ROS, SF 1948-53, box 4, f. "Economics: Productivity Program (2 of 3)," note no. 390, 15.12. 1954.

[35] WNRC, RG 469, USOM, Mission to Austria, PTAD, SF 1952-58, box 4, f. "Briefing Materials," memo, Hall to Russell, 23.9. 1954, "The FOA Productivity Program." See also: WNRC, RG 469, USRO, OES, SF 1952-55, box 19, f. "Fifth Session of Annual Conference," report, MacPhail, "FOA, Annual Conference of US Operations Mission Directors;" WNRC, RG 469, OEO, ROS, SF 1948-53, box 106, f. "OEEC: Senior Economic Officers Meeting 1955 (2 of 5)," "Summary Record. Second Session: Monday, 19.9. 1955;" HSTL, Papers of Everett H. Bellows, f. "Bellows – Correspondence. General," box 1, memo, Bellows, 8.3. 1953, "The US Approach to the European Productivity Program;" WNRC, RG 469, SRE, Office of the General Counsel (OGC), SF 1948-53, box 58, f. "Productivity: Program and Planning Papers," memo, Bellows, 8.8. 1952, "The Productivity program."

[36] NLRA, 2.06.061, MEZ, AP, Inv.nr. 587, ltr., no. 19612, Beugel to Albregts, 21.3. 1951, att.: note, "De Plaats van de productiviteitsbevordering in het Europese Herstelprogramma."

as protectionism, restrictive business practices, production based on high prices and low wages and a lack of understanding between labor and management.[37] Subsequently, the emphasis of the productivity missions was increasingly put on managerial projects, and on promoting more efficient uses of existing material and human resources.[38] The publicity given to the first British productivity missions resulted in the organization of further missions from France and other OEEC countries to the US. Intra-European missions were also organized.[39] In December 1949, after the Americans had announced a strong increase in their allocations for technical assistance, Jean Monnet, France's Planning Commissioner, concluded that "the US administration obviously [considered] technical assistance to be the most efficient and economic method to increase the prosperity of a nation."[40]

As indicated earlier, it would be an exaggeration to state that the US administration was wholeheartedly behind this new productivity drive. However, in January 1950, the Office of the Special Representative in Europe, the ECA's Paris branch, proposed the launching of a productivity campaign in Western Europe.[41] A special productivity section in the ECA, the Productivity and Technical Assistance Division (PTAD), was created and a program was prepared to serve as a general guide for the TAP. The first point on this program was the creation in every OEEC country of a productivity center as a body responsible for coordinating the different productivity activities.[42]

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[37] ICA, *European Productivity*.

[38] Interview with G.L.G. de Milly, 31.5. 1995. The shift in emphasis from interest in techniques towards management methods should not be exaggerated. From the very beginning there were reports which stressed that the high American productivity was best explained by the management methods applied in American industry (cf. AN, 80AJ80, f. "Visites Silbermann," note, Noël Pouderoux (director of the Centre d'études générales d'organisation scientifique), "Les principaux facteurs de la productivité américaine. Incidences sur l'industrie française." The CEGOS mission to the US took place during the period 23.4.-1.6. 1948). See also footnote 29.

[39] NLRA, 2.06.061, MEZ, AP, Inv.nr. 587, ltr., no. 19612, Beugel to Albregts, 21.3. 1951, att.: note, "De Plaats van de productiviteitsbevordering in het Europese Herstelprogramma;" Arbejderbevægelsens Bibliotek og Arkiv (ABA), Arbejderbevægelsens Erhvervsråd, arkivnr. 516, box 83, f. "C.1.," note, "Udkast: Beretning afgivet af Handelsministeriets Produktivitetsudvalg vedrørende industri og håndværk om udvalgets virksomhed i tiden fra 1.12. 1949 – 31.12. 1953."

[40] AN, 81AJ206, ltr., Monnet to ministre de l'économie nationale et des finances, 12.12. 1949, "Budget pour 1950 du programme français pour l'accroissement de la productivité du travail dans l'industrie, le commerce et l'agriculture" (unless otherwise indicated, all translations are my own).

[41] Ibid.

[42] German National Archives (BRDBA), B 146/315, III/1 e, note, 3.11. 1950, "Technical

The outbreak of the Korean War in June 1950 made increased productivity an even more desirable goal. In September 1950, the American administration decided to give rearmament priority over recovery. Improved productivity appeared to offer a cheap way to save the economic recovery in Western Europe, since the resources diverted from civilian investments would be made up for through productivity gains.[43] While economic non-military aid was reduced, there seemed to be a strong rationale for increasing the portion of this assistance which was devoted to productivity enhancement.[44] Dissatisfaction with the economic and political fruits of the TAP also played a role in prompting the administration's decision to carry out a Production Assistance Drive (PAD). While the initial impact of the productivity missions seemed great and while in particular the early reports of the Anglo American Council for Productivity were bestsellers, follow-up studies indicated that the overall impact had been limited. The conclusion drawn was that not only was more forceful action needed, but that it would have to be of a different kind, enabling firms in the OEEC countries to produce "a European demonstration that American managerial concepts were valid."[45] A renewed effort was, moreover, felt necessary to counter both social and political dangers threatening Western Europe. Reports gathered by the Americans showed an increasing dissatisfaction among workers in continental Europe, particularly in France and Italy. There seemed to be a strong feeling that previous widely publicized productivity drives solely had resulted in increased profits for the

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Assistance – Finanzierung und Organisation der Produktivitätszentrale zur Durchführung des 13-Punkte-Programms;" NLRA, 2.06.061, MEZ, AP, Inv.nr. 587, ltr., no. 19612, Beugel to Albregts, 21.3. 1951, att.: note, "De Plaats van de productiviteitsbevordering in het Europese Herstelprogramma."

[43] Cf. for example: WNRC, RG 469, SRE, OGC, SF, 1948-53, box 60, f. "Productivity general 1953," DB/76, 10.7. 1951; WNRC, RG 469, Assistant Administrator for Production (AAP), PTAD, Records Relating to (RRt) US Advisory Group on European Productivity (AGEP), 1952-1953, f. "AGEP, Meeting no. 1," AGEP/RA-1, 3.1. 1952.

[44] Archivi Storici della Confindustria (ASCONF), box 70/19.1, f. "Assistenza tecnica. Parte generale. Elaborazione dei programmi di assistenza tecnica. Corrispondenza con le amministrazioni. Appunti. Circolari," OEEC, Direzione dei Servizi Tecnici, Divisione Centrale, Sezione Assistenza Tecnica, DT/C/TA/1016, 5.2. 1952, note, "Criteri da adottare in materia di progetti di assistenza tecnica;" AN, SC, F60 ter, box 522, f. "6813," f. "80," ltr. AF/1581, 27.7. 1951, attaché financier, ambassade de France à Washington (FrEmb) to ministère des finances et des affaires économiques (MFAE), "Elargissement du programme d'assistance technique de l'ECA;" AN, SC, F60 ter, box 522, f. "Assistance technique 682-683, crédits ouverts 1949-50; 684-1, 1950-54," f. "Politique de productivité," ltr. no. 473, Richard to secrétaire d'Etat aux affaires économiques, 29.8. 1951.

[45] WNRC, RG 469, SRE, PTAD, SF Relating to Benton-Moody Program, box 1, f. "History: 115K," report, "History of Negotiations under Section 115K of the ECA Act" (s.d., probably from June 1953).

capitalists without producing any improvement for the workers.[46] That such a view was widespread was apparently confirmed by the summer of 1951 in elections in both France and Italy, which showed that, contrary to earlier expectations, the communist parties were not losing popular support. The Americans, therefore, thought it essential that workers be encouraged to identify with the capitalist society through a share-out policy, ensuring that they would get their fair share of the prosperity of their countries. A first draft for such a plan had already been devised by the sections of the administration involved with technical assistance and with labor relations. Some in the administration spoke about using very large sums for the productivity program in Europe. In October 1949, a memorandum had proposed a three-year program to modernize 75,000 European plants using 1.1 billion dollars in US aid, 2.25 billion dollars in counterpart and a further 4.1 billion dollars equivalent in local capital. In 1950, the proposed amount was lowered to 500 million dollars for the productivity program in Europe. But these proposals were not accepted and no noticeable financial means were alloted to the drive. The target sum for the fiscal year 1952 for the PAD was eighty million dollars and 250 million dollars in counterpart but not even this more modest goal was achieved.[47]

The administration's passivity angered the Congress and prompted the adoption in May 1951 of the so-called Benton Amendment, which added section 516(a) to the Mutual Security act of 1951. This section declared it to be:

> the policy of the Congress that this Act shall be administered in such a way as (1) to eliminate the barriers to, and provide the incentives for, a steadily increased participation of free private enterprises in developing the resources of foreign countries consistent with the policies of this Act, (2) to the extent that it is feasible and does not interfere with the achievement of the purposes set forth in this Act, to discourage the cartel and monopolistic business practices prevailing in certain countries receiving aid under this Act which result in restricting production and increasing prices, and to encourage where suitable competition and productivity, and (3) to encourage where suitable the development and strenghtening of the free

[46] Trade Union Advisory Committee archives (TUAC), box "TUAC History," ERP-TUAC, 12/6.3, note, 18.10. 1951.

[47] WNRC, RG 469, OD, SF of the Director 1948-55, box 27, f. " Productivity (2 of 2)," memo, Bissell to Porter, Joyce and Oliver, 28.2. 1951, "ECA's Productivity Program;" WNRC, RG 469, SRE, PTAD, SF Relating to Benton-Moody Program, box 1, f. "History: 115K," report, "History of Negotiations under Section 115K of the ECA Act;" WNRC, RG 469, OEO, ROS, SF 1948-53, box 4, f. "Economics: Productivity Program (2 of 3)," note no. 390, 15.12. 1954.

labor union movements as the collective bargaining agencies of labor within such countries.[48]

The Benton Amendment thus placed the whole American economic aid policy towards Western Europe under the sign of the politics of productivity.[49] It was very ambitious, since it required a direct and forceful American intervention in domestic economic and social conditions in the aid-receiving countries. American aid was to be used not only to enhance productivity, but also to promote free private enterprise, discourage restrictive business practices and back non-communist trade unions. European businessmen had to see markets as elastic and increased productivity as the key to higher market shares. Workers on the other side had to be shown that productivity increases would benefit everybody. This could notably be demonstrated through share-out agreements in pilot plants which would state that the gains resulting from the higher productivity were to be redistributed between management, labor and consumers.[50]

The Benton Amendment together with the administration's own resolve gave a certain impetus to the PAD, though the sums allocated to this program were considerably lower than initially envisaged.[51] The new PAD was announced as the new ECA policy at a mission chiefs meeting convened in Copenhagen in June 1951. William C. Foster, who had succeeded Hoffman as the head of the ECA in 1950, stated that the aim of the American aid policy was to maintain economic strength while increasing military strength, and that in order to achieve this all the resources of the ECA would have to "be devoted to changing the state of mind in Europe to accept and effect efficient production methods."[52] The new program differed from the previous one by its broader and more interventionist character, namely its emphasis on "direct action." Previously, ECA's efforts to promote productivity had focused on changing governmental policies. The "direct action"

[48] WNRC, RG 469, SRE, OGC, SF 1948-53, box 59, f. "Productivity – Moody Amendment, Basic Documents (Sec. 115K)."

[49] WNRC, RG 469, SRE, PTAD, SF 1950-1956, box 2, f. "Plans and Policy No. 1," memo, Bellows to Porter, 30.7. 1952, "Briefing for Ambassador Draper's Staff Meeting, 30.7. 1952."

[50] WNRC, RG 469, SRE, PTAD, SF Relating to Benton-Moody Program, box 1, f. "History: 115K," report, "History of Negotiations under Section 115K of the ECA Act."

[51] WNRC, RG 469, OEO, ROS, SF 1948-53, box 4, f. "Economics: Productivity Program (2 of 3)," note no. 390, 15.12. 1954; WNRC, RG 469, OD, SF of the Director 1948-55, box 27, f. "Productivity (2 of 2)," memo, Bissell to Porter, Joyce and Oliver, 28.2. 1951, "ECA's Productivity Program."

[52] WNRC, RG 469, SRE, OGC, SF 1948-53, box 60, f. "Productivity, General 1953," ECA, DB/76, 10.7. 1951.

policy was based on the assumption that in the case of productivity the important decisions were made by individuals rather than by governments. It was, therefore, designed to influence individual decisions, seeking contacts with industrialists and plants instead of relying solely on national governmental actions. It involved such activities as visit exchanges, training, trial and demonstration projects, information services, conferences, etc. It was thus stressed more than ever that the program should not only deal with technological questions but should also further new ways of thinking and new attitudes in Western European societies.[53] While it was initiated by the ECA it was hoped that the Europeans would take over responsibility for it after two-three years. Such transfer of responsibility was deemed desirable for financial reasons, since the reduction of American aid was inevitable, but also for political reasons, as the US was anxious not to have the program perceived as an American interference in the domestic affairs of its allies.[54]

In fact, discussions about the PAD went on inside the ECA throughout 1951, and in the summer of 1952 the PAD had only started being implemented in France, Italy, Austria and Denmark.[55] Although all American aid was supposed to further the Benton Amendment purposes, few actions specifically aimed at furthering its aims had been started. Some new sums were allocated to the productivity program, but they remained considerably below those which had once been suggested within the ECA. The majority in the Senate was strongly dissatisfied with the failure of the US government to carry out the pledge that had been given in the previous year to devote 250 million dollars in counterpart to the support of the productivity program. In May 1952, therefore, Congress adopted the Moody Amendment to the Mutual Security Act. Its purpose was to commit the administration to secure the objectives of the Benton Amendment through the addition of a section 115(k) to the Foreign Assistance Act of 1948:

> Of the funds appropriated pursuant to section 101(a)(2) of the Mutual Security Act of 1951, as amended (1) $100,000,000 shall, to the maximum extent practicable consistent with the accomplishment of the policies and purposes of the mutual security act of 1951, as amended, be expended in such manner and subject to such agreements as may be necessary to assure that the amounts of local currencies deposited under subsection (b)(6) as a result of such expenditure shall

[53] Hogan, *The Marshall Plan*, pp. 415-18; WNRC, RG 469, OEO, ROS, SF 1948-53, box 4, f. "Economics: Productivity Program (2 of 3)," note no. 390, 15.12. 1954.

[54] WNRC, RG 469, OEO, ROS, SF 1948-53, box 3, f. "Economics: Productivity Program (1 of 3)," torep 1651, MSA (Oshins) to AmEmb Paris, 9.10. 1952.

[55] WNRC, RG 469, SRE, PTAD, SF Relating to Benton-Moody Program, box 1, f. "History: 115K," report, "History of Negotiations under Section 115K of the ECA Act."

> be used exclusively, in accordance with principles developed by the Administrator, to establish revolving funds which shall be available for making loans, and otherwise to carry out programs in furtherance of the objectives of section 516 of the Mutual Security Act of 1951, with a view to stimulating free enterprise and the expansion of the economies of those countries with equitable sharing of the benefits of increased production and productivity between consumers, workers, and owners; and (2) the Director for Mutual Security is authorized to transfer not exceeding $2,500,000 to the OEEC, to be used on terms and conditions to be specified by the Director in order to promote the objectives of section 516 of the Mutual Security Act of 1951, as amended.[56]

To some extent Congress accepted the failure of the administration to carry out the Benton Amendment, since nothing was done to make the whole US aid conform to its stipulations. However, it put the administration under much greater pressure than before by earmarking part of the aid for specific purposes. The Moody aid thus also came to be known as Conditional Aid.[57] In its first version the Moody Amendment was mandatory, since there was considerable suspicion concerning the administration's will to carry it out. In its final version an escape clause was inserted, making the amendment acceptable to the administration. It nonetheless created a strong pressure in favor of getting tough in the negotiations with the Europeans.

As a later FOA[58] report somewhat ironically stated, the TAP reached its "hey-day" when the Moody Amendment was passed and "with a great deal of enthusiasm counterpart of 100 million dollars was set aside to bring some kind of psychological economic revolution on the continent of Europe."[59] The congressional initiative gave a considerable boost to the PAD at a time when drastic cuts in non-military aid seemed to threaten its future. Thanks to the Moody Amendment the productivity drive was suddenly endowed with a sum which was small compared to the total American aid, but which was considerably higher than anything previously placed at its disposal. The amendment also provided for an important novelty, the emphasis on

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[56] WNRC, RG 469, SRE, OGC, SF 1948-53, box 59, f. "Productivity – Moody Amendment, Basic Documents (Sec. 115K)."

[57] Within the US administration, the Benton-Moody program was often referred to as the 115(k) program. The two amendments were sometimes called "the free enterprise and productivity amendments" (cf. WNRC, RG 469, USOM, MF, OD, Communications & Records Unit (CRU), SF, Central Files (CtF), 1948-56, box 171, f. 4, "Productivity Program – Benton Moody, July 1953," ltr., Stassen to Thye, 1.7. 1953).

[58] See footnote 5.

[59] WNRC, RG 469, USRO, OES, SF 1952-55, box 19, f. "5th Session of Annual Conference," report, MacPhail, "FOA, Annual Conference of US Operations Mission Directors, 19.11. 1954."

European cooperation in the field of productivity improvement. But the conditional character of the Moody aid was to generate some very strained negotiations between the US and the OEEC countries concerning the terms on which it should be given. These difficulties highlighted some fundamental differences in approach between Americans and Europeans in the productivity area.

## B. European policies

Though the main impetus for the productivity drive came from America, there was a genuine European awareness of productivity identified as a key problem in several Western European countries after World War II.[60] European productivity policies had their roots in the interwar period and the American-inspired debate about rationalization following World War I.[61] After World War II the situation varied widely from one country to another. While French decision-makers such as Monnet were strongly preoccupied with the relatively low French productivity and the need for modernizing the French economy, and while the British Labour government initiated productivity enhancing activities as early as 1947,[62] such concerns loomed less large in a country like Belgium.[63] Among the central figures active in the attempts to increase governmental action in this field after World War II were Jean Fourastié in France and Laszlo Rostas and Alexander King in the United Kingdom. In many countries the response of politicians to these efforts by productivity experts was slow, while the reactions of private enterprises were contradictory. As a political-social project and as a weapon in the Cold War, the politics of productivity encountered strong Communist opposition. The latter could build on a widespread feeling among labor that productivity improvement was a means to improve profits through the

[60] Hogan, *The Marshall Plan*, p 433; Danish Foreign Office archives (UMA), j.nr. 106.P.11, box 3, PRA(56)48/2, 31.8. 1956, "Memo by the Italian Delegation on the Aims and Action of the EPA;" Service des archives économiques et financières (SAEF), 5 A 156, f. "IV Plan," AFAP, "Rapport d'activités 1961-1962," November 1962; AN, 80AJ80, f. "Visites Silbermann," Monnet to Queuille, 16.9. 1948.

[61] Charles S. Maier, "Between Taylorism and Technocracy: European Ideologies and the Vision of Industrial Productivity in the 1920s," in: *Journal of Contemporary History*, vol. 5, no. 2, 1970, pp. 27-61.

[62] Tiratsoo and Tomlinson, *Industrial Efficiency and State Intervention*; NLRA, 2.06.061, MEZ, AP, Inv.nr. 587, ltr., no. 19612, Beugel to Albregts, 21.3. 1951, att.: note, "De Plaats van de productiviteitsbevordering in het Europese Herstelprogramma."

[63] Isabelle Cassiers, Philippe de Villé and Peter M. Solar, "Economic Growth in Postwar Belgium," in: Nicholas Crafts and Gianni Toniolo (eds.), *Economic Growth in Europe Since 1945*, Cambridge, 1996, p. 181.

increased exploitation of workers while at the same time adding to the unemployment queues. All this made the productivity drive a politically delicate matter for governments, particularly in France and Italy, which for Cold War reasons were the two main targets of the American PAD. There were in other words numerous cultural and political obstacles to a productivity drive, many of which the Americans – at least some of them – were aware of.[64]

Many Western European governments wanted to achieve not only economic reconstruction but also a social and economic modernization which would allow for the creation of a more solid foundation for a political consensus in the different countries. The so-called "revolution of rising expectations"[65] meant that economic growth was perceived as a necessity if political stabilization was to be achieved. Both on the governmental level and at the firm level there was a desire to learn from the US. The American offer to grant technical assistance and organize missions for interested managers, trade unionists, engineers and others to the US was, therefore, generally welcomed. The consensus on the need to rapidly increase production was expressed in the OEEC's Interim Report of December 1948, which identified a fifteen percent increase in output per man hour by 1952 as the most important condition for European recovery. The United Nations Economic Commission for Europe's "Economic Survey of Europe in 1948" defined the increase of productivity as the sole way to achieve better standards of living for all. The determination of enhanced productivity as a central goal for Europe was endorsed by the OEEC countries in their Plan of Action for 1949.[66] In March 1951, the French prime minister, Henri Queuille, stated that the rearmament effort only emphasized the need for improving productivity in order to compensate for the loss of resources being redirected into the defense industries.[67] This commitment by the OEEC countries to productivity enhancement was confirmed by their signing of the "European Manifesto" in August 1951, calling for a twenty-five percent increase in production in five years. This rise in production was to be achieved by improved labor productivity coupled with the so-called share-out principle, namely the redistribution of the benefits resulting from this increase.[68]

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[64] WNRC, RG 469, OEO, ROS, SF 1948-53, box 4, f. "Economics: Productivity Program," memo, PAB/D-126, Brown to Public Advisory Board (PAB), 14.4. 1952, "The European Case Against Productivity."

[65] Ellwood, *Building Europe*, pp. 24-25.

[66] Hogan, *The Marshall Plan*, p. 209

[67] AN, SC, F60 ter, box 517, f. "Productivité. Textes de base 1949-1957. (68)," Comité National de la Productivité (CNP), "Mémorandum sur la politique française de productivité et d'assistance technique," July 1951.

[68] *FRUS 1951*, vol. IV, pp. 54-57.

The productivity missions undoubtedly had an impact on certain decision-makers, sharpening their awareness of the existence of a productivity gap between the US and Western Europe. In the UK they were organized by the Anglo-American Council on Productivity (AACP) which was created in the fall of 1948 as a follow-up of a discussion between Chancellor of the Exchequer Stafford Cripps and Hoffman a few months earlier.[69] Later, partly inspired by this example, and partly on US prompting, other OEEC countries followed suit.[70] As early as 1949, the US had pressed with some success for the creation of national productivity centers (NPCs) with representatives from the state, management and labor.[71] In March 1950, upon renewed American exhortations, the Council of the OEEC urged the creation of such centers.[72]

However, the American calls for a productivity drive did not arouse unmitigated enthusiasm in Western European countries. The "productivity crusade" indeed met with widespread resistance in many European circles for various reasons. These included governmental fears that the campaign would have destabilizing social or political consequences, skepticism on the part of management, and in some cases also trade unions, towards governmental interference in the life of private enterprises, and fears among trade unions that enhanced productivity was simply a code word for increased exploitation of labor. There was, moreover, a reluctance to accept what was perceived as patronizing attitudes on the part of the Americans. This was particularly the case in France and Italy where the presence of strong communist parties meant that the governments were often accused of being

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[69] The AACP was a non-governmental committee comprising representatives from managers and employers from both US and UK and with secretariats in both London and New York. The ECA provided the dollars and the British government created funds for participants to subsidize the trips (cf. Jim Tomlinson, "The Failure of the Anglo-American Council on Productivity," in: *Business History*, vol. 33, no. 1, January 1990, pp. 82-92).

[70] See for example: AN, 80AJ80, f. "Visites Silbermann," tel. no. 326/DET, FrEmb to MAE, 25.9. 1948; ABA, Arbejderbevægelsens Erhvervsråd, arkivnr. 516, box 83, f. "C.1.," "Udkast: Beretning afgivet af Handelsministeriets Produktivitetsudvalg vedrørende industri og håndværk om udvalgets virksomhed i tiden fra 1.12. 1949 – 31.12. 1953;" AN, F60 bis, box 518, f. "Assistance technique. Productivité. 6812. 1949-1950-1951," f. "CGP, Comité provisoire de la productivité, commission restreinte. Séance du mercredi 5.10. 1949," tel. no. 192/DET, Bonnet to MAE, 20.9. 1949.

[71] Concerning the first approach to the Italians, see ASCONF, box 70/19.1, f. "Assistenza tecnica. Parte generale. Elaborazione dei programmi di assistenza tecnica. Corrispondenza con le amministrazioni. Appunti. Circolari," ltr., no. 1223/M, Lolli to Ministero commercio Estero, 22.3. 1949.

[72] BRDBA, B 146/315, Bundesminister für den Marshall Plan to Leiter der ECA Sondermission für Deutschland (Hanes), 21.7. 1950, "Produktivitätszentrale."

mere servants of American imperialism. Even though these countries did wish to acquire American techniques and know-how, it was imperative for them that such initiatives did not appear to have been "dictated" by the US.[73] No wonder, therefore, that the Americans often felt that there was a discrepancy between European words and deeds. In September 1949, for example, Hoffman bluntly told Robert Schuman, Maurice Petsche and Hervé Alphand that he was disappointed with the French technical assistance program: even though this country's program in theory was the largest and most well thought-out imaginable, in practice it had amounted to next to nothing.[74] Likewise, American proposals to create NPCs met with procrastination in Italy and the Netherlands.[75] However, at the end of 1952 a productivity center had been created in eleven OEEC countries.[76]

The Western European view of the American attempts to change basic structural patterns and industrial practices as unwelcome interference in their domestic affairs was highlighted by several episodes in 1951. William H. Joyce, who was assistant administrator for production in ECA/Washington and responsible for the new productivity drive, held several speeches in which he strongly criticized the conservatism of European and particularly French and Italian management practices.[77] Moreover, the leak to *The New York Times* during the summer of 1951 of the ECA's instructions for implementing the PAD through a "direct action" program, created the impresssion in Western Europe that the ECA intended to by-pass governments and appeal

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[73] See for example AN, 80AJ80, f. "Visites Silbermann," tel. no. 326/DET, FrEmb. to MAE, 25.9. 1948.

[74] At that stage only one French productivity mission had taken place, whereas 18 british missions had been organized (AN, F60 bis, box 518, f. "Assistance technique. Productivité. 6812. 1949-1950-1951," f. "CGP, Comité provisoire de la productivité, commission restreinte. Séance du mercredi 5.10. 1949," ltr., Donn to Fourastié, 22.9. 1949).

[75] The Dutch Workgroup on Technical Assistance under the direction of W. H. van Leeuwen refused to be transformed into a productivity center, because it considered the task too great. In September 1950, it gave in, and the Contactgroep Opvoering Productiviteit (COP) was created, cf. NLRA, 2.06.061, MEZ, AP, Inv.nr. 587, ltr., no. 19612, Beugel to Albregts, 21.3. 1951, att.: note, "De Plaats van de productiviteitsbevordering in het Europese Herstelprogramma;" BRDBA, B 146/315, III/1 e, note, 3.11. 1950, "Technical Assistance – Finanzierung und Organisation der Produktivitätszentrale zur Durchführung des 13-Punkte-Programms." See also: Lorenza Sebesta, *L'Europa indifesa: Sistema di sicurezza atlantico e caso italiano*, Firenze, 1991, p. 202.

[76] ICA, *European Productivity*, pp. 12-14 and 43-44; see also Chapter V, footnote 6.

[77] NLRA, 2.06.061, MEZ, AP, Inv.nr. 594, ltr., no. 24984, 8.2. 1952, de Milly to Pen, att.: note by de Milly, 7.2. 1952, "Verslag van het Technical Assistance Symposium officieel getiteld 'Symposium on Productivity Through Technical Assistance' en op verzoek van OEEC Mission 100 op 30.1.-31.1. 1952 te Parijs gehouden."

directly to the populations concerned. Eight OEEC countries protested to the US and considerable suspicions about the whole program arose.[78]

Whereas purely technical assistance was generally welcomed by the Europeans,[79] problems arose as soon as the American assistance had to do with more politically, socially or culturally sensitive questions such as restrictive business practices, labor-management relations, the strengthening of the "free" trade unions, or the share-out principle.[80] The divergent approach of Americans and Western Europeans to productivity was clearly demonstrated by the Moody negotiations.

### C. The Moody Negotiations

The initiative to the Moody aid was Congressional, but the responsibility for implementing the new legislation was assigned to the Mutual Security Agency and more specifically to the Productivity and Technical Assistance Division.[81] The MSA had no ready-made plan for the use of the 100 million dollars the Congress earmarked for Benton Amendment purposes. While high figures had earlier circulated as proposals within the MSA, they had never been accepted at the top level of the agency. It was clear that the administration on its own would not have contemplated such generous expenditures for the productivity drive. The following months, therefore, witnessed intensive battles on the implementation of the Moody Amendment.

The Moody aid could only be extended to countries having presented a productivity program accepted by the Americans as contributing to fulfilling the aims of the Moody Amendment. Negotiations were accordingly initiated with all OEEC countries interested in receiving Moody aid. In the course of these discussions there were strong disagreements within the administration

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[78] WNRC, RG 469, OEO, ROS, SF 1948-53, box 4, f. "Economics: Productivity Program (2 of 3)," note no. 390, 15.12. 1954. See also: AN, SC, F60 ter, box 522, f. "6813," f. "80," ltr., AF/1581, 27.7. 1951, FrEmb to MFAE, "Elargissement du programme d'assistance technique de l'ECA;" AN, SC, F60 ter, box 522, f. "Assistance technique 682-683, crédits ouverts 1949-50; 684-1, 1950-54," f. "Politique de productivité," ltr., AF/1711, FrEmb to MFAE, "Développement de la productivité dans les pays bénéficiares de l'aide américaine."

[79] However, see Introduction and Zeitlin, "Americanization and its Limits."

[80] NLRA, 2.06.061, MEZ, AP, Inv.nr. 594, ltr., no. 24984, de Milly to Pen, 8.2. 1952, att.: note by de Milly, 7.2. 1952.

[81] In 1957, PTAD became the Technical Cooperation Division (cf. ICA, *European Productivity*).

as to how tough the US should be with its allies. The general mood in Congress and in several divisions in MSA/Washington was tougher than in the State Department and in many MSA country missions.[82] Among the most contentious issues were: the identity of the aid recipients, the creation of new national institutions and the share-out clauses. The MSA initially considered limiting Moody aid to France, Italy, Germany and Austria, which for different reasons were considered to be key countries for the program. France and Italy were seen as the most important targets, because of the strength of their communist parties. There, as well as in Austria, obstacles to increasing productivity were perceived as strong, due in particular to the mentality of management. Lastly, American officials thought that Austria and West Berlin could be used as a show place for the West: "A telling demonstration of the ideas and practices of American productivity would be of great importance in the Cold War."[83] Nevertheless, it was decided to offer Moody aid to all OEEC countries. This decision was notably due to the US objective of strengthening the role of OEEC in the productivity field, through the creation of a European Productivity Agency. Such an objective could best be attained if as many OEEC countries as possible received American assistance. Another contentious issue was the establishment of new national institutions. MSA in Washington felt that the productivity centers which had been created on US prompting were too weak to carry out the ambitious intentions of the Moody program. The MSA missions were, however, reluctant to exert further pressure in this matter. In the end, it was decided to leave it to the local MSA mission to choose whether to press or not for the creation of a new and stronger NPC.[84]

The so-called share-out principle was the most controversial element of the entire program. Whereas some "zealots within the MSA were insisting upon a universal and rigid formula for share-out," others were less enthusiastic about it.[85] A share-out agreement would normally require employers participating in the program to bargain collectively with "free" trade unions to ensure that productivity increases would result in wage increases. Even though firms were only required to bargain in good faith, and not necessarily to reach an agreement, this clause was intensely disliked by many of them as an undue interference in management's prerogatives. The share-out clauses

[82] WNRC, RG 469, SRE, PTAD, SF Relating to Benton-Moody Program, box 1, f. "History: 115K," report, "History of Negotiations under Section 115K of the Foreign Assistance Act."

[83] Ibid.

[84] Ibid.

[85] Ibid.

thus met with widespread reluctance in Western European countries.[86] This situation caused an American official to conclude that "[o]ne of the difficulties we are going to have is that the countries which least require Moody money (e.g. Denmark) are most eager to get some, and those which most need it (e.g. France and Italy) are most reluctant."[87] The share-out provision in its crude form appeared only in the agreements with France, Italy, Germany and Belgium, while other countries got away with a "softer" version.[88]

Closely related to the question of share-out was the problem of restrictive business practices (RBP), which met with forceful resistance in many European circles. The UK Board of Trade found the American stance in this field aggressive and noted that "[t]he purpose of the Benton Amendment [appears] to be quite incompatible with the policy of H[er] M[ajesty's] G[overnment]"[89]). One of the reasons why the UK was hostile to the idea of central loan funds for the Moody aid, was the British fear that the US would make loans to individual enterprises conditional on their giving up any RBP and accept share-out clauses, because "they can think of no other method of blackmailing or otherwise persuading individual European employers into accepting these admirable principles."[90]

It was finally decided not to insist on a European commitment to undertake a direct attack on RBP, since it was thought that no European country was politically ripe for such a policy. But each aid recipient country was pressed to go as far as was deemed possible to fight RBP, and most agreements included a tactfully phrased reference to this problem.[91] In general the US

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[86] MAE, DE-CE, 1945-1960, vol. 356, note, Wormser to Président, 27.5. 1953; WNRC, RG 469, Deputy Director for Operations (DDO), OEO, Program Staff (PS), RRt Productivity Program Policy, 1949-55, box 4, f. "Policy – Europe – General," draft ltr., Stassen to Batt, 22.5. 1953.

[87] WNRC, RG 469, Office of the Deputy Director for Program and Planning (ODDPP) 1953-1961, SF of the Deputy Director (DD), 1951-58, box 7, memo, Eichholz to Ohly, 11.9. 1952, "Moody Amendment."

[88] WNRC, RG 469, SRE, PTAD, SF Relating to Benton-Moody Program, box 1, f. "History: 115K," report, "History of Negotiations under Section 115K of the Foreign Assistance Act."

[89] Public Records Office (PRO), CAB134/1181, T.A.(L)(52) 6th Meeting (M), 26.8. 1952, Sub-Committee on Technical Assistance (SCTA), "Minutes of Meeting of the Sub-Committee Held at the Board of Trade (BOT) on 19.8. 1952."

[90] PRO, CAB134/1181, T.A.(L)(52)34, SCTA, memo by BOT, 22.7. 1952, "Conditional Aid."

[91] WNRC, RG 469, SRE, PTAD, SF Relating to Benton-Moody Program, box 1, f. "History: 115K," report, "History of Negotiations under Section 115K of the ECA Act."

was aware of the desirability of avoiding any appearance of dictating its will to its allies. The wording in the US-Danish Moody agreement was typical:

> Recipients of loans will agree in writing to share significant benefits resulting from such loans with the Danish community in the most expedient form, either higher wages or lower prices, or both. Such recipients will also agree not to enter into any agreement inconsistent with this subpara[graph].[92]

All these problems caused the Moody negotiations to be lengthy. The OEEC countries had been told that in case no agreement could be reached for the expenditure of all the bilateral Moody aid, unalloted sums would be used to back the OEEC's efforts to increase productivity. It could thus not be taken for granted that American aid would be obtained. Moreover, a clear limit had been set for the negotiations, since the aid had to be allotted at the latest by June 30, 1953.[93] In the end, agreements stipulating the use of Moody aid to carry out national productivity programs were reached with eleven countries. Smaller sums were subsequently allocated for technical assistance programs in Iceland, Ireland, Portugal and Sweden. The only OEEC country with which no agreement whatsoever was concluded was Switzerland. The Moody agreements provided for some 110 million dollars in local currencies. Taking into account the provisions of the bilateral agreements according to which ten percent of counterpart deposited were reserved for use by the US, this meant that in fact some 100 million dollars were allotted. Including different technical assistance programs related to the 115k program, the Moody Amendment provided over the following years some 136 million dollars in aid to Western Europe.[94]

### D. Europeanization of the Productivity Drive: Creation of the EPA

During its bilateral negotiations, the US had made it clear that eight percent of the Moody counterpart funds should be given to a European Productivity Agency (EPA) to be established by the OEEC. This request was the result of American endeavors undertaken since 1949, when the US had encouraged

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[92] Ibid.

[93] Swiss National Archives (CHBA), 7111(A) Lf. bzw. 1, box 16, f. "1952/54 (Jan.-Sept. 1952), EE.20.90. Comité pour la productivité et la recherche appliquée (PRA)," Service de la coopération économique européenne (SCEE), note, Morand, 19.9. 1952, "Rapport sur la 5ème session du Comité de la productivité et de la recherche appliquée (PRA) de l'OECE tenue à Paris les 11.9.-12.9. 1952."

[94] ICA, *European Productivity*, p. 3. For the allocation of the Moody aid among the OEEC countries, see Appendixes: Table A-1.

the creation of an OEEC group to discuss productivity questions. The Americans likewise had encouraged the dispatch by the OEEC of multinational transatlantic productivity missions.[95] This met the desires of a small but active group of European specialists in applied research and productivity who wished to see the OEEC play a more active role in this field. Though the initial productivity missions to the US were mostly organized on a bilateral basis, from 1949 onwards, a growing number of them were arranged through the OEEC. The situation created by the many various committees of the OEEC sending different uncoordinated missions to the US, soon threatened to degenerate into chaos. On British initiative, therefore, a small coordinating group of experts, Working Party no. 3 was set up in June 1949, with instructions to study means for promoting cooperation between member countries and the US concerning scientific and technical information.[96] From birth, this group had a problematic existence, since it was based on a misunderstanding. It had been established for very practical reasons, as a necessity for dealing with the administration of technical assistance missions spontaneously "springing into life."[97] Several experts, however, envisioned it as the embryo of an organization responsible for a more active and comprehensive European productivity policy. The working party indeed adopted a very broad approach, covering problems of productivity and technical assistance, thus going clearly further than intended by the Council.[98] It was on the proposal of this committee, as well as on US prompting, that the Council in March 1950 recommended the establishment of NPCs in all

[95] AN, 81AJ206, ltr., Monnet to ministère de l'économie nationale et des finances, 12.12. 1949, "Budget pour 1950 du programme français pour l'accroissement de la productivité du travail dans l'industrie, le commerce et l'agriculture."

[96] WNRC, RG 469, Office of African and European Operations (OAEO), ROS, RRt EPA, 1953-1957, EPA: Advisory Board – EPA: General, box 1, f. "EPA/General Through 1957," EPA(57)11, 3.9. 1957, "EPA. Results Obtained and Future Prospects. Report on the Agency's First Phase of Activity (1st May 1953 – 30th June 1957) and on its Situation at 1st July 1957;" Interview with Alexander King, 23.6. 1995; NLRA, 2.06.061, Inv.nr. 587, Ministerie van Buitenlandse Zaken (MBZ), DGEM, 21.5. 1953, no. 74405, "Het Europese Productiviteitscentrum." While the above-mentioned sources credit the British for the initiative, a French document claims paternity for the French and requests the chairmanship for Jean Fourastié. But to no avail, since Alexander King was nominated for the post (AN, 81AJ209, ltr., Chéreau to Fourastié, 18.7. 1949.

[97] PRO, CAB134/709, T.A.(L)(51)38, SCTA, note by the Treasury, 10.4. 1951, "The Handling of Technical Assistance in OEEC."

[98] NLRA, 2.06.061, Inv.nr. 587, note, no. 74405, MBZ, DGEM, 21.5. 1953, "Het Europese Productiviteitscentrum;" WNRC, RG 469, OAEO, SF 1955-59, box 92, f. "Committees – OEEC (4 of 6)," C(59)215, 31.7. 1959, "Report of Working Party no. 26 of the Council;" AN, 81AJ209, ltr., 22.3. 1950, MAE (Clappier) to ministère de l'industrie et du commerce.

member countries.[99] Working Party no. 3 further proposed the creation of a more powerful OEEC committee to deal with productivity matters. This proposal, however, met with French resistance.[100] Possibly in the hope of defeating such ambitions,[101] officially because Working Party no. 3 dealt with too broad a field,[102] it was decided to split the existing group into two specialized committees: the Committee for Scientific and Technical Matters and the Technical Assistance Group. The former was responsible for the technical information service whereas the latter was to be in charge of all technical assistance activities, including the productivity missions.[103] But with the new American emphasis on the TAP adopted during the summer of 1951, the insistence on a better organization of the multi-country missions grew in the US, just as did the wish to see Europeans take over the whole productivity effort. In addition, a small group of experts active in the two committees actively tried to further the project of a more comprehensive European productivity policy.[104] In December 1951, OEEC mission no. 100 toured the US and met with numerous American officials to discuss the future organization of the European productivity drive. In the course of these conversations, the Americans expressed their wish to strengthen the role of

[99] WNRC, RG 469, OAEO, ROS, RRt EPA, 1953-1957, EPA: Advisory Board – EPA: General, box 1, f. "EPA/General through 1957," EPA(57)11, 3.9. 1957.

[100] PRO, CAB134/1181, T.A.(L)(52) 3rd Meeting (M), SCTA, 21.4. 1952, "Minutes of Meeting of the Sub-Committee Held at the BOT on 4.4. 1952." According to King, French resistance in 1949 was due to governmental distrust of the academic Fourastié who had a strong influence on the productivity policies favored by the Commissariat général du Plan. It thus reflected the general conflict existing between the planning agency and the ministry of finance. When the EPA was created, the ministry of finance had reasserted its authority on the CGP and had thus lost an important motivation to resist an OEEC activity in the field of productivity enhancement (interview with King).

[101] Interview with King, 3.2. 1996.

[102] WNRC, RG 469, OAEO, SF 1955-59, box 92, f. "Committees – OEEC (4 of 6)," C(59)215, 31.7. 1959.

[103] WNRC, RG 469, OAEO, ROS, RRt EPA, 1953-1957, EPA: Advisory Board – EPA: General, box 1, f. "EPA/General through 1957," EPA(57)11, 3.9. 1957.

[104] Among these experts were Alexander King, Laszlo Rostas, Jean Fourastié. They were members of the OEEC's Working Party no. 3, many of them had been senior representatives of the national research organizations and several of them were later to be found in the EPA's Committee for Applied Research (CAR) and were engaged in those EPA activities in the field of science and research which were carried over in the OECD in 1961 (PRO, CAB134/709, T.A.(L)(51)38, note by the Treasury, 10.4. 1951, "The Handling of Technical Assistance in OEEC;" interview with King, 3.2. 1996; CHBA, 7111(A) Lf. bzw. 1, box 16, f. "1952/54 (Jan.-Sept. 1952), EE.20.90. Comité PRA," Comité national suisse d'organisation scientifique (CNSOS)/Centre suisse de la productivité (CSP), Chapuis to Kilchmann, 5.7. 1952; UMA, j.nr. 106.O.21, box 2, C/WP26/W/4, 16.1. 1959, "Outline of an OEEC Operational Programme".

the OEEC.[105] In January 1952, American representatives informally suggested the creation of a European productivity organization. This idea met with mixed feelings among the European particpants, the British being particularly skeptical. Others were more positive, perhaps because they expected a large American contribution to such a body.[106] The Americans kept the pot boiling, and in March 1952 a MSA official stated that "[t]he MSA aim is to leave in Europe, as a heritage, useful Productivity Centers which will strive for industrial progress, and from it a strong and worthwhile peace," and that it would also "be happy to give attention to helping OEEC to set up a European Productivity Technical Center" to further that aim.[107] It was informally concluded during an American-European symposium that the final decision on any European organization for productivity matters would have to be made in connection with the upcoming discussions concerning a streamlining of the OEEC.[108] Soon afterwards, a report by Olivier Wormser and Eyvind Bartels suggested, as a device to reduce costs and to make increasing productivity a more central goal, the merging of the Committee for Scientific and Technical Matters and the Technical Assistance Group into a common body.[109] This proposal, actively backed and influenced by the US,[110] was accepted by the member countries, and in May

[105] One should not forget that while the Europeans were ready to cooperate when it served their interest, they were at the same time competing for access to American technical assistance funds (cf. AN, F60 bis, box 518, f. "Assistance technique. Productivite. 6812. 1949-1950-1951," MAE, DGAEF, SCE, note, 19.12. 1951, "Mission OECE d'assistance technique no. 100."

[106] NLRA, 2.06.061, MEZ, AP, Inv.nr. 594, ltr., no. 24984, 8.2. 1952, de Milly to Pen, att.: note by de Milly, 7.2. 1952.

[107] CHBA, 7111(A) Lf. bzw. 1, box 16, f. "1952/54 (Jan.-Sept. 1952), EE.20.90. Comité PRA," CNSOS /CSP to SCEE, 4.4. 1952, "Rapport sur la 4ème session du sous-comité OECE de la productivité, 24.3.-27.3. 1952," att.: DT/C/ST/980, 24.3. 1952, "Statement by F. Baird (MSA/EO) at the Meeting of Representatives of the National Productivity Centers on 24.3. 1952."

[108] CHBA, 7111(A) Lf. bzw. 1, box 18, f. "1953/1954. EE.20.90.8. Perfectionnement des cadres de direction des entreprises. Document: PRA/WP3 – MAT numéro 135," CE(52)14, 7.4. 1952, "Nouvelle structure des organes s'occupant de la productivité." For early proposals concerning the reorganization of the Committee for Scientific and Technical Matters and the Technical Assistance Group: PRO, CAB134/709, T.A.(L)(51)38, note by the Treasury, 10.4. 1951.

[109] MBZ, DGEM-Archief 66/PRA Algemeen deel 1, f. "1469," note, de Milly to Beugel, 3.5. 1952, "Re-organisatie werksaamheden van het OEEC Committee for Scientific and Technical Matters an van de Technical Assistance Group." King saw in this proposal a rehabilitation of the idea of a strong productivity committee advocated by the Working Party no. 3 in 1949, cf. PRO, CAB134/1181, T.A.(L)(52) 3rd Meeting (M), SCTA, 21.4. 1952, "Minutes of Meeting of the Sub-Committee Held at the BOT on 4.4. 1952."

[110] WNRC, RG 469, SRE, OGC, SF 1948-53, box 58, f. "Productivity – OEEC," repto 1144, SRE (Porter) to SecState (Kenney), 3.10. 1952, "Proposal for Arrangements for

1952 the OEEC established the Productivity and Applied Research (PRA) Committee to study "the improvement of methods of production and distribution with a view to raising standards of living."[111] The British hoped that the creation of this committee would finally silence the advocates of a European Productivity Center. They could take comfort from American assurances that the national centers ought to be strengthened before a European one could be created.[112] But it soon turned out that there was widespread dissatisfaction with the new organizational arrangement. Criticisms focused on the committee's secretariat, which some found inefficient, and others found too ambitious.[113] The Americans pointed out that there was a discrepancy between the ambitious goals which the PRA Committee had set for itself and the modest sums which had been allotted to its activities, since the creation of the committee had been concomitant with the reduction of the personnel available for the OEEC's productivity work.[114] While all this created pressure for doing something, there were also forces which clearly would have preferred a dormant committee and thus favored the status quo. The UK Government was not happy with the active role played by its delegate, Alexander King. Basically there was a widespread feeling in the UK

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European Productivity Activities Through the OEEC;" MBZ, 996.26, DGEM-Archief 66/PRA Algemeen deel 1, f. "1469," ltr., MSA The Hague to Hirschfeld, 10.5. 1952; Norge, Utenriksdepartementet (NOUD), 44.25/1 t, box 2, ltr., no. 503, OEEC del. (Koht) to Utenriksdepartementet (UD), 25.4. 1952, "Fellesmöte av Komitéen for tekniske og vitenskapelige spörsmål og teknisk assistansegruppen."

[111] WNRC, RG 469, SRE, OGC, SF 1948-53, box 58, f. "Productivity – OEEC," repto 1144, SRE (Porter) to SecState (Kenney), 3.10. 1952. At the same time the budget of the PRA Committee (the merged TAG and CSTM) was cut considerably (namely by thirty-six percent or, excluding the editing unit, of forty-five percent in the remaining senior staff). The cuts even shocked the main proponents of savings, the British (cf. PRO, CAB134/1181, T.A.(L)(52) 4th Meeting (M), SCTA, 16.6. 1952, "Minutes of Meeting of the Sub-Committee Held at the BOT on 4.6. 1952").

[112] PRO, CAB134/1181, T.A.(L)(52) 3rd Meeting (M), 21.4. 1952, SCTA, "Minutes of Meeting of the Sub-Committee Held at the BOT on 4.4. 1952."

[113] MBZ, DGEM, 2.06.061, Inv.nr. 587, note, no. 74405, 21.5. 1953, "Het Europese Productiviteitscentrum;" ABA, LO-arkiv, box 1185, Produktivitetsudvalget (PU), note no. 179, 17.1. 1953, "Oprettelse af et europæisk produktivitetscenter;" CHBA, 7111(A) Lf. bzw. 1, box 16, f. "1952/54 (Jan.-Sept. 1952), EE.20.90. Comité PRA," CNSOS/CSP, Chapuis to Kilchmann, 5.7. 1952; CHBA, 7111(A) Lf. bzw. 1, box 16, f. "1952/54 (Jan.-Sept. 1952), EE.20.90. Comité PRA," "Rapport sur la 3ème session administrative du Comité PRA, 7.7.-9.7. 1952;" MBZ, DGEM-Archief 66/PRA Algemeen deel 1, f. "1469," note, de Milly to Hirschfeld, 20.6. 1952.

[114] CHBA, 7111(A) Lf. bzw. 1, box 16, f. "1952/54 (Jan.-Sept. 1952), EE.20.90. SCEE," note, Morand, 19.9. 1952, "Rapport sur la 5ème session du Comité PRA de l'OECE tenue à Paris les 11.9.-12.9. 1952;" CHBA, 7111(A) Lf. bzw. 1 box 17, f. "1952 et 1er semestre 1953. AEP," OEEC del., 23.12. 1952, "EPA;" ABA, LO-arkiv, box 1185, PU, note, no. 179, 17.1. 1953, "Oprettelse af et europæisk produktivitetscenter."

that it did not have anything to learn from the other member countries in matters of productivity policy and that European cooperation should therefore be kept as limited as could decently be advocated. Limits to the British resistance were set by their strong feeling of isolation: "because of their dependence on US aid, many of the European countries [were] likely to share [the Americans'] enthusiasm" for further cooperation in the productivity field.[115] An important feature of the British policy was, therefore, to keep any activity undertaken as practical as possible and in this way oppose the American and the secretariat's predilection for "bold imaginative plans."[116] A similar mood prevailed among the Swiss, the Dutch and the Swedes.[117] But while the British strategy was merely one of containment, the Dutch and the Swiss hoped that the functions of the intergovernmental PRA Committee would soon be taken over by a private committee.[118] The Swiss policy was based on a fundamental hostility to any governmental (and thus even more to any inter governmental) interference in the affairs of private firms.[119] But the Swiss were aware of the strength of the American feelings about the new impetus to the productivity drive, emphasizing its political-economical-social rather than its technological aspect, and encouraging it at a European level: "outright opposition to such a policy might put us in an extremely difficult position."[120] The Swiss also had the impression that the initiatives to Europeanize the productivity drive were "the expression of deeply felt and fully respectable aspirations of many European countries which moreover feel strongly encouraged by the United States."[121]

In fact, it is hard to detect strong views at this stage among the other participating countries. During the fall of 1952, France certainly gave strong support to the idea of creating a European Productivity Agency, but this vigorous stand largely coincided with the announcement by the US that it

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[115] PRO, CAB134/1010, MAC(52)9th Meeting. 4.2. 1952, "Minutes of a Meeting Held on 31.1. 1952."

[116] MBZ, DGEM-Archief 66/PRA Algemeen deel 1, f. "1469," note, de Milly to Hirschfeld, 20.6. 1952.

[117]MBZ, DGEM-Archief 66/PRA Algemeen deel 3, f. "1471," note, de Milly to van der Beugel, 5.1. 1953.

[118] MBZ, DGEM-Archief 66/PRA Algemeen deel 1, f. "1469," note, de Milly to van der Beugel, 3.5. 1952, "Re-organisatie werksaamheden van het OEEC Committee for Scientific and Technical Matters an van de Technical Assistance Group."

[119] MBZ, DGEM-Archief 66/PRA Algemeen deel 3, f. "1471," note, 4.2. 1953, "Verslag van de vergadering van het PRA Committee op 25.1.-26.1. 1953."

[120] CHBA, 7111(A) Lf. bzw. 1, box 16, f. "1952/54 (Jan.-Sept. 1952), EE.20.90. Comité PRA," ltr., SCEE (Kilchmann) to OEEC del., 10.9. 1952.

[121] CHBA, 7111(A) Lf. bzw. 1 box 16, f. "1952/54 (Jan.-Sept. 1952), EE.20.90. Comité PRA," note, Morand, 30.9. 1952.

wanted to give such a project palpable support. There were undoubtedly some, among the experts in the PRA Committee and in the secretariat, who supported the idea. They felt that mere discussions on cooperation in research and on the factors in economic growth were of limited effect and that if the OEEC was to make any progress it would have to equip itself with an operational branch which could organize practical activities by way of experimentation and demonstration.[122] Left to themselves, without American help, these individuals would hardly have been able to create the momentum needed for the creation of a specialized productivity agency. The Moody Amendment changed the whole picture.

Ever since 1949, the American administration had favored a greater OEEC involvement in the field of productivity enhancement, but without having precise ideas about the institutional arrangements for such a role. When the PRA Committee was created, the Americans hoped that it would deal with a broader field than the one handled until then by the OEEC, and optimistically viewed it as "a strong and active group which [could] provide leadership and assistance to the efforts of individual countries in the broad as well as the merely technical aspects of productivity."[123] Apart from a slightly increased budget – it was raised to 150 million francs yearly[124] – the PRA Committee failed to live up to the American expectations, mainly because it remained subject to the general rules of the OEEC, which provided for "a maximum of discussion and a modicum of action."[125] Decisions required unanimous agreement, procedures were cumbersome, sub-committees proliferated,[126] all of which made the PRA Committee too slow and inefficient to play the role of an operational branch working on enhancing productivity.[127]

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[122] UMA, j.nr. 106.O.21, box 6, C(61)119, 10.7. 1961, "Annual Report and Overall Summary of Activities of the EPA."

[123] MBZ, DGEM-Archief 66/PRA Algemeen deel 1, f. "1469", ltr., MSA The Hague to Hirschfeld, 10.5. 1952, att.: ltr., Porter to Marjolin, 21.4. 1952.

[124] MBZ, DGEM-Archief 66/PRA Algemeen deel 1, f. "1469," note, de Milly to Hirschfeld, 6.6. 1952.

[125] WNRC, RG 469, OEO, ROS, SF 1948-53, box 3, f. "Economics: Productivity Program (1 of 3)", repto A-663, SRE Paris to MSA/W, 21.11. 1952.

[126] In June 1952, this tendency towards committee-proliferation was reflected in the fact that the PRA Committee in addition to its three sub-committees had nine working groups on research problems and ten working groups on productivity problems – all in all twenty-two groups.

[127] Concerning dissatisfaction with the PRA Committee's secretariat, cf. PRO, CAB134/1181, T.A.(L)(52) 5th Meeting (M), SCTA, 24.7. 1952, "Minutes of Meeting of the Sub-Committeee Held at the BOT on 24.7. 1952;" PRO, CAB134/1182, T.A.(L)(53) 1st Meeting (M), SCTA, 12.2. 1953, "Minutes of a Meeting of the Sub-Committee Held at the BOT on 23.1. 1953."

The Moody Amendment conveniently provided the financial means to implement the policy of the American administration since it set aside a grant of 2.5 million dollars to the OEEC.[128] It was this clause which paved the way for the creation of the European Productivity Agency as a semi-autonomous organization within the framework of the OEEC. The American administration finally settled for this option because it offered a way to further three major policy goals in Western Europe: increase productivity, promote European integration and develop labor-management cooperation. As William Draper, Harriman's successor as the US Special Representative in Europe, stated in October 1952, the "primary motive behind this proposal is to develop and strengthen OEEC leadership" in the field of productivity enhancement.[129] It was indeed

> highly desirable that movement towards higher productivity evolve in [a] European context and not [be] confined within national boundaries. [To] [d]evelop these activities [is] also important to basic US policy of strengthening [the] OEEC as [a] force towards European integration.[130]

The Americans further hoped that the new agency could play an important role in promoting labor-management cooperation on the European level. They thought in terms of creating an organization governed by personalities coming from labor, management and governments, all chosen on the basis of their attachment to the share-out principle.[131] Such a corporate organization would at the same time help Europeanize the productivity drive, which would be useful because a "progressive-minded agency [could] stimulate country efforts and help overcome disadvantages 'US' tag in countries [which are] particularly sensitive [to] close American identification with program."[132]

Those were the three major policy goals which the EPA was created to promote. In order to achieve them, the EPA should be established within the

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[128] ICA, *European Productivity*, p. 41.

[129] WNRC, RG 469, OEO, ROS, SF 1948-53, box 3, f. "Economics: Productivity Program (1 of 3)," repto 1444, Paris to London, 27.10. 1952, "Moody Amendment OEEC Program." See also: MBZ, DGEM-Archief 66/PRA Algemeen deel 3, f. "1471," note, 4.2. 1953, "Verslag van de vergadering van het PRA Committee op 25.1.-26.1. 1953;" MBZ, 996.26, EPA/Algemeen deel III, DEA/T.P., ltr., de Milly to Alhaique, 22.1. 1957.

[130] WNRC, RG 469, SRE, OGC, SF 1948-53, box 58, f. "Productivity – OEEC," repto 1144, SRE (Porter) to SecState (Kenney), 3.10. 1952.

[131] See Chapter VI.

[132] WNRC, RG 469, OEO, ROS, SF 1948-53, box 3, f. "Economics: Productivity Program (1 of 3)," torep 1651, MSA (Oshins) to AmEmb Paris, 9.10. 1952. Originally, the Americans thought that consumer organizations should also be involved.

framework of the OEEC because of the Moody Amendment (which stipulated that 2.5 million dollars should be granted to the OEEC) and because the US government wanted to strengthen this organization. The US, however, wished the EPA to be as autonomous as possible, partly for reasons of principle (since it was the established US policy to avoid contributing directly to the OEEC, American aid could not be merged with the normal OEEC budget),[133] but also because only a strong agency with a forceful leadeship would be able to play the ambitious role which the Americans envisioned for it, which was to be the "operating arm [of the] OEEC" and "to identify principal structural obstacles (social and pscychological) to productivity, to develop knowledge as to [the] causes [of] these obstacles, and to work out with various countries [the] best means [to] overcoming obstacles."[134] In addition, the creation of an autonomous agency would have a psychological dimension: it was hoped that the publicity effect of such an event would ease the mobilization of financial resources in the member countries.[135]

It took some months before the EPA emerged as a clear project from the discussions within the US administration. Initially the OEEC grant and the bilateral grants contemplated by the Moody Amendment seemed closely connected. It was anticipated that an OEEC committee, called Central Production Assistance Board, would be created as the depositary of the counterpart funds generated by the Moody aid, and that it would be responsible for a comprehensive European policy to expand the economies of Western European countries.[136] According to this plan, the US would suggest the general types of activities to be pursued but would rely on the OEEC to supervise and approve individual country proposals. It soon became clear that European governments were hostile to such American-European supervision of their counterpart funds.[137] Instead, it was proposed by the MSA Paris mission to create a Council for Productivity in Europe[138]

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[133] WNRC, RG 469, SRE, OGC, SF 1948-53, box 58, f. "Productivity – OEEC," repto 1144, SRE (Porter) to SecState (Kenney), 3.10. 1952.

[134] WNRC, RG 469, OEO, ROS, SF 1948-53, box 3, f. "Economics: Productivity Program (1 of 3)", repto 1444, Paris to London, 27.10. 1952.

[135] WNRC, RG 469, SRE, OGC, SF 1948-53, box 58, f. "Productivity – OEEC," memo, Bellows to Porter, 24.9. 1952, "Proposal for the Establishment of a Council for Productivity in Europe."

[136] WNRC, RG 469, OEO, ROS, SF 1948-53, box 4, f. "Economics: Productivity Program," memo, Ozer to Cruikshank and Oliver, 7.7. 1952, "A Proposed Cable on the Moody Amendment as a Basis for Discussion."

[137] PRO, CAB134/1181, T.A.(L)(52)34, 22.7. 1952, SCTA, memo by BOT, "Conditional Aid;" CAB134/1181, T.A.(L)(52) 5th Meeting (M), SCTA, 24.7. 1952, "Minutes of Meeting of the Sub-Committee Held at the BOT on 24.7. 1952."

[138] WNRC, RG 469, SRE, OGC, SF 1948-53, box 58, f. "Productivity – OEEC," memo,

which should more modestly be in charge of the 2.5 million dollars grant plus contributions from the member countries. It was considered whether to ask the aid recipients to allot twenty percent of their Moody counterpart funds to the new organization,[139] but the US finally settled for much less, eight percent. This meant that the initial European contribution to what became the EPA would match the American donation on a three to one basis, and would total about 7.5 million dollars.[140] Although officials within the MSA regretted that the organization envisioned was neither "a very vital organization [n]or one that [was] to spend a very large proportion of the Moody money,"[141] it was agreed to submit the proposal to the OEEC countries. This occurred in October 1952.[142]

From an early stage, the negotiations on the creation of a European organization were dissociated from the negotiations on bilateral agreements in order to ease their conclusion. It was decided that the 2.5 million dollars allocation to the OEEC would be made dependent on the successful conclusion of all the bilateral negotiations.[143] Although this was not clear at the beginning, the American administration finally decided not to make any bilateral Moody aid conditional on the contribution of counterpart funds to the new productivity agency. However, this probably never dawned on the European negotiators. In any case, they were left in no doubt as to the strong American desire to see the establishment of an OEEC productivity organization.[144] No bilateral agreement was concluded before the OEEC countries had accepted the creation of the EPA.[145]

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Bellows to Porter, 24.9. 1952. The name was later changed to "European Productivity Bureau" (cf. MBZ, DGEM-Archief 66/PRA Algemeen deel 1, f. "1469," note, de Milly to van der Beugel, 12.8. 1952; PRO, CAB134/1181, T.A.(L)(52)62, SCTA, note by the BOT, 6.12. 1952, "Policy of the European Productivity Bureau") and finally to the "European Productivity Agency."

[139] WNRC, RG 469, SRE, PTAD, SF 1950-1956, box 2, f. "Plans and Policy No. 1," memo, Bellows to Porter, 30.7. 1952, "Briefing for Ambassador Draper's Staff Meeting, 30.7. 1952."

[140] WNRC, RG 469:, SRE, OGC, SF 1948-53, box 58, f. "Productivity – OEEC," memo, Bellows to Porter, 24.9. 1952; WNRC, RG 469, OEO, ROS, SF 1948-53, box 3,f. "Economics: Productivity Program (1 of 3)," repto 1444, Paris to London, 27.10. 1952.

[141] WNRC, RG 469, SRE, OGC, SF 1948-53, box 58, f. "Productivity – OEEC," repto 1144, SRE (Porter) to SecState (Kenney), 3.10. 1952.

[142] ABA, LO-arkiv, box 1185, PU, note, 17.1. 1953, "Oprettelse af et europæisk produktivitetscenter."

[143] WNRC, RG 469, OEO, ROS, SF 1948-53, box 3, f. "Economics: Productivity Program (1 of 3)," repto 1444, Paris to London, 27.10. 1952.

[144] PRO, CAB134/1181, T.A.(L)(52)62, SCTA, note by the BOT, 6.12. 1952, "Policy of the European Productivity Bureau."

[145] For the dates of the conclusions of the bilateral Moody agreements, see ICA, *European*

The American proposal was disliked by the British and the Swiss who wanted to strictly limit the activity of the OEEC in the productivity field.[146] However, other OEEC countries welcomed it, and they certainly also appreciated the prospect of additional American aid. Under these circumstances, the UK and Switzerland preferred to accept the principle of a new agency and concentrate on limiting the practical implications of this step. In November 1952, the OEEC Council endorsed the idea that a European Productivity Agency was needed in order to enhance the efficiency of the work done in this field and to obtain American funding.[147] During the following months, the British became the main opponents of the American project of creating a strong "independent organisation liberally financed and carrying out a very wide program,"[148] which would become "the keystone of the work of [the] OEEC."[149] They were backed consistently by the Swiss and more occasionally by the Dutch, the Danes and the Swedes. The most adamant supporters of the US position were the French, whose main allies were the Italians, the Austrians and the Germans. All other member countries were ready to go along with the project, though without much enthusiasm.[150] Since the UK was in a minority, the Board of Trade concluded that it was "going to be extremely difficult for H[er] M[ajesty's] G[overnment] to take a too negative and costive a line" and that it was "very important therefore, for our relations with the rest of Europe as well as with MSA," to show willingness to compromise.[151]

Disagreements among the OEEC countries affected the new agency's organization, its financing and program. The American vision of a fairly independent agency within the OEEC framework was backed by most other OEEC countries.[152] The two poles in the debate were represented by France and the UK, while the US preferred to keep a low profile. France was very outspoken in its support for a strong autonomous organization, and had

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*Productivity.*

[146] See above.

[147] PRO, CAB134/1181, T.A.(L)(52)60, SCTA, note by the BOT, 2.12. 1952, "Proposal to Set Up a 'Productivity Agency' in the OEEC."

[148] Ibid.

[149] PRO, CAB134/1181, T.A.(L)(52)62, SCTA, note by the BOT, 6.12. 1952, "Policy of the European Productivity Bureau."

[150] Ibid.

[151] Ibid.

[152] ABA, Arbejderbevægelsens Erhvervsråd, arkivnr. 516, box 79, note, PU, 30.1. 1953, "Referat af møde i OEECs produktivitetskomite d. 26.1. og 27.1. 1953." See also: MBZ, DGEM-Archief 66/PRA Algemeen deel 3, f. "1471," 4.2. 1953, "Verslag van de vergadering van het PRA Committee op 25.1.-26.1. 1953."

more ambitious views on the new agency than other OEEC members.[153] The French indeed went one step further than the US, and suggested a so-called external solution, namely that the new agency should be an independent international body, acting under the control of an autonomous authority nominated and elected by the NPCs and that its decisions should be binding on these centers.[154] The basic concern of the British was to avoid any supranational tendency in the field of productivity which could prove contagious in other sectors of European cooperation.[155] They also feared that an autonomous EPA director would be overly exposed to American pressure.[156] In order to tame any interventionist tendency on part of the new agency, they persistently argued that it should be closely integrated with the existing OEEC structure.[157] This "internal solution" implied that the EPA would form part of the OEEC, that its autonomy would be strictly limited, its director remain subject to the authority of the secretary general of the OEEC, and that the whole agency would act under the supervision of the Council.[158]

The British largely won their case. The PRA Committee (which consisted of low government officials and experts) had been autonomist, but once the matter was referred to the Council, the balance shifted in favor of the internal solution. France remained sole proponent of an independent organization,

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[153] WNRC, RG 469, OEO, ROS, SF 1948-53, box 3, f. "Economics: Productivity Program (1 of 3)," repto A-648, 15.11. 1952; WNRC; RG 469, OEO, ROS, SF 1948-53, box 3, f. "Economics: Productivity Program (1 of 3)," repto circ. A-230, SRE Paris to all MSA Missions and MSA/W, 9.12. 1952.

[154] PRO, CAB134/1181, T.A.(L)(52)62, SCTA, note by the BOT, 6.12. 1952, "Policy of the European Productivity Bureau." The French moreover insisted that the members of the PRA Committee should be prestigious top-level people, the initial French candidate for the post being the secretary of state for economic affairs and president of the French national productivity center, Robert Buron (cf. ABA, Arbejderbevægelsens Erhvervsråd, arkivnr. 516, box 80, f. "Produktivitetsudvalget. 1953. C1," Handelsministeriets Produktivitetsudvalg (HMPU), note, no. 308, 15.3. 1953, "Referat af plenarmøde i PRA d. 28.4.-30.4. 1953.")

[155] PRO, BT258/96, MAC(54)14th Meeting, "Minutes of a Meeting of the Committee Held on 16.3. 1954."

[156] MBZ, DGEM-Archief 66/PRA Algemeen deel 3, f. "1471," note, 4.2. 1953, "Verslag van de vergadering van het PRA Committee op 25.1.-26.1. 1953."

[157] PRO, BT258/96, MAC(54)14th Meeting, "Minutes of a Meeting of the Committee Held on 16.3. 1954;" PRO, CAB134/1183, T.A.(L)(54)19, 15.2. 1954, att.: ltr., Ellis-Rees to Strath, 2.2. 1954.

[158] PRO, CAB134/1181, T.A.(L)(52)60, SCTA, note by the BOT, 2.12. 1952, "Proposal to Set Up a 'Productivity Agency' in the OEEC;" PRO, CAB134/1181, T.A.(L)(52)62, SCTA, note by the BOT, 6.12. 1952, "Policy of the European Productivity Bureau;" PRO, BT64/4768, note by the BOT, 7.2. 1956, "The Future of the EPA."

and Switzerland, which would have preferred a purely private organization, finally abstained.[159] While France got some support from the US and Italy, the UK was now backed by Belgium, the Netherlands, Ireland, Denmark and Germany.[160] The result of the negotiations was a compromise very much to the British taste, one which the UK clearly considered to be a "success."[161] While the UK accepted the creation of the European Productivity Agency, it was agreed that the Council of the OEEC would remain the final authority of the new agency and was to approve the annual program and budget of the agency. Informally, it was agreed that though the director would be acting on behalf of the secretary general, he would in practice be granted a large degree of autonomy.[162] Once the integrationist solution had been adopted, many member countries indeed favored giving the director of the agency a strong position, i.e., independent from the secretariat of the OEEC and solely responsible to the Council and the PRA Committee. This was due to the past inefficiency of the OEEC secretariat in matters of productivity improvement. It was also hoped that a powerful and autonomous position would attract highly qualified candidates.[163]

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[159]UMA, j.nr. 73.C.41/19i, box 1, OEEC del. (Bartels) to Udenrigsministeriet (UM), no. 437, 16.2. 1953, "OEEC: oprettelse af et europæisk produktivitetscenter;" NOUD, 44.25/1 t, box 2, OEEC del. (Koht) to Handelsdepartementet (HD), 30.1. 1953; NOUD, 44.25/1 t, box 2, F2-39-3, ltr., HD to UD, 9.2. 1953, att.: report (Slåtto), 3.2. 1953, "Rapport angående möte i OEEC PRA Committee, 26.1.-27.1. 1953;" NLRA, 2.06.061, Inv.nr. 587, MBZ, DGEM, no. 74405, 21.5. 1953, "Het Europese Productiviteitscentrum;" MBZ, DGEM-Archief 66/PRA Algemeen deel 3, f. "1471," desp. no. 20.049, OEEC del. (Gelderman) to MBZ, 12.2. 1953; MBZ, DGEM-Archief 66/PRA Algemeen deel 3, f. "1471," note, de Milly to van der Beugel, 5.1. 1953.

[160] UMA, j.nr. 73.C.41/19i, box 1, desp. OEEC del. to UM, no. 14, 20.1. 1953; UMA, j.nr. 73.C.41/19i, box 1, desp. no. 437, OEEC (Bartels) to UM, 16.2. 1953. However, the US could only accept a solution which would bring the EPA formally within the framework of the OEEC.

[161] PRO, CAB134/1182, T.A.(L)(53) 2nd Meeting (M), SCTA, 16.3. 1953, "Minutes of a Meeting of the Sub-Committee Held at the BOT on 2.3. 1953;" PRO, CAB134/1182, T.A.(L)(53) 1st Meeting (M), SCTA, 12.2. 1953, "Minutes of a Meeting of the Sub-Committee Held at the BOT on 23.1. 1953."

[162] WNRC, RG 469, OEO, ROS, SF 1948-53, box 3, f. "Economics: Productivity Program (1 of 3)," repto circ. A-255, Office of the Special Representative (OSR) to all MSA Missions and MSA/W, 20.12. 1952; OEEC, *Acts of the Organisation*, vol. 12, pp. 91-93.

[163] This was for instance the view of the Danes even though they in fact did not really see any need for creating a European center (see UMA, j.nr. 73.C.41/19i, box 1, PU (Müller) to UM, 27.1. 1953; ABA, Arbejderbevægelsens Erhvervsråd, arkivnr. 516, box 79, PU, 30.1. 1953, "Referat af møde i OEECs produktivitets komite den 26.1. og 27.1. 1953"). Concerning the Swiss and American attitudes, see: UMA, j.nr. 73.C.41/19i, box 1, C(53)57, 18.2. 1953, "Creation of a European Productivity Agency."

The EPA was thus created as an "operating arm"[164] of the OEEC and was composed of three main elements, performing respectively an executive, a legislative and a consultative role. The director of the agency, assisted by a secretariat, was responsible for preparing the program, first submitting it to the PRA Committee, then to the Council, and for implementing it once it had been approved by both bodies. The PRA Committee was made up of representatives of the member countries. It fixed the rules and methods of work, approved most projects and supervised the activities of the director. Finally, an advisory board was established, consisting of members appointed in a personal quality and not as representatives of their respective organizations, namely trade unions, industrial and agricultural federations. It was to provide advice on the EPA's work and particularly on its public relations aspect, thereby establishing an informal contact between the EPA and non-governmental organizations influential in productivity questions.[165]

A major controversy arose concerning the financing of the agency. The UK insisted that its contribution (i.e., eight percent of its share of the Moody counterpart funds) to the new agency should be non-convertible and totally expended in the UK. Obviously, this amounted to a severe limitation of the financial means at the free disposal of the agency.[166] The Americans insisted on convertibility and in any case on the agency's control over national contributions whether convertible or not.[167] British officials labelled this a "distasteful proposal" which the US was trying to force the Europeans to accept.[168] In the end, an American-British agreement, subsequently endorsed by the other OEEC countries, led to a compromise whereby one third of the national contribution would be convertible, while the rest would gradually become so.[169]

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[164] WNRC, RG 469, OEO, ROS, SF 1948-53, box 3, f. "Economics: Productivity Program (1 of 3)", repto 1444, Paris to London, 27.10. 1952. See also Chapter III.

[165] UMA, j.nr. 73.C.41/19i, box 2, note, 19.10. 1953, "Det Europæiske Produktivitetscentrum;" ABA, LO-arkiv, box 118, f. "Oprettelsen under OEEC af et europæisk produktivitetscenter," PU, note, 12.5. 1953, att.: note, Rasmussen and Ussing, 23.3. 1953. For more details on the rules of the agency, see Chapter III; concerning the Advisory Board, see Chapter VI.

[166] WNRC, RG 469, OEO, ROS, SF 1948-53, box 3, f. "Economics: Productivity Program (1 of 3)," repto 234, SRE Paris to London MSA, 30.10. 1952; WNRC, RG 469, OEO, ROS, SF 1948-53, box 3, f. "Economics: Productivity Program (1 of 3)," repto A-648, 15.11. 1952.

[167] PRO, CAB134/1181, T.A.(L)(52)62, SCTA, note by the BOT, 6.12. 1952, "Policy of the European Productivity Bureau."

[168] WNRC, RG 469, OEO, ROS, SF 1948-53, box 3, f. "Economics: Productivity Program (1 of 3)," repto 1444, Paris to London, 27.10. 1952.

[169] In 1957 all contributions had become convertible (cf. ICA, *European Productivity)*.

Lastly, the discussions in the PRA Committee concerning the program of the new agency were a foretaste of the difficulties which lay ahead. On the one hand, the French, the Italians, and the Americans wanted the EPA to initiate an ambitious program of research concerning among other things human factors in industry. On the other hand, the UK and the Swiss wanted "to keep the program down to smaller and severely practical proposals."[170] The latter concern was shared by the Dutch and the Scandinavian countries. For the UK and Switzerland, however, limiting the activity of the agency to projects of practical use seemed to be a code word for doing as little as possible, since neither of these countries expected the EPA to be able to do anything useful. And the Americans indeed considered that the British in reality wanted to transform the agency into a purely "academic forum for discussion"[171] without any operational role worth mentioning. The UK, however, "found it extremely difficult to maintain [its] point of view and embarrassing to press it too far."[172]

The following protracted discussions conceivably were brought to a conclusion by a fear that the new Congress would repeal the Benton-Moody Amendment, and with it the 2.5 million dollars grant to the OEEC.[173] On March 24, 1953 the Council decided to establish a European Productivity Agency as of May 1, 1953.[174] Its purpose was to:

> seek, develop and promote the most suitable and effective methods for increasing productivity in individual enterprises, in the various sectors of economic activitiy in the Member countries, and over the whole field of their economies. To this end it shall undertake, and promote measures tending to the acceptance and adoption of the best and most modern techniques and to the removal of factors limiting their adoption.[175]

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[170] PRO, CAB134/1181, T.A.(L)(52)62, SCTA, note by the BOT, 6.12. 1952.

[171] WNRC, RG 469, DDO, OEO, OD, SF 1948-54. box 48, f. "Productivity (EPA)," ecoto 1332, Paris (Todd) to FOA (Rand and Ringer), 2.4. 1954. See also: WNRC, RG 469, SRE, PTAD, SF 1950-1956, box 8, f. "Program 3," memo, MacPhail to Tank, 15.1. 1954, att.: memo, Robinson, 15.1. 1954, "Semi-Annual Report of the Productivity and Technical Assistance Division."

[172] PRO, CAB134/1181, T.A.(L)(52)62, SCTA, note by the BOT, 6.12. 1952.

[173] UMA, j.nr. 73.C.41/19i, box 2, OEEC del to UM, 29.6. 1953; European Community Historical Archives (ECHA), EPA Archives, f. "RE 5/7/09 Agence. Direction Technique. PRA (A)," note, Igonet to Corbasson, 22.12. 1952. The Moody Amendment was in fact repealed in July 1953 and replaced by the Thye Amendment. However, by that time the Moody agreements had been concluded and the aid funds committed.

[174] WNRC; RG 469, OEO, ROS, SF 1948-53, box 3, f. "Economics: Productivity Program (1 of 3)," repto circ. 144, Paris to MSA, 25.3. 1953.

[175] OEEC, *Acts of the Organisation*, vol. 12, pp. 91-93.

Soon afterwards, the Americans realized that the new agency's "Constitution" did not in their view satisfactorily fulfill the requirement for aid formulated by the Moody Amendment. Despite some reluctance on the part of the European countries, they managed to have it amended in June 1953. A further goal, directly inspired from clauses in the bilateral Moody agreements, was then added:

> In carrying out these purposes the agency shall be guided by the principles that competition should be encouraged while any business practices which result in decreased production and higher prices should be discouraged; that the benefit obtained through an increase in productivity should be shared to the mutual benefit of consumers, owners and workers; and that cooperation of management and labour organisations, where there is goodwill on both sides, will promote these purposes.[176]

The creation of the EPA was certainly viewed as the culmination of their tenacious efforts by the few very active experts in the field. But it was first of all the result of an American initiative which had made it financially possible, and which had silenced those who would have preferred to see no agency at all. The EPA was, as an MSA official stated, "an American brainchild designed to facilitate integration and permit withdrawal of direct US dollar aid."[177] This basically American idea was accepted by feet-dragging Europeans.[178] "[T]he creation of the agency was not entirely a matter of free will" as the British OEEC ambassador, Hugh Ellis-Rees, put it.[179] It was viewed by many member countries as a simple device to channel American technical assistance to Europe and by quite a few as a body imposed upon them and merely "set up for the purposes of carrying out U.S. legislation."[180] For that

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[176] UMA, j.nr. 73.C.41/19i, box 2, C(53)81(Final), 17.6. 1953; UMA, j.nr. 73.C.41/19i, box 2, desp. no. 1754, OEEC del., 22.6. 1953; NOUD, 44.25/1 t, box 3, OEEC del. (Koht) to HD, 19.6. 1953.

[177] WNRC, RG 469, Office of the Deputy Director for Technical Services (ODDTS), Office of Public Services (OPS), Public Administration Division (PADiv), Far East and European Branch (FEEB), RRt EPA 1954-60, box 2, f. "EPA," Exec. digest, 10.3. 1954, "Recommendations on the EPA."

[178] Several OEEC countries shared the British fears of an "interventionist" agency, and were particularly adamant as to keeping authority over their own NPC (WNRC, RG 469, SRE, OGC, SF 1948-53, box 58, f. "Productivity: Program and Planning Papers," memo, Porter to Draper, 7.2. 1953, "Discussion of Transfer of MSA Productivity and TA Operations to OEEC").

[179] PRO, CAB 134/1183, T.A.(L)(54)19, SCTA, 15.2. 1954, ltr., Ellis-Rees to Strath, 2.2. 1954.

[180] WNRC, RG 469, SRE, OGC, SF 1948-53, box 58, f. "Productivity-OEEC," memo, Voorhees to Dorr, 24.4. 1953, "Moody Transfer to OEEC." See also: WNRC, RG 469, DDO, OEO, PS, RRt Productivity Program Policy. 1949-55, box 4, f. "Policy-Europe-

same reason, the agency was only granted a short three-year lease of life. In 1956, the member countries would have to decide whether to continue it or not. The definition of the EPA as an "experiment"[181] was a compromise between those who could see no use whatsoever for it once the American aid was exhausted and those, in particular the Americans, who hoped to see it transformed into a more lasting institution.[182]

## E. Conclusion

The EPA was both a logical and an accidental result of American postwar policy in Western Europe. It was a result of the fusing of two major goals in the US postwar policy in Western Europe: increasing productivity and fostering European integration. At the same time, it was a very late product of the US Technical Assistance Program, which makes it seem an almost accidental, casual result of a congressional attempt to force the administration to get tough with the Europeans. In fact, the productivity drive never constituted a ready-made program of action prepared by the US administation for the postwar period. It developed incrementally, in response to economic developments in Western Europe and to the unfolding of the Cold War in Europe and in Asia. And one of its major features was the gap existing between words and deeds. While the US rhetoric made productivity enhancement a key element in its European policy, the sums devoted to the productivity drive were modest. This may have reflected both the low cost of the drive and the limited institutional capacities of aid recipient countries to absorb what the Americans had to offer. However, it also mirrored the divisions within the administration and the fact that those who wholeheartedly supported a strong productivity drive were in a minority,

The Moody aid represented a very large sum compared to anything the productivity drive had been endowed with before. It was both too much and not enough. As Everett Bellows, chief of the PTAD, put it: "[t]he total

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General," ltr., Batt to Stassen, 7.5. 1953; ECHA, EPA Archives, f. "RE 5/7/09 Agence. Direction Technique. PRA (A)," note, Igonet to Corbasson, 22.12. 1952.

[181] The expression "experimental" only appeared at a later stage (cf. ASCONF, box 70/18.2, f. "EPA Programmi 1956-1957," note (s.l. , s.d.), "AEP").

[182] WNRC, RG 469, OEO, ROS, SF 1948-53, box 3, f. "Economics: Productivity Program (1 of 3)," torep 2749, MSA (Oshins) to AmEmb Paris, 16.1. 1953, "DMS Authorization for Transfer to OEEC Agency;" WNRC, RG 469, DDO, OEO, OD, SF 1948-54, box 48, f. "Productivity," toeco A-470, FOA/W (Stassen) to Paris, 27.12. 1954, "Draft Circular Airgram on FOA Policy with Respect to EPA;" UMA, j.nr. 106.P.11, box 2, C(56)50, memo by the Secretary General, 24.2. 1956.

amount of money [allotted by the Moody Amendment] exceeds what could be usefully spent on mere projects on the one hand, and falls considerably short of buying a social revolution on the other."[183] It was to give the productivity drive a considerable boost in the individual member countries as well as at the European level through the establishment of the EPA. But the sums put at the disposal of the new agency were modest compared to the tasks given to it. The EPA was thus not born under a lucky star: it was an American idea, rather reluctantly accepted by those Europeans who were supposed to be its main beneficiaries, with ambitious goals but halfhearted support from its American sponsors. And it was only experiencing its first trials.

[183] WNRC, RG 469, SRE, PTAD, SF 1950-1956, box 2, f. "Plans and Policy No. 1," memo, Bellows to Porter, 30.7. 1952, "Briefing for Ambassador Draper's Staff Meeting."

# II. A SHORT HISTORY OF THE EPA, 1953-61

Reluctantly accepted by some as a temporary experiment, ambitiously viewed by others as the embryo of a comprehensive European productivity policy-making body, the EPA suffered from its very birth from the problems which such an ambiguous identity inevitably produced. It was never allowed to take its own existence or working methods for granted, and its history is to a large extent the story of continuous battles for survival. Its congenital afflictions were responsible for its stormy, uncertain and brief existence.

## A. A Chaotic Start (1953-54)

The EPA was born with a handicap. As an American official said in 1954: "There is no ready-made market for EPA. It must be sold."[1] Few OEEC countries sincerely wished to "draw up and promote a European Productivity Programme" as proclaimed by the EPA's constitution. In fact, their main preoccupation was to secure as large a chunk of the EPA's funds for themselves as possible.[2] Since the US funding would inevitably decline during the following years and since the EPA had only been granted a three-year lease of life, it was from the very start confronted with an urgent need to market itself, by making the EPA known and if possible useful to the member countries.[3]

The first necessary step in this direction was to get the newborn organization going. This proved easier to decree than to do. The EPA was created by the Council of the ministers of the OEEC on March 24, and officially came into existence on May 1, 1953. This decision remained mere theory though, since the agency had no director or staff of its own. There was a general agreement that the director should play a central role and that it was therefore crucial to make the right choice for this post.[4] The Americans wanted to give the

[1] WNRC, RG 469, DDO, OEO, OD, SF 1948-54, box 48, f. "Productivity (EPA)," ltr., Watson to Francis, 25.2. 1954.

[2] Handelsministeriet (HM), j.nr. 88-5-56, note, no. 3255, Hoelgaard, 19.12. 1955, "EPA's hidtidige virksomhed og fremtidsmuligheder."

[3] MBZ, DGEM-Archief 663/EPA Algemeen, f. "1477," note, no. 136391, van Blokland to Kruisheer, 29.10. 1954, att.: note by King, 27.10. 1954, "Future Operation of the European Productivity Agency."

[4] NLRA, 2.06.061, Inv.nr. 587, note (MBZ), no. 74405, 21.5. 1953, "Het Europese

EPA a prestigious role, and sought to appoint a prominent European personality as director of the agency. Their first choice was Harold Wilson, former President of the UK Board of Trade and a prominent Labour Party leader, who for that very reason was unacceptable to the British Conservative government. The Americans then thought of Sir Oliver Franks, who turned down the offer.[5] Among those subsequently considered were the Swede Axel Iveroth and the British Alexander King.[6] Rumors circulated that the OEEC secretariat wanted to place one of its own in the post, thereby ensuring its firm control of the new agency.[7] To counter this, many delegates joined forces to back Alexander King, but his candidacy was squelched by the British government which resented his active role in the OEEC's productivity work, where he had gone much further than instructed.[8] Finally, Robert Marjolin, secretary general of the OEEC, opted for a German national, Karl P. Harten. Harten was the director of the German Iron and Steel Institute, a member of the German productivity center and had participated actively in previous productivity endeavors of the OEEC. Marjolin's choice was chiefly motivated by his desire to assuage the Germans who were very dissatisfied with their poor representation among the personnel of the OEEC and total absence at the top-level.[9] Once he had gotten the green light from the US, Marjolin set about obtaining the concurrence of the EPA's member countries.[10] His main selling arguments were that Harten's appointment would link West Germany more closely to the OEEC,[11] and that it would establish a natural link with European employers.[12] There was a snag,

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Produktiviteitscentrum."

[5] Interview with King, 23.6. 1995.

[6] BRDBA, B 146/1104, Rocholl to Möller, 17.4. 1953, "Stellenbesetzung der EPZ;" BRDBA, B 102/37052, note, Haselbeck to Albrecht, 20.3. 1953; CHBA, 7111(A) Lf. bzw. 1, box 17, f. "1952 et 1er semestre 1953. AEP," memo, s.d.

[7] CHBA, 7111(A) Lf. bzw. 1 Bd. 16, f. "1er semestre 1953. EE-20.90. Comité PRA," note, SCEE (Morand) to Office fédéral de l'industrie, des arts et métiers du travail (OFIAMT), 15.5. 1953.

[8] Interview with King, 23.6. 1995. See also: ABA, Arbejderbevægelsens Erhvervsråd, arkivnr. 516, box 80, f. "Produktivitetsudvalget. 1953. C1," note no. 308, HMPU, 15.3. 1953, "Referat af plenarmøde i PRA d 28.4.-30.4. 1953;" MBZ, DGEM-Archief 66/PRA Algemeen deel 3, f. "1471," note, 4.2. 1953, "Verslag van de vergadering van het PRA Committee op 25.1.-26.1. 1953."

[9] BRDBA, B 146/1104, Werkmeister to Blücher, 20.5. 1953.

[10] BRDBA, B 146/1104 , ltr., Werkmeister to Blücher, 26.6. 1953; NOUD, 44.25/1 t, box 3, OEEC del. (Koht) to HD, 11.6. 1953.

[11] It would actually give Germany its first high-level position in an international organization since World War II.

[12] UMA, j.nr. 73.C.41/19i, box 2, note, UM to PU, 9.6. 1953; BRDBA, B 146/1104, note, 29.5. 1953.

however. The French, Belgians, Danes, British and Dutch were not too happy about Harten's past as a chairman of the committee for production and rationalization of the German Luftwaffe during World War II.[13] The Danes, moreover, found him too inflexible to be suitable for a job where considerable diplomatic skills would be needed. However, Marjolin and the Americans clearly favored Harten, to whose nomination the member countries finally resigned themselves. After France had given up its reservation, allegedly because of his high qualifications and because he had never been a member of the NSDAP, other countries, like Denmark, felt that they could not decently keep up their own reservations.[14] The Dutch were the last to give in after receiving assurances that Harten would abstain from making public appearances in the Netherlands during his first year in office.[15] On July 15, 1953, Harten became the first director of the EPA.[16]

The new director then proceeded to put together a secretariat. This task proved arduous and time-consuming. While still having no complete staff at his disposal, he rapidly found himself inundated by proposals stemming from the MSA mission in Paris, as well as from the various OEEC committees and the member countries, which were attracted by the sums at the disposal of the new agency.[17] With limited experience in the field and an untrained and insufficient staff, Harten found it difficult to resist the many requests with which he was confronted.[18] Disorder ensued, with the EPA accepting a large number of unrelated and half-baked projects, which it lacked the means to handle efficiently. Within a brief period, the agency had started sixty new projects, which prompted the leader of the Dutch productivity council,

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[13] Harten himself seemed to be rather proud of his past (see: UMA, j.nr. 73.C.41/19i, box 2, note, 9.6. 1953, UM to PU; BRDBA, B 146/1104, ltr., Harten to Albrecht, 11.7. 1953). But he insisted that he had only met Hermann Göring twice (BRDBA, B 146/1104, note, 10.7. 1953, "Hauptabteilungsleiter").

[14] UMA, j.nr. 73.C.41/19i, box 2, note, UM to PU, 9.6. 1953; UMA, j.nr. 73.C.41/19i, box 2, OEEC del. to UM, 29.6. 1953.

[15] BRDBA, B 146/1104 , ltr., Werkmeister to Blücher, 26.6. 1953. As the state department refused to grant Harten a visa of entry, King had to travel to the US in his stead on several occasions (interview with King).

[16] OEEC, *Acts of the Organisation*, vol. 12, p 210.

[17] PRO, CAB134/1014, MAC(53)27th Meeting. "Minutes of a Meeting Held on 9.7. 1953;" HM, j.nr. 88-5-56, note, no. 3255, Hoelgaard, 19.12. 1955; ASCONF, box 18.1, f. "AEP. Programmi di attività dell'AEP. Interventi della Confederazione. Interventi del CIFE. Circolari, corrispondenza. appunti," note, "Allocution de M. Grégoire à l'Assemblée générale du CIFE du 22.2. 1956."

[18] PRO, CAB134/1182, T.A.(L)(53)59, 29.9. 1953, SCTA, note, "Meeting Held at the BOT on 18.9. 1953, to Discuss Dr. Harten's Plans for the EPA;" ASCONF, box 70/18.1, f. "EPA. Atti constitutivi. Consiglio Consultativo sull'AEP," Karl Peter Harten, 23.4. 1954, "Obiettivi e funzioni dell'Agenzia Europea per la Produttività."

Wilhelmus Hendrik van Leeuwen, to warn of impending chaos.[19] By spring 1954 the secretariat of the agency was "in a hopeless muddle."[20] The Advisory Board was quick to criticize the mangement of the agency by the director, and it was joined by most national delegations in the OEEC. At this stage, the reputation of the EPA was at its lowest and the professional organizations in many countries were extremely hostile to whatever emanated from it. As its capital moreover rapidly dwindled, the future of the EPA looked bleak.[21]

### B. EPA Back On Track (1954-56)

Most member countries at this time would doubtlessly have been happy to see Harten leave. In December 1953, as a corrective measure to the director's shortcomings, and "to unburden him," a deputy director, Roger Grégoire, was appointed.[22] At the same time, Marjolin asked King to step in and help Harten.[23] These palliatives failed to bear visible fruit. The secretariat's preparation of the second annual program was severely criticized,[24] and in November 1954 Nicolaides resigned from his post as chairman of the PRA Committee to protest against the way the agency was being administered.[25]

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[19] MBZ, DGEM-Archief 663/EPA Algemeen, f. "1477," ltr., Hijmans to Berger and de Milly, 9.11. 1954, att.: note, 9.11. 1954, "Toelichting op EPA-programma voor het jaar 1954-1955, De Voorgeschiedenis van de EPA."

[20] PRO, LAB13/713, ltr., Stewart (UK del. to OEEC) to Hancox (BOT), 26.4. 1954. See also: MBZ, DGEM-Archief 663/EPA Algemeen, f. "1477," note, de Milly to van der Beugel, 20.5. 1954; MBZ, DGEM-Archief 6630/EPA Advisory Board, f. "1478," note, de Milly to van der Beugel, 3.5. 1954; MBZ, DGEM-Archief 663/EPA Algemeen, f. "1477," ltr., no. 41.135, de Milly to King, 3.4. 1954; MBZ, DGEM-Archief 663/EPA Algemeen, f. "1477," note, van der Beugel to Kruisheer, 26.4. 1954; MBZ, DGES-Archief, f. "996.26, OEES/EPA/Alg., Governing Body. EPA Structuur," ltr., de Milly to Rasmussen, 24.1. 1957.

[21] PRO, LAB13/713, ltr., Stewart (UK del. to OEEC) to Hancox (BOT), 26.4. 1954; MBZ, DGEM-Archief 663/EPA Algemeen, f. "1477," note, de Milly to Blokland, 26.10. 1954; MBZ, DGEM-Archief 6630/EPA Advisory Board, f. "1478," note, de Milly to Kruisheer, 8.12. 1954.

[22] UMA, j.nr. 73.C.41/19i, box 3, desp. no. 4259, OEEC del., 22.12. 1953. Cf. also PRO, T.A.(L)(54)3, SCTA, note, 12.1. 1954, "Programme and Budget of the EPA." The French had pointed out that the director was German, and that the chairman of the PRA Committee was British. They therefore claimed an assistant directorship for themselves... which they got (cf. MBZ, DGEM-Archief 66/PRA Algemeen deel 5, f. "1473," note, King, 2.12. 1953, "Notes on a Conversation Between Marjolin and King on 26.11. 1953."

[23] MBZ, DGEM-Archief 66/PRA Algemeen deel 5, f. "1473," note, King, 2.12. 1953.

[24] UMA, j.nr. 73.C.41/19i, box 4, CE/M(54)26(Prov.), 5.8. 1954, "Minutes of the 283rd Meeting Held on 22.7. 1954."

[25] PRO, CAB134/1182, T.A.(L)(53)72, SCTA, note by BOT, 11.11. 1953, "Summary

This situation prompted a reaction from the member countries, first through the PRA Committee, and later through the Council asking the secretariat of the EPA to streamline its organization and insisting on a concentration of the program, a more efficient staff and improved relationships between the EPA and the national productivity centers (NPC).[26] As a consequence of the general dissatisfaction with his management, Harten let Grégoire take over a greater part of the responsibility for directing the EPA.[27] In April 1955, he finally resigned and Grégoire was nominated as his successor.[28] When Grégoire took over, the climate in the EPA (in the PRA Committee) was marked by "considerable bitterness and bickering."[29] According to an American analysis:

> [w]hile great hopes [were] held for Grégoire's ability to revitalize the agency staff and provide new directions to the agency's program it [was] evident that he face[d] a major challenge in taking over the reins from the [...] hands of the previous director. Many of the issues taking up the time of the PRA Committee could be traced to poor staff work by agency personnel who have not yet been welded into an effective team by the new director.[30]

The reactions to the nomination of Grégoire were positive. The appointment of Edwin Fletcher, an official from the Trades Union Congress (TUC), as deputy director in June 1955 was likewise well received.[31] Already in No-

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of Note by the UK Del. to the Meeting of PRA Committee, 20.10.-21.10. 1953."

[26] UMA, j.nr. 73.C.41/19i, box 5, note, PRA Committee to the Council, s.d. (probably from November 1954); MBZ, DGEM-Archief 663/EPA Algemeen, f. "1477," note, 27.10. 1954, de Milly to Beugel, "EPA;" MBZ, 996.26, EPA/Algemeen deel I, DEA/T.P., note, no. 111501, 25.11. 1954.

[27] UMA, j.nr. 73.C.41/19i, box 4, CE/M(54)26(Prov.), 5.8. 1954. See also: MBZ, DGEM-Archief 663/EPA Algemeen, f. "1477," note, de Milly to van der Beugel, 20.5. 1954.

[28] UMA, j.nr. 106.P.11, box 1, desp. no. 56, OEEC del. (Tabor) to UM, 4.1. 1955. It wasn't self-evident that Grégoire should succeed Harten. At first, consensus among the member countries was that Harten should be succeeded by another German, since Germany remained underrepresented in the OEEC. The German candidate, Haverback, however, declined the offer, because he could not be granted leave from his firm (cf. BRDBA, B 102/37413, ltr., Bundesministerium für Wirtschaft (Westrick, BMW), to Hamberbacher (Präsidenten des Deutschen Industrie- und Handelstages), 25.6. 1955.

[29] WNRC, RG 469, OAEO, SF 1955-59, box 22, f. "Technical Cooperation, April 1955," ecoto circ. A-237, 16.4. 1955.

[30] Ibid.

[31] Fletcher was nominated as deputy director in June 1955. Since 1950 he had been the secretary of the TUC's Production Department (cf. WNRC, RG 469, Office of Labor Affairs (OLA), Labor Programs Division (LPD), RRt the EPA Programs, 1955-59, box 1, f. "EPA- Administration-Staffing," ecoto circ. A-299, USRO Paris, "Appointment of EPA Deputy Director").

vember 1954, a Dutch observer noted that although the EPA during its first year had been "an ugly duckling," there was now reason to hope that it could be turned into a "swan."[32] Even for the British, matters had improved considerably under Grégoire and Fletcher. Notably, a more restrained budgetary policy was introduced.[33] In 1955, the EPA began making a name for itself. In December 1955, the director of the Norwegian Productivity Institute even went as far as to enthusiastically assert that the EPA had become "a better known institution in Norwegian circles than the United Nations."[34]

Several member countries began realizing that the EPA in addition to being responsible for the distribution of more than ten million dollars, was a channel for the dissemination of ideas and technology throughout Europe. The latter function could make it an important instrument not only for European integration but also for furthering specific economic national interests. This potential role was certainly taken into consideration both in the British and in the German debate about the EPA. The head of the British OEEC delegation and chairman of the OEEC Council, Sir Hugh Ellis-Rees, urged the UK to fill out the perceived power vacuum in the EPA, before the US or Germany managed to do so. He moreover felt there was a strong interest in Western Europe, particularly in the less developed countries, to see the UK take the technological leadership.[35] A step in that direction was taken in December 1954 when King was elected chairman of the PRA Committee.[36] This British-German competition "to take over leadership of

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[32] MBZ, DGEM-Archief 663/EPA Algemeen, f. "1477," ltr., Hijmans to Berger and de Milly, 9.11. 1954, att: note, 9.11. 1954.

[33] PRO, BT64/4790, note, Wright to Perryman, 28.4. 1956, att: "Draft Paper About the EPA;" UMA, j.nr. 106.P.11, box 1, desp. no. 222, OEEC del., 13.1. 1955. See also: MBZ, f. "996.26, EPA/Algemeen deel I, DEA/T.P.," note, no. 1454, de Milly to van der Beugel, 13.7. 1955.

[34] WNRC, RG 469, Office of the Deputy Director for Operations (ODDO), OAEO, SF 1955-59, box 23, f. "Technical Cooperation, Dec. 1955," ecoto circ. A-68, 9.12. 1955. Olav Skogen's remark is less far-reaching than it might appear, since it does not specify which "Norwegian circles" were referred to. The EPA's fame, moreover, certainly varied from one country to another. In 1956, *The Economist* called the EPA "a little known child of the OEEC" (cf. *The Economist*, 4.8. 1956).

[35] PRO, CAB134/1183, T.A.(L)(54)19, SCTA, 15.2. 1954, att.: ltr., Ellis-Rees to Strath, 2.2. 1954; PRO, CAB134/1183, T.A.(L)(54) 1st Meeting (M), SCTA, 17.2. 1954, "Minutes of Meeting of the Sub-Committee Held at the BOT on 5.2. 1954;" PRO, BT64/4790, "Draft Brief for the Minister of State on NPACI" (probably from Feb.-March 1954); PRO, CAB134/1183, T.A.(L)(54)22, SCTA, note by the BOT, 22.2. 1954, "Preparation of EPA Programme 1954/55."

[36] PRO, CAB134/1183, T.A.(L)(54) 1st Meeting (M), SCTA, 17.2. 1954. King later became deputy director of the EPA (1957-61).

the EPA"[37] at least demonstrated that these two countries considered the agency of some potential use.

While the reputation of the EPA was improving, its capital fund was running out and a decision about its future became pressing. Much of the secretariat's energy was thus spent on financial matters. In 1955, the UK, France, Belgium, the Netherlands and Germany had made all their contributions transferable. The latter did not stand to lose anything since the EPA spent large sums in Germany. Others were less amenable. Italy withheld its contribution to the EPA for more than two years, forcing the agency to buy lire for francs and dollars.[38] The Council therefore requested all member countries to make their contribution transferable in order to ensure that the agency would not be "limited by considerations of currency availability in its choice of the place and the means for the implementation of its projects."[39] Another problem for the EPA was that the national participation in its projects often was hindered because the NPCs lacked the funds required to meet the cost of such participation. This was a problem particularly in Italy and Germany. The Council therefore twice appealed to the member countries, asking them to provide their NPC with sufficient funds for participating in EPA projects.[40]

Even more fundamental for the future of the EPA was the question of US willingness to assist the agency. In November 1955, King and Grégoire went to the US on a public relations trip. The purpose of their visit was to brief their contacts within the administration, the business community, universities, the Ford and Rockefeller foundations, and trade unions, about the achievements of the EPA and to lobby for continued American support. Both the Ford and the Rockefeller foundations pledged support for the agency's activities.[41] More importantly, the American administration's response was positive. It reiterated that it attached great importance to increasing Europe's productivity as a means to promote economic integration and trade liberalization and that it saw the agency as the best suited instrument for American-European collaboration in this field.[42] The EPA would remain a channel for American aid, but the European share of the financial burden

[37] WNRC, RG 469, USOM, Mission to Austria, PTAD, SF 1952-58, box 4, f. "Briefing Materials," memo, Hall to Russell, 23.9. 1954, "The FOA Productivity Program."
[38] PRO, BT64/4768, ltr., Fletcher to Hancox, s.d. (October or November 1955).
[39] UMA, j.nr. 106.P.11, box 1, C(55)5(Final), 2.2. 1955.
[40] UMA, j.nr. 73.C.41/19i, box 4, CE/M(54)26(Prov.), 5.8. 1954.
[41] HM, j.nr. 88-5-56, note, no. 3255, Hoelgaard, 19.12. 1955.
[42] PRO, BT64/4768, note by the BOT, 7.2. 1956, "The future of the EPA."

would have to be increased. The US would continue contributing to the agency if the Europeans committed themselves to do the same.[43] As a result, the Europeans were faced with a difficult question, namely whether they genuinely considered the EPA useful and worth paying for. In 1955, both King and Grégoire thought that it was too early to put forward suggestions for the permanent or long-term future of the agency since its record did not yet seem conducive to any positive decision. The agency therefore should try to "buy time" with a temporary solution. In the absence of any proof that it was economically essential, the EPA should sell itself to the OEEC Council as something politically useful.[44]

### C. The Swiss Crisis (1956-57)

In 1956, the EPA's three-year experimental period was running out. The OEEC countries had to decide on the agency's future and the Council set up a working party to discuss the matter. In June 1956, it decided, on the recommendation of the working party, that the agency should be continued at least until 1960.[45] This decision, however, was not unanimous.[46] Switzerland took exception, stating its unwillingness to contribute financially to the EPA. This was hardly surprising, since this country had considered the whole concept of the EPA "fundamentally wrong from the beginning."[47] Had swiss membership in the EPA been the sole problem, it would not have

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[43] UMA, j.nr. 106.P.11, box 2, C(56)40, 20.2. 1956; PRO, BT64/4790, note, Wright to Perryman, 28.4. 1956, att.: "Draft Paper About the EPA;" SVUD, Afd. H, grupp 77, PP 42, 43, von Sydow to Swärd, 8.3. 1956; ASCONF, box 70/18.2, f. "EPA Programmi 1956-1957," note (s.l. , s.d.), "AEP;" MBZ, DGES-Archief, 996.256 EPA OEEC/deel I, EPA/D/1222, ltr., Grégoire to de Milly, 30.12. 1955.

[44] PRO, BT64/4768, ltr., Fletcher to Hancox, s.d. (October or November 1955); ASCONF, box 18.1, f. "AEP. Programmi di attività dell'AEP. Interventi della Confederazione. Interventi del CIFE. Circolari, corrispondenza. appunti," note, "Allocution de M. Grégoire." De Milly saw things sligthly differently. In his view the political and economic arguments were "all in favour of continuing the EPA," whereas financial considerations pulled the other way (cf. MBZ, DGES-Archief, 996.256 EPA OEEC/deel I, note, de Milly to Grégoire, Fletcher and King, 15.2. 1956.

[45] UMA, j.nr. 106.O.21, box 1, desp. no. 3899, OEEC del. to UM, "EPA's fremtid."

[46] UMA, j.nr. 106.P.11, box 3, C(56)127(Final), 9.7. 1956, "Resolution of the Council on the Future of the EPA;" UMA, j.nr. 106.P.11, box 2, note, 20.3. 1956, UM to Regeringens økonomiudvalg, "Det europæiske produktivitetscentrums fortsættelse;" UMA, j.nr. 106.P.11, box 3, PRA(56)68, 20.11. 1956, "Draft Report by the Committee on the Objectives and Methods of Work of the EPA;" UMA, j.nr. 106.P.11, box 2, no. 2330, OEEC del., 29.5. 1956, "EPA's forlængelse."

[47] UMA, j.nr. 106.P.11, box 2, C/M(56)21(Prov.), 23.5. 1956, "Minutes of the 326th Meeting Held on 11.5. 1956."

mattered much. But if the swiss position was tolerated, other member countries – and in particular the UK – might follow suit, which in practice would amount to terminating the EPA. This created an extremely uncomfortable and almost paralyzing situation for the agency and its staff throughout the second half of 1956. For six months, the officials of the agency were "completely tied up and partially demoralized."[48] Grégoire and other EPA staff members spent most of their time drafting papers and meeting various delegations trying to work out a compromise. During the second half of 1956, virtually no new activities were undertaken by the agency, since the Swiss were systematically voicing their reserve and the US refused to commit any funds as long as the matter had not been settled.[49] From the onset of the "Swiss crisis," the US stated that the future of the EPA was a matter which needed to be decided by the member countries themselves. They emphasized that any future American support was conditional on the OEEC countries being ready to contribute substantially to the agency.[50] At the same time though, the Americans actively encouraged the continuation of the agency and strongly disapproved of the Swiss attitude.[51] In November 1956 there was widespread exasperation with the "ignorant"[52] Swiss and their "silly ideas."[53] Therefore, the Dutch delegate to the PRA Committee argued that there was a need to

> change our tactics completely. Until now we were friendly, humble and admitting a number of errors in the past, nearly to the point where EPA plus all the other countries had a role of the accused in front of the one wise judge. This should end.[54]

Finally, American pressure and the total isolation of Switzerland within the OEEC ended "the cruel game about the Swiss participation"[55] when Switzer-

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[48] WNRC, RG 469, OAEO, ROS, RRt EPA, 1953-1957, f. "EPA Advisory Board through 1957," ltr., MacPhail (Director, PTAD) to Little (ICA/W), 6.12. 1956.

[49] Ibid.

[50] Concerning the EPA's finances, see chapter III.

[51] UMA, j.nr. 106.P.11, box 2, C/M(56)21(Prov.), 23.5. 1956, "Minutes of the 326th Meeting Held on 11.5. 1956."

[52] MBZ, DGES-Archief, 996.256 EPA OEEC/deel I, 1955 t/m Dec. 1957, ltr., de Milly to Hausberger (Austrian del. OEEC), 19.11. 1956.

[53] MBZ, DGES-Archief, 996.256 EPA OEEC/deel I, 1955 t/m Dec. 1957, ltr., de Milly to Grégoire, 15.11. 1956.

[54] Ibid.

[55] CHBA, E 2200 Paris (OECD), Lf. bzw. 1972/159, box 39, f. "PRA. Participation suisse," ltr., Homberger and Wehrli to SCEE, 18.12. 1956.

land capitulated in January 1957 and acquiesced in contributing to the EPA on the same terms as other members.[56]

The generally positive atttitude towards continuing the EPA had both political and economic motivations. The US found that the agency had played a positive role in promoting European cooperation in the field of productivity, and clearly favored its continuation. An appraisal of what would be politic in regard to US-European relations certainly influenced the stance taken by the member countries.[57] Yet another factor was developments in the cooperation among Europeans. The decision about the agency's future had to be made at a time when the OEEC was being split between those countries – France, UK, Germany, Belgium, the Netherlands and Luxemburg – engaged in the so-called Messina process and those chosing to stay outside. In June 1955, the six foreign ministers of the European Coal and Steel Community (ECSC) had met in Messina, where they had decided to establish the Spaak Committee to study and discuss the possibility of creating a common market and an atomic energy community. Less than two years later, in March 1957, these talks would lead to the signing of the Treaties of Rome and the foundation of the European Economic Community (EEC) and Euratom. While the UK refused to join a common market, and in November 1955 withdrew from the Spaak Committee, it could not afford to ignore these developments. Faced with the threatening prospect of a successful negotiation on the establishment of a customs union between the six ECSC countries, the UK decided in May 1956 to push for the creation of an all-European free trade area (FTA), which it formally proposed in November 1956. But to no avail, since this proposal proved unsuccessful as a device for blocking the talks between the Six, who went ahead with their plans, and since the FTA proposal was definitively vetoed by France in November

[56] WNRC, RG 469, OAEO, ROS, RRt EPA, 1953-1957, box 1, f. "EPA/General Through 1957," EPA(57)11, 3.9. 1957, att.: "Decision of the Council Concerning the Future of the EPA;" UMA, j.nr. 106.P.11, box 4, no. 541, OEEC del., 1.2. 1957, "EPA's forlængelse;" UMA, j.nr. 106.P.11, box 4, C(57)19, 30.1. 1957, "Decision of the Council concerning the Future of the EPA." The problem for the Swiss, which they had already experienced in 1953 when they had unsuccessfully tried to make use of article 14 of the OEEC convention, was that for political reasons it was next to impossible to stay out of the agency, let alone to leave it once it had been created. Such a move would indeed threaten the very existence of the organization since other countries might follow suit. Sven Åsbrink complained that this made the member countries captive clients of the agency, which had little incentive to react to their complaints (cf. HM, j.nr. 86 (1960), f. "86-9-60," Sekretariatet for Danmarks Erhvervsfond, 3.3. 1961, "Direktør Sven H. Åsbrinks personlige tilføjelser til det fællesskandinaviske memo om det fremtidige produktivitetsarbejde under OECD").

[57] UMA, j.nr. 106.P.11, box 2, C/M(56)21(Prov.), 23.5. 1956, "Minutes of the 326th Meeting Held on 11.5. 1956."

1958.[58] The division appearing between the Six and the Non-Six militated against dealing the OEEC a further blow, which terminating the EPA undoubtedly would be. There was in any case a wish among many member countries not to take any negative step as long as no decision had been taken on the FTA proposal.[59]

However, the positive assessments of the EPA were not merely due to "external" considerations such as the need to secure American benevolence or apprehension over a widening rift between Europeans. Indeed, by 1956 the EPA had achieved a certain amount of goodwill. As a British report later summed up, in 1956 the EPA was "a going concern, from which many European countries considered that they derived considerable benefit."[60] Among the most positive were the Norwegians, but also the Germans and the Italians enlisted themselves among the agency's supporters.[61] The German ministry for economic cooperation considered that the EPA had become "one of the most effective means to promote European integration."[62] The PRA Committee, which largely had come to represent the NPCs, proposed that the EPA be guaranteed a further ten years existence as of August 1957.[63] The Joint Trade Union Advisory Council (JTUAC) likewise favored a continuation of the EPA, as did, albeit without enthusiasm, the Council of European Industrial Federations (CEIF).[64]

The main stumbling block was, in addition to Switzerland, the UK, which the scale of contributions to the OEEC would make the biggest contributer to the EPA.[65] The British reluctance to accept a continuation of the agency was basically due to the lack of perceived usefulness of its activities for the

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[58] Richard T. Griffiths, "'An Act of Creative Leadership': The End of the OEEC and the Birth of the OEEC," in: Griffiths, *Explorations in OEEC History*, pp. 237-39.

[59] NOUD, box 122, f. "3," note, Juel, 21.2. 1956; ASCONF, box 70/18.2, f. "EPA Programmi 1956-1957," note (s.l. , s.d.), "AEP."

[60] PRO, CAB134/2202, MAC(58)14(Final), note by the Foreign Office (FO), 10.9. 1958, "Future of the EPA."

[61] UMA, j.nr. 106.P.11, no. 2330, OEEC del., 29.5. 1956; NOUD, box 122, f. "3," note, Juel, 21.2. 1956.

[62] Auswärtiges Amt (BRDAA), Politisches Archiv (PA), Bestand Referat (BR) 401, Bd. 91 AZ: 88.129, ltr., Bundesministerium für Wirtschaftliche Zussammenarbeit (Dahlgrün, BWZ) to Auswärtiges Amt (Hallstein, AA), 9.4. 1956, "Zukunft der EPA."

[63] UMA, j.nr. 106.P.11, box 2, note, 11.2. 1956, "Draft Note on the Future Financing of EPA;" UMA, j.nr. 106.P.11, box 3, PRA(56)68, 20.11. 1956.

[64] UMA, j.nr. 106.P.11, box 3, PRA(56)68, 20.11. 1956. For further details about the JTUAC and the CEIF and their attitudes towards the EPA see Chapter VI.

[65] In 1955-56, the British contributions to the OEEC budget represented 25.3 percent of all member countries' contributions (cf. OEEC, *Acts of the Organisation*, vol. 16, p. 827).

UK. It was felt that "[t]here [was] a good deal that might be said in favor of withdrawal of UK support, which [...] would in practice amount to the abolition of EPA."[66] The UK nevertheless opted for continued support to the EPA "on the grounds that it was highly regarded by other members of OEEC and supported by the Americans."[67] If it was to be held responsible for wrecking the agency, doubts could arise as to how sincere the proclaimed British support for the OEEC was, which in turn could endanger objectives in other more important fields of cooperation with the OEEC countries.[68] Further, it would seem awkward, in view of the UK leadership in the OEEC generally, for it to refuse to support "one of the more important and more highly publicized spheres of the Organisation's work."[69] One official regretted that the UK had originally opposed the EPA being set up as an independent international body operating outside the OEEC, since such a solution would have depoliticized the whole issue. By now, all the UK could do was to hope that the continuation of the EPA would be on the cheapest and most innocuous terms possible, without saying so explicitly. The British, therefore, were ready to accept contributing to the EPA on the basis of the OEEC quotas. But they favored a downscaling of the activities of the agency and, as a means to control its expenditure, a closer integration into the OEEC structure, merging its budget with that of the OEEC and ensuring a tight and close supervision of its activities through the Council.[70]

In January 1957, it was unanimously decided to continue the EPA for at least another three-year period starting in 1957.[71] Coupled with this decision, the Council requested an improvement of the operational efficiency of the agency, mainly as a result of the Swiss objections to continue contributing to an agency which they considered a waste of money. The Danes and the Swedes made their continued support contingent on an improvement of the

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[66] PRO, BT64/4768, ltr., November, (TI 19/179/01), Maude to Preston; PRO, CAB134/1183, T.A.(L)(54)19, SCTA, 15.2. 1954, att.: ltr., Ellis-Rees to Strath, 2.2. 1954.

[67] PRO, CAB134/2202, MAC(58)14(Final), note by the FO, 10.9. 1958.

[68] Ibid.; PRO, BT64/4790, note, Wright to Perryman, 28.4. 1956, att.: "Draft Paper About the EPA."

[69] PRO, CAB134/2202, MAC(58)14(Final), note by the FO, 10.9. 1958.

[70] PRO, BT64/4768, note by the BOT, 7.2. 1956.

[71] WNRC, RG 469, OAEO, SF 1955-59, box 44, "Productivity January Thru May 1956," tel. 2057, 29.5. 1956, State Dept/ICA to AmEmb Bern; WNRC, RG 469, OAEO, ROS, RRt EPA, 1953-1957, EPA: Advisory Board – EPA: General, box 1, f. "EPA Advisory Board Through 1957," ltr., MacPhail to Little, 6.12. 1956; OEEC, *Acts of the Organisation*, vol. 17, pp. 39-47.

EPA's administration.[72] Several member countries further wished to strengthen the links between the agency and member countries and with the international professional organisations. Finally, it was stated that the agency should act both as a clearing house for the NPCs and as a centre for study and discussion.[73] The ensuing lengthy negotiations were concluded in July 1957, when the Council adopted the amended Constitution for the EPA.[74]

## D. In Search of a Role (1958-60)

The laborious compromise reached in 1957 lasted merely one year. In July 1958, the secretary general of the OEEC, René Sergent, wrote to the country delegations that he could not "with good conscience" recommend a continuation of the EPA after 1960, if it did not undergo a radical reform. During the previous years, the agency had changed character, as it was dealing with a field much broader than the original goal of enhancing productivity. It ought therefore, so Sergent concluded, to be transformed into a European Development Agency, which would be the "operational branch" of the OEEC.[75] With Sergent's letter the OEEC embarked on a bitter discussion which would not cease until the agency was wound up. Basically the question was whether the EPA should continue concentrating on the so-called traditional activities, which were those pertaining to productivity in industry, commerce and agriculture, or whether it should concentrate on its new tasks, namely aid to less developed areas and problems relating to science and technology, notably the training of scientific and technical personnel (STP). Roughly speaking, this debate provoked a North-South divide. Generally the Northern European countries favored focusing on the traditional activities whereas the Southern European countries favored the new ones.

While it is not clear who got Sergent to take the initiative, the main forces behind it are identifiable: the US as well as the OEEC and the EPA

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[72] SVUD, Afd. H, grupp 77, PP 44, ltr., Centralkomiten för Produktivitetsfrågor (CKFP, Iveroth and Seth) to Utrikesdepartementet (UD), 4.5. 1956, "Memorandum on the Future of the EPA, Submitted by the Swedish National Productivity Center;" UMA, j.nr. 106.P.11, box 2, C/M(56)21(Prov.), 23.5. 1956, "Minutes of the 326th Meeting Held on 11.5. 1956."

[73] See Chapter III.

[74] OEEC, *Acts of the Organisation*, vol. 17, pp. 335-49.

[75] WNRC, RG 469, OAEO, SF 1955-59, box 81, f. "Productivity April – September 1958," ltr., RS-1682, Sergent to Heads of National Delegations, 11.7. 1958.

secretariats. Some suspected the US of having the main responsibility.[76] In any case, by 1958, both the US and the OEEC and EPA secretariats favored a broader approach to operational activities by the OEEC than the one which the EPA had hitherto represented. The US had decided to give a high priority to scientific and technological development and aid to underdeveloped areas, both because of a beginning shortage of scientific and technical personnel, and because of the Soviet advances towards the non-aligned countries. The "Sputnik shock" was a potent catalysator for these endeavors. In American eyes the launching of the world's first artificial satellite demonstrated that the Soviet Union had achieved impressive economic results with potentially dangerous consequences.[77] It increased the attractiveness of the Soviet model, particularly in third world countries, and opened threatening military prospects. This situation led to strong American pressure on its European allies to devote greater sums to the development of their science and technology research programs.[78] The EPA did have a Committee for Applied Research (CAR) which promoted cooperation among the member countries. However, in 1958 the US preferred to have the OEEC create a new organization within its orbit, the Office for Scientific and

[76] BRDAA, PA, BR 401, Bd. 91 AZ: 88.129, note, 1.6. 1959, "Besuch von Wilgress;" PRO, CAB134/2202, MAC(58)14(Final), note by the FO, 10.9. 1958. See also: CHBA, 7111(B) Lf. bzw. 1972/168, box 307, f. "1960. EE. 801. AEP – programme d'action et problèmes généraux," "Notes sur la conférence du 17.10. 1959 à l'OFIAMT relative à l'avenir de l'AEP."

[77] A recurrent theme in the discussions concerning the need for improving Western European productivity were the allegedly impressive Soviet economic advances and the advantages which the planning economy could give the Soviet Union in allowing it to concentrate resources on one specific sector and achieve greater advances than the West in that field (cf. for example: UMA, j.nr. 106.O.21, box 4, EPA/D/7450 (General Introduction), 12.1. 1960; BRDAA, PA, BR 401, Bd. 91 AZ: 88.129, note, 12.12. 1958; SVUD, Afd. H, grupp 77, PP 54, note, Velander, 27.6. 1960; ASCONF, box 58/4.2, f. "CIFE. Gruppo di lavoro per l'attività EPA. Anno 1958-59," ltr., CIFE/1125, 10.12. 1958, Leali to CGII; UMA, j.nr. 106.O.21, box 1, C(58)8, 16.1. 1958, "Revised Program and Part I Budget of EPA for 1957-58;" MBZ, DGES-Archief, 996.256 EPA OEEC/deel I, ltr., Hendrickx (Directeur, OBAP) to de Milly, 24.2. 1956, att.: note, 24.2. 1956; UMA, j.nr. 106.O.21, box 2, note, no. 2926, OEEC del., 20.6. 1959. Concerning the shortage of scientific and technical personnel, see OEEC, *Acts of the Organisation*, vol. 13 (p. 88), vol. 14 (p. 93), and vol. 16 (p. 185).

[78] PRO, CAB134/2215, MAC(CS)(58)99, 31.12. 1958, note by Ellis-Rees, 18.12. 1958; BRDAA, PA, BR 401, Bd. 91 AZ: 88.129, note, 1.6. 1959. See also Chapter VIII. For a comparison of the NATO and the EPA science programs, cf. PRO, FO371/150088, M551/202, E.Q.(E.O.)(60)4, note by the Treasury, 30.3. 1960, "The Extent of Duplication of Scientific Work in NATO and OEEC." See also: UMA, j.nr. 106.O.21, box 1, no. 4712, OEEC del. to UM, 20.10. 1958; ASCONF, box 58/4.2, f. "CIFE. Gruppo di lavoro per l'attività EPA. Anno 1958-59," ltr., Morelli to Valletta, 22.12. 1958, att.: note, 19.12. 1958; ASCONF, box 58/4.2, f. "CIFE. Gruppo di lavoro per l'attività EPA. Anno 1958-59," note, 22.1. 1959, "Avvenire dell'AEP."

Technical Personnel (OSTP), to boost European efforts to improve scientific and technical education.[79] Very soon, however, it appeared that the separation between the CAR's work and that of the OSTP was illogical and impractical. The reorganization of the EPA into the sole operational branch of the OEEC seemed to offer a solution to an awkward situation. Such a branch would include not only the existing operational agencies of the OEEC but also any future ones: the EPA's projects in the field of industry, commerce and agriculture, those in favor of areas in the process of economic development (APED), the European Nuclear Energy Agency, the OSTP. It would be headed by a director who would simultaneously act as deputy secretary general for the OEEC's operational activities.[80]

The OEEC and the EPA secretariats had largely convergent interests. Both had to find new tasks if they wanted to survive. The OEEC seemed well on its way to have exhausted its role in the monetary field and the French vigorously opposed British proposals to have it discuss trade matters arising from the establishment of the EEC.[81] As far as the EPA was concerned, to the extent that the main *raison d'être* of the agency had been to carry on propaganda for productivity, its task could be said to have been succesfully

[79] This may have been a sign of American distrust towards the EPA (as hinted by Sergent, cf. WNRC, RG 469, OAEO, SF 1955-59. box 81, f. "Productivity April – Sept. 1958," ltr. Sergent, RS-1682, 11.7. 1958; see also PRO, CAB134/2203, MAC(59)6th Meeting, att.: ltr., Ellis-Rees to Figgures, 29.4. 1959) and confidence in its deputy director, Alexander King. Since 1953, King had advocated concentrating international cooperative efforts on applied research (ABA, Arbejderbevægelsens Erhvervsråd, arkivnr. 516, box 80, f. "Produktivitetsudvalget. 1953. C1," note 308, HMPU, 15.3. 1953). In December 1956, he had advocated the creation of an OEEC Committee of Directors of the European Research organisations which would play a role similar to the one the PRA Committee played for the NPCs. He wondered whether such an organization would fit into the EPA structure. However, he stated that, considering the problem of "continuing shortage of research workers" and the efforts to further European integration, "a research body of the highest level will become necessary" (MBZ, DGES-Archief, 996.26, f. "OEES/EPA/Alg., GB, EPA Structuur," ltr., King to de Milly, 27.12. 1956).

[80] WNRC, RG 469, OAEO, SF 1955-59, box 81, f. "Productivity April – Sept. 1958," ecoto A-71, USRO Paris, 25.7. 1958, to ICA/W, "Structure of OEEC (Operational Programs and the Future of the EPA);" CHBA, E 2200 Paris (OECD), Lf. bzw. 1975/90, box 17, f. "1957/59. B.23.3. Avenir de l'AEP," note, "Some Comments by the US Delegation on the Subject of the Proposed Reorganization of the Operational Activities of the OEEC." See also: PRO, CAB134/2203, MAC(59)6th Meeting, att.: ltr., Ellis-Rees to Figgures, 29.4. 1959.

[81] In December 1958, convertibility was restored in the UK, France and Germany, and the European Payments Union (EPU) was abolished (Paul M. Pitman, "The French Crisis and the Dissolution of the European Payments Union, 1956-1958," in: Griffiths, *Explorations in OEEC History*, pp. 223-24).

performed... and finished.[82] It was, therefore, not surprising that its secretariat was looking for a new job. A more complete integration into the OEEC would help make it a permanent institution.[83] Furthermore, the STP program was strongly backed by the US as well as by several European countries. It was seen as a useful endeavor to help Europe keep its place in the economic race between the West and the East.[84] The APED program had strong support in the Southern European countries. Aid to less developed areas in Western Europe was justified as a prerequisite for further economic integration. Without such assistance some Southern countries' readiness to accept further trade liberalization might be jeopardized. It could therefore be sold as a program "designed to facilitate general acceptance of a free trade area."[85] During a public relations tour in December 1958, Grégoire campaigned for Sergent's proposal, emphasizing its ambitious nature and the need to secure the backing of top-level people, just as had been the case with the ECSC, the EEC and Euratom.[86] However, such support was not forthcoming.[87]

The proposal was not mere empire-building on the part of the OEEC. It was also designed to meet the desire, shared by many member countries, to strengthen the OEEC as a link between all Western European countries, and notably between the Six and the Non-Six.[88] More specifically, Sergent's

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[82] ASCONF, box 58/4.2, f. "CIFE. Gruppo di lavoro per l'attività EPA. Anno 1958-59," ltr., CIFE/1125, Leali to CGII, 10.12. 1958; ASCONF, box 58/4.2, f. "CIFE. Gruppo di lavoro per l'attività EPA. Anno 1958-59," ltr., Arnaud, circ. 480, 13.11. 1958, att.: ltr., van Leeuwen to Arnaud, 27.10. 1958.

[83] ASCONF, box 58/4.2, f. "CIFE. Gruppo di lavoro per l'attività EPA. Anno 1958-59," ltr., Leali to CGII, CIFE/1103, 3.12. 1958, att.: note, "Gruppo di lavoro del CIFE sulla produttività;" ASCONF, box 58/4.2, f. "CIFE. Gruppo di lavoro per l'attività EPA. Anno 1958-59," ltr., Arnaud, circ. 480, 13.11. 1958, att.: ltr., van Leeuwen to Arnaud, 27.10. 1958; BRDBA, B 102/37395 (2), note, 6.8. 1958; ASCONF, box 70/18.2, f. "AEP," ltr., Valletta to de Micheli, 24.1. 1959; Riksarkivet (NORA), HD, Avd. for Utenrikshandel 1948-1961 II, box 122, f. "5," note, Birch, 28.2. 1957; ASCONF, box 58/4.2, f. "CIFE. Gruppo di lavoro per l'attività EPA. Anno 1958-59," ltr., Morelli to Valletta, 9.12. 1958, att.: note, 9.12. 1958.

[84] ASCONF, box 58/4.2, f. "CIFE. Gruppo di lavoro per l'attività EPA. Anno 1958-59," note, CIFE/1103, Leali to CGII, 3.12. 1958.

[85] WNRC, RG 469, OLA, LPD, RRt EPA, box 1, f. "EPA Administration," ecoto A-71, USRO Paris, 25.7. 1958. See also: DDE, Manuscripts, Clarence Francis Papers 1933-1973, box 3, f. "EPA. 1958," ltr., van Dyke to Francis, 28.3. 1958.

[86] ASCONF, box 58/4.2, f. "CIFE. Gruppo di lavoro per l'attività EPA. Anno 1958-59," note, CIFE/1103, Leali to CGII, 3.12. 1958.

[87] BRDAA, PA, BR 401, Bd. 91 AZ: 88.129, note, 12.12. 1958, "Zukunft der EPZ."

[88] Svenska Arbetsgivareföreningen (SVAF), P0021, ltr., Lund to Bergenström, 14.10. 1959.

proposal may have been motivated by a wish to tie the six EEC countries to long-term cooperation with the other OEEC countries in the field of development policy and at the same time prevent these countries from establishing close cooperation among themselves in this field.[89]

While Sergent put forward his proposal in July 1958, it took some time before the lines of division among the member countries emerged. Many felt that the secretariat's intentions were not clear. Moreover, the FTA negotiations and the divisions between the Six and the Non-Six were considered to be more pressing matters which would largely determine the fate of the EPA. The first reaction to Sergent's letter was one of surprise. That still another reorganization of the EPA should be requested just a year after the 1957 reform seemed puzzling to many.[90] One year earlier, the members of the Council had been relieved to finally get rid of the question of the EPA's structure which they had argued about "*ad nauseam*"[91] for months. Sergent's proposal to transform the EPA into an ambitious operational agency of the OEEC apparently pointed in the exact opposite direction as the one confirmed the previous year, namely that the EPA should be a clearing house for information about productivity questions.[92] In fact, the clearing house function had been given a prominent position because many member countries strongly favored it – not because the secretariat had resigned itself to playing a more modest role. Many were not convinced by the reasons put forth, and felt that the newly adopted structure for the agency should be given a chance to prove its worth before any new organizational reshuffle be initiated. Some also found that if the secretary general had a problem with his conscience about recommending the continuation of the EPA, then "something must be wrong" with the agency.[93] Moreover, many member countries thought it would be appropriate to await the outcome of the Free Trade Area (FTA) negotiations. As long as the future of the OEEC and the FTA was uncertain, it seemed unwise to make any definitive decisions about the future of the EPA.[94] This mixture of suspicions about the secret motives

[89] UMA, j.nr. 106.O.21, box 1, note, 10.9. 1958, "Møde i UM d. 9.9. 1958 vedr. EPA's fremtid."

[90] UMA, j.nr. 106.O.21, box 1, note, 9.9. 1958, "Drøftelser med Ellis-Rees. EPA's fremtid;" UMA, j.nr. 106.O.21, box 2, CES/9.055 Annex II, 30.5. 1959, "Swiss Memo on the Interim Report of Working Party No. 26 of the Council (Future of the EPA)."

[91] BRDBA, B 102/37412, ltr., Werkmeister to BWZ, 3.9. 1957, "Struktur der EPZ: Zusammensetzung des Beirats. Ratssistzung vom 26.7. 1957."

[92] See above. For further details see Chapter III.

[93] BRDBA, B 102/37395 (2) , note, Kalkhorst, 2.9. 1958, "Zukunft der EPZ;" BRDBA, B 102/37395 (2), no. 1420, OEEC del. to BMW, 29.9. 1958, "Zukunft der EPZ."

[94] PRO, CAB134/2202, MAC(58)14(Final), note by the FO, 10.9. 1958; UMA, j.nr.

behind the proposal, of intense dislike of its substance and of a strong feeling that the timing was totally wrong made for some ill-tempered debates. Since Sergent's proposal met with little enthusiasm, Working Party no. 26 was asked to make suggestions for a reorganization.[95] Its report, completed in July 1959, suggested setting up four committees, responsible for the main sectors of work of the agency – industry, agriculture, APED and applied research/ scientific and technical personnel – and acting under the direct supervision of the Council of the OEEC. One of the report's main ideas was that henceforth emphasis should be laid on STP and APED programs and that traditional activities in industry, commerce and agriculture should be relegated to a secondary role and possibly given up.[96]

The ensuing discussion about Working Party no. 26's report centered on two main questions, namely that of the respective role of the traditional and of the new activities and the institutional arrangements for what was being called "the new agency." The Nordic group – which included the Netherlands, Germany, Switzerland, Norway, Sweden, Denmark and to a certain extent Belgium – favored the narrow productivity concept, which implied a continuation of the EPA's activities more or less along the lines already followed. These countries found it difficult to see why the creation of a new agency was necessary, the reasons given by Working Party no. 26 and the secretariat appearing to be "weak."[97] Their main point was that while it might be necessary to enlarge the concept of productivity somewhat, the time was not yet ripe for giving up the traditional EPA activities in favor of a more general development policy. Morever, they did not believe that the Council would be able to take over the coordinating role hitherto played by the Governing Body, and they therefore advocated the creation of a "Super-Governing Body."[98] The Swiss disliked the idea of merging a "healthy"

106.O.21, box 1, no. 4167, OEEC del. to UM, 18.9. 1958; UMA, j.nr. 106.O.21, box 1, note, 9.9. 1958.

[95] PRO, FO371/150079, M551/89, GF/CR/23, "23rd Meeting Held on 22.2. 1960: EPA – History and Present Problems;" UMA, j.nr. 106.O.21, box 1, no. 4303, OEEC del. to UM, 29.9. 1958. Concerning the membership of Working Party no. 26, see: OEEC, *Acts of the Organisation,* vol. 17, p. 531.

[96] WNRC, RG 469, OAEO, SF 1955-59, box 92, f. "Committees – OEEC (4 of 6)," ecoto A-204, 13.10. 1959, att.: C(59)215, 31.7. 1959.

[97] NLRA, 2.06.061, Inv.nr. 590, note, 8.8. 1959, "Eindrapport over de toekomst van de EPA van Werkgrop no. 26 van de Raad." See also: UMA, j.nr. 106.O.21: EPA, box 1, no. 4712, OEEC del. to UM, 20.10. 1958; UMA, j.nr. 106.O.21, box 2, no. 2926, OEEC del., 20.6. 1959; ASCONF, box 58/4.2, f. "CIFE. Gruppo di lavoro per l'attività EPA. Anno 1958-59," ltr., Morelli to Valletta, 22.12. 1958, att.: note, 19.12. 1958.

[98] WNRC, RG 469, OAEO, SF 1955-59, box 92, f. "Committees – OEEC (4 of 6)," ecoto A-232, 24.10. 1959, "Heads of Delegations Discussion of EPA/STP Reorganiza-

organization (the OSTP) with an "unhealthy" one (the EPA), since such "dangerous liaisons" might corrupt the OSTP, even though the presence of Alexander King at the head of the OSTP, was reassuring.[99] Some among the critics of the secretariat's proposal saw in it a scheme to save the EPA.[100] Conversely, it could be seen as a maneuver to grant the OEEC a new lease on life, since it would be given a new and important function which could justify its survival. Finally, suspicions were voiced that the secretariat was simply plotting to get rid of an irritating and talkative entity, the Governing Body, in order to take over its coordinating functions.[101] Several skeptics saw Grégoire's hand and his "ambitious aspirations"[102] behind the reform proposals.

The Southern group, which in this case included the French, the Italian, the Greek and the Yugoslav delegates, found that future EPA activities should be based on a broader concept of productivity. France saw little advantage for itself in the industrial and agricultural work of the EPA and supported giving higher priority to the OSTP/CAR programs and also to the APED program. The Italians, the Greeks and the Yugoslavs were mainly interested in the latter. The Southern group was thus endorsing the secretariat's

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tion"; WNRC, RG 469, OAEO, SF 1955-59, box 92, f. "Committees – OEEC (4 of 6)", ecoto A-204, 13.10. 1959. See also: UMA, j.nr. 106.O.21, box 3, CES/9.124, 30.9. 1959, "Future of EPA. Comments and Proposals by the German and Swiss Delegations on the Report of Working Party No. 26;" UMA, j.nr. 106.O.21, note, 8.9. 1958; BRDBA, B 102/37396 (2), note, 10.7. 1959, "Notizen betr. die Organisation der AEP ab Sommer 1960;" UMA, j.nr. 106.O.21, box 3, ltr., HMPU to UM, 25.9. 1959; UMA, j.nr. 106.O.21, box 3, C/WP26/W/16, ltr., Swedish OEEC del. (Hägglöf) to Ellis-Rees, 27.7. 1959; UMA, j.nr. 106.O.21, box 3, no. 3060, OEEC del., 30.6. 1959.

[99] CHBA, 7111(B) Lf. bzw. 1972/168, box 307, f. "1960. EE. 801. AEP – programme d'action et problèmes généraux," "Notes sur la conférence du 17.10. 1959 à l'OFIAMT relative à l'avenir de l'AEP."

[100] ASCONF, box 58/4.2, f. "CIFE. Gruppo di lavoro per l'attività EPA. Anno 1958-59," ltr., circ. 480, Arnaud, 13.11. 1958, att.: ltr., van Leeuwen to Arnaud, 27.10. 1958; BRDBA, B 102/37395 (2), note, 6.8. 1958; ASCONF, box 70/18.2, f. "AEP. Consiglio Consultativo," ltr., Valletta to de Micheli, 24.1. 1959; NORA, HD, Avd. for Utenriks-handel 1948-1961 II, box 122, f. "5," note, Birch, 28.2. 1957; ASCONF, box 58/4.2, f. "CIFE. Gruppo di lavoro per l'attività EPA. Anno 1958-59," ltr., Morelli to Valletta, 9.12. 1958, att.: note, 9.12. 1958.

[101] UMA, j.nr. 106.O.21, box 1, no. 4712, OEEC del. to UM, 20.10. 1958, "EPA. GB;" National Archives and Records Administration (NARA), RG 59, 840.00/10-1659, AmEmb London (Barbour) to SecState; BRDBA, B 102/37396 (2), note, 10.7. 1959. See also: UMA, j.nr. 106.O.21, box 2, note, HMPU, 4.5. 1959; UMA, j.nr. 106.O.21, box 2, no. 2926, OEEC del., 20.6. 1959.

[102] ASCONF, box 70/18.2, f. "AEP. Consiglio Consultativo," ltr., Priore to Delfini, 29.1. 1960, att.: note, 9.1. 1960; CHBA, E 2200 Paris (OECD), Lf. bzw. 1975/90, box 17, f. "1957/59. B.23.3. Avenir de l'AEP," Soldati to SCEE, 30.9. 1958.

proposals.[103] In 1959, the UK was very skeptical of the traditional activities, which was hardly surprising since it had never been among the agency's supporters. At the same time, however, it was tempted to adopt a wait-and-see attitude as long as its relations with the EEC countries remained unclear.[104]

The debate about the EPA's future was quite heated. The Danes where shocked by how adamantly the UK and France tried to get rid of the traditional EPA activities.[105] Both countries actually considered liquidating the EPA altogether. By the fall of 1959 France was ready to see the EPA dissolved and to concentrate on the only two activities worthy of being continued: aid to underveloped areas and the OSTP activities.[106] In February 1960, Ellis-Rees had to return to London to dissuade the British government from announcing its withdrawal from the EPA in case the industry-related activities were not given up.[107] Apart from France and the UK there was in 1959 a more positive attitude towards the EPA among the member countries than ever before, and a readiness to accept it being made a permanent institution under a strengthened OEEC Council supervision.[108]

The "war for the EPA"[109] went on for several months,[110] until "the smaller-scale plans for the reform of EPA were overtaken by the larger-scale projects for the reorganization of the OEEC as a whole."[111] Since 1956, the question of the division between the Six and the Non-Six, and the role of the OEEC as a link between them had been an ever more essential factor in the

[103] ASCONF, box 58/4.2, f. "CIFE. Gruppo di lavoro per l'attività EPA. Anno 1958-59," ltr., CIFE/1125, Leali to CGII, 10.12. 1958.

[104] NARA, RG 59, 840.00/10-1659, G-298, AmEmb London (Barbour) to SecState; BRDBA, B 102/37395 (2), no. 1420, OEEC del. to BMW, 29.9. 1958.

[105] UMA, j.nr. 106.O.21, box 4, note, Jensen, 2.2. 1960; UMA, j.nr. 106.O.21, box 4, note, Friis, 6.1. 1960, "Samtale d. 22.12. 1959 med EPA's vice-direktør King." See also: UMA, j.nr. 106.O.21, box 2, note, HMPU, 4.5. 1959.

[106] CHBA, E 2200 Paris (OECD), Lf. bzw. 1975/90, box 17, f. "1957/59. B.23.3. Avenir de l'AEP," note, OEEC del., 1.10. 1959, "Entretien avec un haut fonctionnaire francais ('M. X.')."

[107] UMA, j.nr. 106.O.21, box 4, note, Jensen, 2.2. 1960.

[108] UMA, j.nr. 106.O.21, box 3, tel. no. 645, OEEC del to UM, 16.7. 1959; UMA, j.nr. 106.O.21, box 1, note, 10.9. 1958; BRDBA, B 102/37395 (2), OEEC del. (Werkmeister), "Die 6. Sitzung des GB der EPA, 9.10. und 10.10. 1958;" UMA, j.nr. 106.O.21, box 1, no. 4167, OEEC del. to UM, 18.9. 1958.

[109] CHBA, 7111(B) Lf. bzw. 1972/168, box 306, OEEC del. to Languetin, 29.9. 1959.

[110] WNRC, RG 469, OAEO, SF 1955-59, box 92, f. "Committees – OEEC (4 of 6)," ecoto A-204, 13.10. 1959; WNRC, RG 469, OAEO, SF 1955-59, box 92, f. "Committees – OEEC (4 of 6)," ecoto A-232, 24.10. 1959.

[111] UMA, j.nr. 106.O.21, box 5, OEEC, EPA, EPA/D/8540, 20.10. 1960, "Report on the Activities of the EPA for the FY 1959-1960."

discussions about the EPA's future.[112] The FTA negotiations had failed in November 1958 and the Seven – the UK, Norway, Sweden, Denmark, Switzerland Austria and Portugal – had had to resign themselves to the creation of European Free Trade Association (EFTA) in November 1959, while the "peripherals," i.e., the least industrialised OEEC countries, were left out.[113] The OEEC thus remained the main bridge linking the Western European countries together, and it was appreciated as such – except by the French, who argued that the OEEC's activities and usefulness should be judged on their own merits. In the summer of 1959, there was growing support in the US for the reorganization of the OEEC into an Atlantic organization, of which the US and Canada would become members. While the idea of encouraging transatlantic coordination of economic policies was not new, several factors combined in 1959 to make such a collaboration desirable. First, the perceived Soviet threat in third world countries focused the mind of Western decision-makers on the potential political advantages to be derived from aiding less developed countries. Second, the preliminary moves of President Charles de Gaulle to increase French autonomy within the Atlantic alliance highlighted the fact that Western unity should not be taken for granted. A reorganized OEEC would provide a forum to discuss the common economic problems of the Western countries as well as aid to underdeveloped countries.[114] In December 1959, it was decided to start negotiations on a reorganization of the OEEC, which would enable the US and Canada to become members. The following month a group of "Four Wise Men" was appointed to discuss plans for such a reorganization.[115]

## E. The Winding Up of the EPA (1960-61)

Despite the plans for a reorganization of the OEEC, Working Party no. 26, which apparently had the backing of the OEEC's secretariat, wished to proceed with the reform of the EPA as originally contemplated, i.e., to create a single operational agency for the OEEC. This was only sustainable on the assumption that the Group of Four and all future members of the reorganized OEEC would support such a development. However, in March 1960,

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[112] UMA, j.nr. 106.O.21, box 1, C(58)8, 16.1. 1958.

[113] Mikael af Malmborg and Johnny Laursen, "The Creation of EFTA," in: Thorsten B. Olesen (ed.), *Interdependence Versus Integration. Denmark, Scandinavia and Western Europe, 1945-1960*, Odense, 1995, p. 201.

[114] Griffiths, "'An Act of Creative Leadership'," p. 242.

[115] The Group of Four was composed of W. Randolph Burgess, Bernard Clappier, Sir Paul Gore-Booth, and Xenophon Zolotas (see Griffiths, "'An Act of Creative Leadership'," p. 246).

the Americans requested that the discussions on the EPA and the OSTP be suspended until the report from the Group of Four was known.[116] They argued that any reform of the EPA would be dependent on the resolution of the wider issue of a reorganization of the OEEC. A less overt, but more fundamental, motive was the fact that they had decided that they themselves would not want to participate in the traditional activities of the EPA, and that it was, therefore, highly probable that the EPA would eventually be dissolved.[117] Their adjournment proposal was backed by the French, and accepted without enthusiasm by the EPA member countries. The Belgian delegate expressed displeasure with what he called an American "diktat."[118]

The Group of Four started its work in January 1960, and four months later it published its report, with recommendations for a reorganization of the OEEC. During these months it held hearings and informed itself of the position of the individual member countries about the reorganization of the OEEC and in particular about the activities they wished to see taken care of by the new organization. Both France and the US preferred a weak organization, whereas most other participants wanted to retain significant roles for the OEEC. The main themes of discussion related to the competence of the new organization in trade matters and the degree of continuity between the OEEC and the future organization. The fate of the EPA was an aspect of the latter question, but it remained a secondary issue. The views of the participating countries on the EPA were highly dependent on their more general views on the future of the OEEC and their willingness to compromise with the Americans and the French. The main difference of approach among the Europeans arose, according to a UK report:

> over the extent to which we should try [to] meet American susceptibilities. [...] The Swedes, Norwegians and Swiss and to a lesser extent the Danes think that we should take a tougher line; that we should retain more of the features of the present organisation, particularly its power to take decisions, and that we should not unduly weaken it to get the Americans in.[119]

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[116] WNRC, RG 469, OAEO, SF 1955-59, box 92, "Committees – OEEC (4 of 6)," ecoto A-232, Paris to Washington, 24.10. 1959; UMA, j.nr. 106.O.21, box. 4, note, OEEC del. (Riis), 21.3. 1960.

[117] PRO, FO371/150073, M361/7, ltr., Ellis-Rees to Holliday, 27.1. 1960 (sic), att.: ltr., McCarthy to Ellis-Rees, 28.1. 1960.

[118] UMA, j.nr. 106.O.21, box 4, OEEC del. (Riis), note, 21.3. 1960, "Delegationschefmødet d. 18.3. 1960 om EPA's fremtid;" PRO, FO371/150114, M557/3, ltr., Maddocks to Goodfellow, 3.2. 1960.

[119] PRO, BT11/5574, M/551/31, "Reorganisation of OEEC. Summary of Replies to Foreign Office Telegram No. 38 to Berne, Received by 4.2. 1960."

Switzerland stressed that it wanted to see the existing functions of the OEEC retained as they feared that any fiddling with them might transform the OEEC into "a purely consultative body."[120] The Swiss in fact suspected the French of plotting to get rid of the OEEC altogether. Belgium also had a maximalist view in the sense that in its opinion the reconstituted organization ought to do everything done by OEEC.[121] The Dutch government equally insisted that the new organization should not be a weaker version of the OEEC, and reacted with anxiety to any proposal to alter existing activities.[122]

Obviously, these views had consequences for the attitudes towards the EPA.[123] Generally, comments about the continuation of the EPA as an organization were few, vague and and uncommittal. To the extent that the position papers of the different countries mentioned the OEEC's productivity work, the general tone of their comments was rather positive. France, in the beginning of 1960, seemed to consider such a continuation desirable, and was even considering an autonomous European set-up if the Americans decided not to participate in the EPA activities.[124] The UK expressed its desire to see the EPA continued "on the lines recommended by Working Party no. 26."[125] Norway wished to see the tasks performed by the OEEC in the fields of productivity and STP continued by the new organization, without specifying under what organizational arrangements.[126] Ireland was grateful for the EPA's past achievements and hoped that they would be continued and even strengthened by the new organization.[127] Germany simply stuck to the recommendations of Working Party no. 26.[128] Belgium favored a continuation of the EPA but acknowledged that some changes had to occur in its program and that an improved connection to the general

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[120] PRO, FO371/150080, M551/105, desp. no. 53 to Berne, "Conversation Between the Secretary of State and Daeniker (Swiss Ambassador) on the Reorganisation of OEEC, 29.2. 1960."

[121] PRO, FO371/150078, M551/65, tel. no 32, OEEC del. to FO, 11.2. 1960, "GOFEO. Meeting with Ockrent."

[122] PRO, FO371/150081, M551/113, tel. no. 60, Gore-Booth to FO, 1.3. 1960, "GOFEO – Netherlands."

[123] BRDAA, PA, BR 401, box 91 AZ: 88.129, note, 1.6. 1959, "Besuch Wilgress."

[124] PRO, BT11/5574, GF/CR/12.

[125] PRO, FO371/150080, M551/93, 26.2. 1960.

[126] PRO, FO371/150085, M551/163, memo from the Norwegian government, s.d. (received by FO 15.3. 1960).

[127] PRO, FO371/150081, M551/116, GF/CR/29, 25.2. 1960.

[128] PRO, FO371/150080, M551/106, ltr., Le Quesne (UK OEEC del.) to Gallagher (FO), 26.2. 1960, att.: "Federal German Republic. Replies to the Questionnaire of the 'Group of Four.' Preliminary Remarks."

policy of the OEEC was necessary.[129] The Netherlands merely saw the EPA as "a useful means of associating labour and management with the work of the organisation," without being more specific about the agency's future.[130] Switzerland appeared to favor the approach of Working Party no. 26, and thus in fact accept the continuation of the EPA, though with increased emphasis on the scientific and APED programs, and praising in particular the achievements of the OEEC's STP projects.[131] Canada did not want to commit itself as far as the EPA was concerned but expressed its willingness to continue contributing to the work in the scientific field.[132] The Joint Trade Union Advisory Council (JTUAC) considered the EPA's productivity work important because much educational effort was still needed among trade unions.[133] The countries with areas in the process of development unsurprisingly favored the continuation of programs benefiting such areas. This was the case in particular of Greece, which strongly appreciated the work of the EPA and "firmly believe[d] that it must be maintained and reinforced within the reconstituted OEEC."[134] It also applied to Italy, which praised the usefulness of the EPA's work for underdeveloped regions and hoped that future EPA activities would concentrate on these regions and on science."[135] The views of Yugoslavia were similar.[136] Most member countries thus wished the EPA's activities to be continued in some form or another.[137] However, the differences between those favoring giving priority to the STP and the APED programs and those insisting on the continuation of the traditional productivity activities persisted.[138]

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[129] PRO, FO371/150079, M551/80, ltr., Ockrent to Burgess, 8.2. 1960, att.: "Draft Reply to the Questionnaire on the Reorganisation of the OEEC."

[130] PRO, FO371/150081, M551/113, tel. no. 60, Gore-Booth to FO, 1.3. 1960, "GOFEO – Netherlands."

[131] PRO, FO371/150081, M551/117, 23.2. 1960, "Mémo suisse pour le Groupe des Quatres (sic)."

[132] PRO, FO371/150081, M551/116, GF/CR/35, 3.3. 1960.

[133] PRO, FO371/150078, M551/63, tel. no. 30, UK OEEC del. to FO, 10.2. 1960, "Chief Points Made at a Meeting Between GOFEO and the TUAC on 9.2. 1960;" PRO, FO371/150080, M551/95, ltr., Le Quesne to Gallagher, 20.2. 1960, att.: note, 20.2. 1960, "Group of Four, Meeting Between Sir Paul Gore-Booth and Representatives of the TUC."

[134] PRO, FO371/150084, M551/150, memo by the Greek del., s.d. (Received 11.2. 1960).

[135] PRO, FO371/150081, M551/116, GF/CR/31, 26.2. 1960.

[136] PRO, FO371/150085, M551/167, memo, Yugoslavia, 27.2. 1960.

[137] Sweden considered the work of the OSTP and the Committee for Applied Research (CAR) useful, but expressed doubts about the EPA (cf. PRO, FO371/150079, M551/89, GF/CR/22, 20.2. 1960).

[138] BRDAA, PA, BR 401, box 91 AZ: 88.129, note, 1.6. 1959; ECHA, EPA Archives, f.

The US position, however, proved decisive. In retrospect, it seems that, once the reorganization of the OEEC had been decided, in December 1959, the days of the EPA were numbered. It was clear that the US would not participate in the traditional productivity enhancing projects. In December, Douglas Dillon, the US undersecretary of state, expressed his support for a continued OEEC program in the fields of science and underdeveloped areas. However, he found that neither of these activities belonged properly to a specialized productivity agency such as the EPA. He could see no reason whatsoever for continuing to support the projects of the Industry-Labor sectors or the Food and Agriculture sectors beyond 1961, except to the extent that they concerned themselves directly with underdeveloped areas. On the other hand, a brutal interruption of US assistance to such programs would annoy several OEEC countries. He, therefore, proposed to keep such activities "at the minimal possible level."[139] The US views were communicated to the Group of Four in February 1960.[140]

There were many pressures on the administration to change its stand. Both King and Grégoire protested, the US representative on the Advisory Board, Clarence Francis, did so too, and communicated his views to President Eisenhower (to whom he was both a personal adviser and a friend).[141] In February 1960, trying to avoid the total demise of the classical EPA activities, King went to the US to negotiate with a large number of American officials.[142] The reactions of all these contacts were positive.[143] The main stumbling block was the state department. In meeting its officials, chiefly John Tuthill and his aides, King advocated Atlantic cooperation in the field of productivity enhancement in industry, insisting on the usefulness of such cooperation with regard to the less developed areas and on the benefit which small and medium-sized firms in America could derive from it. However, an

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"AEP, Avenir de l'agence, Groupe de travail no. 26," EPA/GB/M(59)4, 9.12. 1959, "Minutes of the 11th Session Held on 26.10. and 27.10. 1959."

[139] NARA, RG59, 840.00/12-2459, ltr., Dillon to McCarthy, 24.12. 1959.

[140] PRO, FO371/150081, M551/116, GF/CR/35, 3.3. 1960.

[141] NLRA, 2.06.061, MEZ, AP, Inv.nr. 590, note no. 1989/101, Strengers, 21.3. 1960.

[142] He notably met Professor Kistiakowsky (scientific adviser to president Eisenhower), Allan Waterman (president of the National Science Foundation), Neil (director of the Commission for Economic Development), Clarence Francis (US representative in the EPA Advisory Board, 1953-1961, Personal advisor to President Eisenhower), Congressman Coffin (member of the Joint Congressional Committee on Economic Affairs), Senator Javits as well as Ruttenberg and Victor Reuther (both members of the CIO-AFL committee for EPA questions), cf. ibid.

[143] Ibid. See also: George Kistiakowsky, *A Scientist at the White House. The Private Diary of President Eisenhower's Special Assistant for Science and Technology*, Cambridge Mass., 1976, p. 259.

influential group in the American administration, led by John Leddy, one of Dillon's main advisers, feared an economically strong Europe at the very moment when the situation of the American balance of payments was worsening. This group thought that it would be "untactical" to help Europe increase its productivity, and it was in particular not keen to encourage the traditional EPA activities which they thought would help the Western European competitors more than the US.[144] For this reason the Americans not only were unwilling to participate in any OEEC program for industrial productivity, but they would have opposed such a program even if it were to be a purely European one.[145]

The US position that the activities in the industrial and commercial field should be eliminated was backed by France and to a lesser degree by the UK. When this became clear, it had a devastating effect on the morale of the top-level staff, and led the director, Grégoire, and his deputy, King, to recommend a dissolution.[146] Faced simultaneously with the insistent American demand that the agency's expenditures on STP programs be increased,[147] with no prospect for any increase in the member countries'

[144] NLRA, 2.06.061, MEZ, AP, Inv.nr. 590, note no. 1989/101, Strengers, 21.3. 1960; NLRA, 2.06.061, Inv.nr. 590, note, Berger, 8.9. 1960, "Bespreking bij Buitenlandse Zaken op vrijdag 9 dezer over de toekomst van de EPA;" PRO, CAB130/157, Gen/671/41, note by the FO, 4.12. 1959, "Mr. Douglas Dillon and the Political Background."

[145] NLRA, 2.06.061, MEZ, AP, Inv.nr. 590, note no. 1989/101, Strengers, 21.3. 1960.

[146] ECHA, f. "EPA, 1953-1958," f. "EPA 1953-58," Alexander King: "The Productivity Movement in Post-war Europe" (s.d.); ECHA, EPA Archives, box 1, f. "10," EPA/D/7577, Grégoire to Sergent, 1.2. 1960; UMA, j.nr. 106.O.21, box. 4, OEEC del. (Riis), note, 21.3. 1960. One year earlier, King had earnestly advocated the necessity of the EPA in view of the necessity to keep up with the Americans as well as with the threat created by the Soviet achievements. Considering the importance of this problem, he said, it was for the Europeans "eine Lebensfrage die EPZ auszubauen" (cf. BRDAA, PA, BR 401, box 91 AZ: 88.129, note, 12.12. 1958.) That same month, Grégoire stated that the continuation of the EPA was a necessity if the European countries wanted to take up the challenge of international competition, cf. BRDAA, PA, BR 401, Bd. 91 AZ: 88.129, 15.12. 1958, "Protokoll über die Sitzung am 10.12. 1958 betr. die Zukunft EPZ" ). In December 1959, Grégoire had, according to the Danish participant, "painted the devil on the wall" during a meeting of the Committee of Deputies of the Ministers of Agriculture of the OEEC, in the hope of scaring those present into pressuring their governments to do something to save the traditional EPA activities (cf. UMA, j.nr. 106.O.21, box 3, ltr., Groot to Agerup, 9.12. 1959; UMA, j.nr. 106.O.21, box 3, desp. no. 5695, OEEC del. to UM, 7.12. 1959).

[147] The main opponent to the American demands was Germany. The Americans reacted with some "exceptionally harsh" comments on German egoism and cheapness, since such a rich country refused modest increases in expenditures which poorer countries had willingly consented to (cf. BRDAA, PA, BR 401, Bd. 357 88.129, desp. no. 91, Werkmeister to van Scherpenberg (AA) and BMW (Müller-Armack), 16.5. 1960).

contributions to the agency, and with an uncooperative Governing Board, Grégoire felt that it would be impossible to continue the agency in any meaningful way. The activities supporting science and APED could be undertaken by other appropriate bodies in the OEEC and the rest would have to be given up. This view was shared by King.[148] During a discussion between Grégoire, Ellis-Rees and the Group of Four, it was concluded that the EPA was deficient in two main respects, one formal and one more substantial. First of all "[e]ffective control of EPA had eluded the Council of OEEC and EPA had the appearance of a body pursuing its own objectives under the influence of technicians independently of the general policy of the organisation."[149] Secondly, neither the tasks nor the structure of the EPA was any longer adapted to the economic needs of its member countries, they were "out of date." Worse, most NPCs had proven deficient and had not been able properly to represent the EPA in the member countries.[150]

The report of the Group of Four was made public in April 1960. It proposed the reorganization of the OEEC into the Organisation for Economic Cooperation and Development (OECD), of which the US and Canada would become members. As far as the EPA was concerned, it recommended, as did Working Party no. 26, that the traditional activities of the EPA should play a less important role compared to those concerning science and the less developed areas.[151] Otherwise, it discarded the proposals of Working Party no. 26, namely the amalgamation of the EPA and OSTP, the division of the new agency into four sectors, and its close supervision by a working party under the Council. Working Party no. 26 had left the door open for the survival of the EPA, probably under a new name. Instead, the Group of Four opted for a more radical solution which consisted in dissolving the EPA and

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[148] PRO, FO371/150073, M361/8/G. 1960, Ellis-Rees to Holliday, 18.2. 1960, "Future of EPA: Views of M. Grégoire. Minute of Meeting on 17.2. 1960 by Haddocks." Grégoire was obviously not happy with this conclusion, which implied winding up an institution – the EPA – which had to a large extent been his work, while the main activities to be continued would be those of the OSTP. In February, the Governing Body even rejected Grégoire's ideas for the reduced Industry Programme (that "was the last straw" for Grégoire, according to Haddocks' note).

[149] PRO, FO371/150079, M551/89, GF/CR/23, 22.2. 1960, "EPA – History and Present Problems."

[150] Ibid.

[151] The only traditional activities which the Group of Four identified as worthwhile continuing were "the provision of information and [...] selected projects promoting cooperation between management and labour in fostering the adaptation of industry to technological and economic changes" (see *A Remodelled Economic Organisation*. A Report by the Group of Four established by the Resolution of 14th January 1960 of the Twenty Governments and the Commission of the European Economic Community, Paris, 1960.*)*

distributing its various activities among the different divisions of the reorganized OEEC.[152] Several reasons were given for this. First of all, the existence of a separate agency with its own budget was allegedly due to the fact "that the EPA has been financed as to fifty percent from the USA, which as an Associate of the OEEC does not contribute to the general budget,"[153] and that with the US joining the new organization, the need for such a separate agency had been removed. Secondly, it was hoped that a merging of the EPA into the reorganized OEEC would allow some economies to be made. Thirdly, the broadened concept of productivity made it ever harder to justify such diverse projects being handled by one single body. And fourthly, the group felt the need for a closer assocation between the operational activities of the EPA and other aspects of the organization's work.[154]

Although the demise of the EPA was foretold by the GOFEO report, it took time before this dawned upon everybody. For very long, many took the continuation of the EPA for granted. In the beginning of February 1960, Arnaud, president of the Council of European Industrial Federations (CEIF), had clear though unofficial indications that the reorganization of the OEEC would not in any way endanger the EPA.[155] When the report was published, it seemed open enough to interpretations, since the chairman of the OEEC Council thought that it was in tune with the conclusions reached by Working Party no. 26 which clearly would have allowed a continuation of the EPA in a new guise.[156] Generally, there were only few reactions on the part of the OEEC countries to the recommandations of the Group of Four as far as the EPA was concerned. The Norwegians disagreed with the idea that the EPA should be wound up and found the report "very unsatisfac-

[152] *A Remodelled Economic Organisation*. The section concerning the EPA was written by Gore-Booth. His initial instructions from the group did not foresee the winding up of the EPA but rather its re-naming as Technical Problems Section, cf. PRO, FO371/150081, M551/116, GF/CR/35, 3.3. 1960. It seems that it was the American attitude which was decisive for the final wording (cf. NOUD, 44.25/38, box 3, Emb. London to UD, 16.4. 1960, "Firemaktsgruppens rapport" (sic). The only EPA-related institution which the GOFEO wanted to keep was the Advisory Board as a means to keep a channel of communication open with both trade unions and private firms.

[153] *A Remodelled Economic Organisation*. In fact budgetary reasons had played a very minor role in the original American decision to back the creation of the EPA and in subsequent decisions to continue subsidizing it.

[154] *A Remodelled Economic Organisation*.

[155] ASCONF, box 58/4.2, f. "CIFE. Gruppo di lavoro per l'attività AEP. Anno 1960-1961," ltr., CIFE/2924, Leali to CGII, 3.2. 1960, att.: note, 2.2. 1960.

[156] UMA, j.nr. 106.O.21, box 4, CES/60.34, 27.4. 1960, "Questions Concerning the EPA and the OSTP." In September 1960, the Dutch still believed that the recommendations of Working Party no. 26 were valid (cf. NLRA, 2.06.061, Inv.nr. 590, note, Berger, 8.9. 1960.

tory," but they did not find much comfort in the attitude of other member countries.[157] This was most probably due to the fact that the negotiations concerning the reorganization of the OEEC involved some more fundamental questions.[158] In May 1960, Wormser polemized against those who wished to keep important elements of the previous work of the OEEC in the new organization while at the same time creating this organization with the US and Canada who did not want to continue these activities. As he put it: "You cannot eat your cake and have it too."[159]

The involvement of the US in the new organization was indeed deemed essential by the Europeans, and the negative American view of the future of the EPA made it inconceivable for any country to stand up to a real fight for the survival of the agency. The negotiations on the reorganization of the OEEC were already difficult due to disagreements concerning the functions of the future organization and in particular about its competence in trade matters. The British position was that more secondary questions, notably those concerning the fate of the EPA, "should not get in the way of achieving a satisfactory and agreed program for working out the shape and the details."[160] It was, therefore, a question which was best left to be solved at a later stage, once a new secretary general had been appointed to supervise the transition to the new organization.[161] In July 1960, a draft of the convention for the OECD was initialed and the former Danish minister of finances, Thorkil Kristensen, was appointed the new secretary general. In September 1960, negotiations on the new organization started within the Preparatory Committee. It quite soon became clear that most countries accepted the recommendations of the Group of Four, namely that the operational emphasis of the OECD should be put upon assistance for underdeveloped member countries and the development of scientific resources, and that the EPA should be wound up. Many OEEC countries were indeed "anxious to meet the US desire to spend more on OSTP."[162] The two issues which remained unclear were the fate of the EPA's traditional activities and the choice of the organizational framework within which to continue the OEEC's operational activities. Most member countries wished to keep the industrial

[157] NOUD, 44.25/38, box 4, note, 7.5. 1960, "Reorganiseringen av OEEC. Uttalelse fra frihandelsutvalgets embetsmannsgruppe om 'De fire vises' rapport;" PRO, FO371/150073, M361/15, ltr., Maddocks to Goodfellow, 25.4. 1960.

[158] NLRA, 2.06.061, Inv.nr. 590, note, 25.8. 1960, "Resoluties van de Advisory Board en het Internationale Bedrijfsleven;" NOUD, 44.25/38, box 4, note, 7.5. 1960.

[159] NOUD, 44.25/38, box 4, note, 27.5. 1960.

[160] PRO, FO371/150096, M551/320, Minutes by Rich, 24.5. 1960.

[161] Ibid.

[162] PRO, BT258/560, BT/EPA(60)M, 23rd Meeting, 28.6. 1960.

and agricultural activities.[163] Even the UK was now supporting this solution, mainly because it thought that its good relations to the other EFTA countries, which were generally positive towards the EPA's work, might be served by such an attitude. The US, however, remained adamant that they should be terminated.[164] With regard to the second question, the situation was more peculiar. Somewhat paradoxically, considering its past record, the UK waged a rearguard battle to ensure a central control of the surviving EPA activities. Its motivation was mainly financial, as it considered that a body responsible for all operational programs was needed to keep an eye on the expenses. Accordingly, the British delegate proposed the creation of a Technical Cooperation Committee directly responsible to the OEEC Council, to control and coordinate the operational budget of the four or five different sectors of the work.[165] This looked like an attempt to bring back to life the ideas of Working Party no. 26, and was opposed by the other delegations. They thought that such a committee would be the Governing Body under another name and that the whole proposal amounted to a continuation of the EPA, the demise of which most of them now considered inevitable.[166]

The ministerial meeting held on December 13-14, 1960 accepted the recommendation made by the Preparatory Committee that some of the EPA activities – namely those especially designed for member countries in the process of economic development and those in the field of applied research – should be maintained by the OECD. For the rest, a general review took place, following which it was decided to distribute those EPA projects to be continued among the competent sections of the OECD. The EPA officially ceased to exist as the OEEC gave way to the OECD, on September 30, 1961.[167] On the institutional level though, it was decided, on a French

[163] DDE, Manuscripts, Clarence Francis Papers 1933-1973, box 3, f. "EPA. 1960," memo, Alexander King, 10.8. 1960, "Operational Activities of OECD in Relation to US Participation."

[164] ASCONF, box 58/4.2, f. "CIFE. Gruppo di lavoro per l'attività AEP. Anno 1960-1961," ltr., circ. 669, Arnaud, 21.12. 1960.

[165] PRO, FO371/150096, M551/320, ltr., Bretherton to Owen, 20.5. 1960. Concerning the view that one single agency was a prerequisite for checking the upward drift of operational expenditures, cf. PRO, FO371/150073, M361/15, ltr., Maddocks to Goodfellow, 25.4. 1960.

[166] PRO, FO371/150073, M361/30, ltr., Hankey (UK del to OEEC) to Jackling (FO), 1.11. 1960. Both France and the US wished to get rid of the EPA (cf. SVUD, Afd. H, grupp 77, PP 54, no. 179, OEEC del. (Hägglöff) to UD, 20.3. 1961; SVUD, Afd. H, grupp 77, PP 55, tel. no. 167, Hägglöff to UD, 3.7. 1961).

[167] UM, j.nr. 106.O.21, box 6, EPA/D/9550, 15.6. 1961.

proposal, that the OECD should still offer a forum where the NPC representatives could meet.[168]

Few seriously mourned the agency. According to a British analysis, the more technically-advanced countries were inclined to believe that EPA activities had no future under OECD.[169] The Danes, however, consistently tried to persuade their OECD partners to continue all former EPA activities. In the end they had to give up, faced with the atttitude of most of the larger member countries which considered that the EPA and its projects were no longer tailored to their needs.[170] The strongest supporting reactions for the EPA came from those most active in productivity matters linked to the EPA, especially from the trade unions. In June 1960, the Advisory Board deplored the reduction of agricultural and industrial activities in the program of the agency for 1960/61, denouncing it as "inexcusable in the face of the economic expansion of the Eastern bloc."[171] At the same time the representatives of the Council of European Industrial Federations, the European Council of Craft and Small and Medium-Sized Enterprises, the Joint Trade Union Advisory Council and the agricultural organizations criticized the GOFEO report, and in particular its proposal that the EPA should be wound up.[172] A number of delegates in the Governing Body were anxious to endorse these resolutions. This was, however, vetoed by the delegates from the UK, France, Italy and Switzerland.[173]

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[168] SVUD, Afd. H, grupp 77, PP 55, tel. no. 167, Hägglöff to UD, 3.7. 1961.

[169] PRO, BT258/560, BT/EPA(62)M, 25th Meeting.

[170] UM, j.nr. 106.O.21, box 6, ltr., Sekretariatet for Danmarks Erhvervsfond to UM, "OECD's produktivitetsarbejde," handwritten comment by Poul Jensen, 26.2. 1962.

[171] UM, j.nr. 106.O.21, box. 5, C(60)115, 17.6. 1960, att.: "Resolution of the Advisory Board Taken at its Meeting on 1.6. 1960."

[172] NLRA, box 2.06.061, MEZ, AP, Inv.nr. 590, EPA/AB/M(60)2, 2.6. 1960, "Resolution Adopted on 1.6. by the Representatives of the Council of European Industrial Federations, the European Council of Crafts and Small and Medium-Sized Enterprises, the Joint Trade Union Advisory Committee and the Agricultural Organisations on the Occasion of the Meeting of the Advisory Board of the European Productivity Agency." However, the General Council of the CEIF at its meeting of 5.7. 1960 refused to endorse the stance taken by its representatives. It simply expressed its hope that "[t]he work of promoting productivity in the field of industry and commerce should be continued within the OECD," see: ECHA, microfilm no. 547 ("OCDE 29.05.79. S.G., Conference on the Reorganisation of OEEC, 1960"), Addendum to OECD/WP/26, 8.7. 1960, ltr., Arnaud to Hjort Nielsen, 7.7. 1960.

[173] WNRC, RG 469, ODDTS, OPS, PADiv, FEEB, RRt EPA 1954-60, box 1, f. "Europe. OEEC," EPA/GB/M(60)3, 4.8. 1960, "Minutes of the 14th Session Held on 2.6.-3.6. 1960;" NLRA, 2.06.061, Inv.nr. 590. note, Berger, 8.9. 1960.

## F. Conclusion

During its eight years of existence, the EPA remained constantly exposed to reform proposals and termination threats. It lived, as a Swedish official put it, "under the star of uncertainty."[174] The first two and a half years were marked by a very bad start which was at least partly due to bad management and a period of paralysis caused by the Swiss policy of obstruction.[175] Afterwards the standing of the agency itself improved, but it was not helped by general developments in Europe. Productivity was growing at high rates in many OEEC countries, and the need for governmental action therefore seemed to fade. As the Moody funds were running out, many NPCs likewise lost steam. Without a network of strong NPCs which could serve as the agency's local sponsors, the EPA was in a weak position. Instead, those economic problems which were coming to the forefront – the role of science and technology and aid to less developed countries – were only remotely related to the EPA's original field of activities. In 1959, the EPA's main sponsor turned against it. While quite a few Europeans thought that the agency should survive, the US was adamant that it should not. It did not want to engage in activities which were no longer seen to be in its own interests, even though they might serve the interests of the OEEC countries. During the OEEC reorganization discussions in 1960, the EPA was a mere pawn in the European "high politics" involving the relations between the Six and the Seven as well as between the US and Western Europe. But its winding up was not accidental. It was desired both by the US and by France. The fact that it could be liquidated so easily and be forgotten so fast, was a reflection of the fact that its story was to a large extent one of conflicts and problems. These conflicts will be further explored in the following chapters.

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[174] SVUD, UD, Afd. H, grupp 77, PP 54, note, Velander, 27.6. 1960, "Redegörelse för samtal med ambassadör Hägglöf lördagen den 4 juni 1960." See also: ASCONF, box 58/4.2, f. "CIFE. Gruppo di lavoro per l'attività EPA. Anno 1958-59", ltr., Arnaud to Mattei, 6.2. 1959, att.: note, Angelkort, "Quelques idées sur un programme européen pour le développement de l'industrie et du commerce."

[175] MBZ, DGES-Archief, f. "996.26, OEES/EPA/Alg., GB, EPA Structuur," ltr., de Milly to Rasmussen, 24.1. 1957.

# III. AN OPERATIONAL BRANCH OF THE OEEC

Much of the EPA's existence was plagued by discussions about what it actually was or ought to be. Some defined it as an operational branch of the OEEC, others chiefly saw it as an American aid agency, still others envisioned it as a European federation of national productivity centers (NPCs), and some, finally, hoped that it could evolve into a tripartite organization. While not necessarily exclusive of each other, these four definitions do reflect different political ambitions, which will be discussed in the following four chapters. First of all, the EPA was created as an "operating arm"[1] of the OEEC. However, discussions about the status of the EPA as an operational branch caused numerous conflicts among the member countries. These conflicts concerned the official role of the agency, its place within the OEEC, its working procedures and its administration.

## A. An Operational Body

The fundamental *raison d'être* of the EPA was to be an operational branch of the OEEC with the purpose of enhancing productivity. Its aim was to change attitudes and practices through seminars, conferences, missions, pilot projects, etc.[2] From the beginning, however, the member countries had very different views about how outgoing the new agency should be.[3] That did not deter the EPA secretariat from launching an ambitious program, based on the belief that the agency "should above all initiate dramatic actions creating psychological jolts and addressing a large public by way of exhibitions, press

[1] WNRC, RG 469, OEO, ROS, SF 1948-53, box 3, f. "Economics: Productivity Program (1 of 3)," repto 1444, Paris to London, 27.10. 1952. It was also labelled "executive arm" (MBZ, DGEM-Archief 66/PRA Algemeen deel 3, f. "1471," 4.2. 1953, "Verslag van de vergadering van het PRA Committee op 25.1.-26.1. 1953) and "executive body" (MBZ, DGEM-Archief 66/PRA Algemeen deel 3, f. "1471," note, de Milly to van der Beugel, 5.1. 1953).

[2] WNRC, RG 469, OAEO, ROS, RRt EPA, 1953-1957, EPA: Advisory Board – EPA: General, box 1, f. "EPA/General Through 1957," EPA(57)11, 3.9. 1957, "Results Obtained and Future Prospects. Report on the Agency's First Phase of Activity (1st May 1953 – 30th June 1957) and on its Situation at 1st July 1957." A slightly modified version of this comprehensive report was subsequently published: OEEC, *The European Productivity Agency. Activities and Achievements. A Summary of the Work Done by E.P.A. During Four Years of Operational Activities*, Paris, 1958.

[3] See Chapter I.

or radio campaigns as well as propaganda conferences."[4] These rather costly activities apparently had limited effects, and were soon criticized as wasteful by many member countries.[5] The secretariat willingly pledged to concentrate its activities, but that hardly solved all problems, since the countries disagreed about which subjects should be given priority. In December 1956, Grégoire emphasized that it:

> represent[ed] an inevitable compromise between the 3 main conceptions of the EPA's role. In fact one group of countries held that the EPA should be a service for the supply of consultants and the organisations of missions at small cost to the participating countries. Others believe that the EPA should be essentially a clearing house for the exchange of experiences and information, whereas a third group held that the agency should be a centre for study and research of the effect of productivity and give guidance for the formulation of national policies on such matters as the rate of technological inovation, sociological research, economic analysis etc. It was evident that a more clear-cut policy and more specific agreement as to the agency's role was required.[6]

In January 1957, the Council seemed to solve the problem when it stated that the agency had two complementary functions to fulfill. On the on hand, it was supposed:

> [t]o act as a "clearing house" designed to provide the national productivity bodies and, where appropriate, the international industrial organisations, with information and other services enabling them better to fulfil their mission;[7]

On the other hand, it should:

> act as a centre for study and discussion designed to guide European efforts for a continuing improvement in productivity, particularly in the study of the social and economic consequences of technological development, including human factors.[8]

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[4] AN, SC, F60 ter, box 523, f. "AEP Cl. 6823," EPA(54)81, 25.10. 1954, "Rapport annuel, Partie I."

[5] HM, j.nr. 88-5-56, note no. 3255, Hoelgaard, 19.12. 1955; MBZ, DGEM-Archief 663/EPA Algemeen, f. "1477," ltr., Hijmans to Berger and de Milly, 9.11. 1954, att.: note, 9.11. 1954.

[6] UMA, j.nr. 106.P.11, box 3, EPA/AB/M(56)2, 31.12. 1956, "Minutes of the 7th Session Held in Paris on 31.5. and 1.6. 1956."

[7] WNRC, RG 469, OAEO, SF 1955-59, box 92, f. "Committees – OEEC (4 of 6)," C(59)215, 31.7. 1959.

[8] OEEC, *Acts of the Organisation*, vol. 17, pp. 39-47.

This attempt at bridging over conflicting views on the agency's role was not a complete success. Most member countries, and especially the Northern European ones, agreed on the principle that the agency's main role was to be a clearing house. But when it came to practice, views differed.[9] The British and the Swiss preferred a modest agency, which confined itself to be a center for exchange of views and information in practical matters pertaining to productivity. They were reluctant to see any governmental, and even less intergovernmental, interference in affairs which they considered to be the reponsibility of managers and workers themselves. In their version, the EPA as a clearing house appears to have been a code word for an agency reduced to the most minimal size possible. Most other countries, however, wanted the EPA to provide services, even though some of them insisted that it should only do so on their demand. Those most ambitious on the agency's behalf were the southern Europeans. They generally envisioned a more broadly defined task for the EPA, encompassing not only productivity but factors of economic growth and development and also research into these questions. The main proponents of the thesis that the EPA should act as a guide and as a research center were France and the agency's own secretariat.[10] Simplifying somewhat, and making an exception for the French case, one may say that the more the member countries felt that they needed external assistance, the broader a role they were ready to accept for the EPA. There was thus a gap between the more developed northern European countries which either felt that they did not have much to learn from the EPA or were interested in very practical projects, and the less developed ones, whose needs were greater and who were interested in a wide range of different kinds of assistance.[11]

In spite of the diverging views on the priorities of the EPA, it did perform a wide range of roles, namely as service-provider, institution-builder and study center. Its main operational function was to act as a provider of services, offering the aid of consultants, facilities, financial aid to missions, seminars,

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[9] That was perhaps not surprising, since the Council, in its definition of the agency's clearing house function, had lumped together the first two roles enumerated by Grégoire. As de Milly pointed out, "'clearing house' activities were more a means of action than a policy objective" and in fact an impressive amount of discussion within the EPA centered on questions of procedure rather than on policy (cf. UMA, j.nr. 106.P.11, box 4, PRA/M(57)4, 29.5. 1957, "Minutes of the 54th Session Held on 6.-7.5. 1957").

[10] NORA, HD, Avd. for Utenrikshandel 1948-1961 II, box 122, f. "3," note, Traagstad, 18.2. 1956; ASCONF, box 58/4.2, f. "CIFE. Gruppo di lavoro per l'attività EPA. Anno 1958-59," ltr., Morelli to Valletta, 9.12. 1958, att.: note, 9.12. 1958.

[11] See for example: UMA, j.nr. 106.P.11, box 4, PRA/M(57)4, 29.5. 1957; ASCONF, box 18.1, f. "AEP. Programmi di attività dell'AEP. Interventi della Confederazione. Interventi del CIFE. Circolari, corrispondenza. appunti," note, Arnaud, "Structure et rôle de l'AEP. Synthèse des avis formulés par les Fédérations industrielles."

bursaries etc., to the member countries. This role was supplemented by the creation of institutions which would afterwards be able to survive on their own and continue whatever activities the EPA had wished to promote. The "institution building role"[12] of the agency was given even higher priority in 1959. At that time it became clear that a larger share of the agency's resources was to be diverted to the new priority sectors (STP and APED) and that less would be available for industry and commerce. This provided a strong incentive for the EPA to adopt more cost-efficient methods.[13] In the sector of business management alone, about thirty different national and international associations were created at least partially on EPA initiative. Among them were: the European Organisation for Quality Control, the European Work Study Association, the International Association of Ergonomics (established in 1959 in Zürich), the Mediterranean Centre for Post-graduate Education in Agriculture and Food, a European Centre for the Translation and Diffusion of Russian Technical Literature (set up in 1960).[14] Lastly, the EPA acted as a study center in different fields. It financed surveys and fostered cooperation among research institutes in the member countries.

## B. A Branch of the OEEC

### 1. Existing Within the OEEC

*a) Bureaucratic Conflicts*

The EPA was the first operational agency of the OEEC. But it was not the only one. In 1958, two other OEEC agencies were created with operational functions: the European Nuclear Energy Agency and the Office for Scientific and Technical Personnel (OSTP).[15] Moreover, the vertical committees also implemented some projects.[16] But the EPA was the main operational agency

[12] UMA, j.nr. 106.O.21, box 4, EPA/D/7952, ltr., Hall to Grégoire, 27.4. 1960; UMA, j.nr. 106.P.11, box 4, PRA/M(57)4, 29.5. 1957.

[13] UMA, j.nr. 106.O.21, box 4, note, Friis, 6.1. 1960.

[14] UMA, j.nr. 106.O.21, box 4, EPA/D/7450 – Sector I (1st Revision), 12.3. 1960, "Revised 1960-61 Programme for Sector I: Industry and Commerce;" UMA, j.nr. 106.O.21, box 4, EPA/D/7952, ltr., Hall to Grégoire, 27.4. 1960.

[15] WNRC, RG 469, OAEO, SF 1955-59, box 81, f. "Productivity April – Sept. 1958," ecoto A-71, USRO Paris to ICA/W, 25.7. 1958; OEEC, *Acts of the Organisation*, vol. 16, p. 533.

[16] CHBA, E 2200 Paris, Lf. bzw. 1975/90, box 17, f. "1957/59. B.23.3. Avenir de l'AEP," note, 7.4. 1959, att.: note, Klönne to Grégoire, 3.2. 1959, "Éléments d'un programme d''activités opérationelles' pour l'OECE;" OEEC, *Acts of the Organisation*, vol. 17, p. 533.

of the OEEC.[17] Its budget represented on average more than forty percent of all expenses by the OEEC. The agency's share of the total OEEC/EPA staff only made up about twenty percent (in 1959/60 and 1960/61).[18] This reflected the fact that the EPA tried to act as a catalyst of activities to be continued by others.[19]

The EPA got involved in several bureaucratic skirmishes within the OEEC. In the mid-fifties, the OEEC had fifteen vertical committees dealing with technical questions such as non-ferrous metals, chemicals, iron and steel, etc. As the American aid was militarized, these committees were left with little else to do than to produce annual status reports on their respective sectors. At the end of 1953, the OEEC's executive committee gave them a new mandate which included advising the horizontal committees on the barriers in their respective sectors to trade liberalization and economic integration. They were also to advise the EPA on the introduction of new technologies.[20] From the very beginning, a certain degree of rivalry existed between the EPA and the vertical committees. Some delegations wished to ensure the agency's independence, fearing that continuous consultations with other bodies would have a stiffling effect. The Danes in particular hoped that Harten would ignore "the more or less irrelevant proposals which the technical committee secretariats could be expected to put forward, partly to defend their own interests."[21] On the other hand, the EPA was being admonished when it failed to coordinate its activities with those of the vertical committees.[22] During the following years, the EPA secretariat, therefore, tried to maintain close relationships with these committees, but without much success.[23] In

[17] In April 1960, the Group of Four wrote that the EPA "now embraces most of the activities of the Organisation described as 'operational' – that is, involving action in the field and direct contact with businessmen, trade unionists, farmers, universities etc., as well as government officials" (OEEC, *A Remodelled Economic Organisation*).

[18] OEEC, *Acts of the Organisation*, vols. 19 and 20; Appendixes: Table A-3.

[19] UMA, j.nr. 106.P.11, box 1, EQ/M(55)1, 24.2. 1955, att.: "Statement by Grégoire, Deputy Director of the EPA on the Present Policy of the Agency;" UMA, j.nr. 106.O.21, box 4, EPA/D/7952, ltr., Hall to Grégoire, 27.4. 1960.

[20] WNRC, RG 469, OEO, ROS, SF 1948-53, box 106, f. "OEEC: Senior Economic Officers Meeting 1955 (2 of 5)," note, 19.9. 1955.

[21] UMA, j.nr. 73.C.41/19i, note, 13.11. 1953, "Samtale d. 13.11. 1953 mellem den danske OEEC delegation repræsenteret ved hr. Tabor og hr. Ussing og EPA's direktør Dr. Harten angående det europæiske produktivitetscenters virksomhed."

[22] MBZ, DGEM-Archief 663/EPA Algemeen, f. "1477," note, 136391, van Blokland to Kruisheer, 29.10. 1954, att.: note by King, 27.10. 1954, "Future Operation of the EPA." See also: OEEC, *Acts of the Organisation*, vol. 15, pp. 206-207.

[23] PRO, CAB 134/1183, T.A.(L)(54)(9), 29.1. 1954, SCTA, note by the BOT, att.: EPA/D/19, 19.1. 1954, "EPA. the Second Annual Programme of the EPA;" UMA, j.nr. 106.P.11, box 3, PRA(56)68, 20.11. 1956.

January 1955, Grégoire, who was at that time deputy director of the EPA, declared to the OEEC machinery committee that the EPA's policy would henceforth be changed to exclude technological projects and concentrate on three categories of activities: the general organization of firms, human relations, distribution and marketing problems. He insisted, however, that this still offered an "immense scope" for cooperation between the vertical committees and the EPA. In fact, the EPA gradually gave up its vertical activities since it evolved towards the view that the most central productivity problems, concerning for example production planning, accounting control, market research, etc., were common for all industrial fields and thus required horizontal activities. Only in exceptional cases were problems specific to particular branches taken up and in those cases cooperation with the vertical committees was considered desirable although it was far from always achieved.[24] There was no formalized means of contact between the EPA and the vertical committees, but there were close contacts between their respective secretariats and in some cases the vertical committees placed a project with the EPA which was asked to implement it.[25] In 1958, a new nomenclature for the EPA's activities was adopted. One of the major changes introduced on this occasion was the virtual elimination of all vertical activities, which further loosened the ties between the EPA and the vertical committees and enhanced the autonomy of the EPA's secretariat.[26]

In 1959, a scramble developed between the EPA secretariat and the Technical Services of the OEEC directed by Klönne. The plans to create one single operational agency of the OEEC implied the merger of the EPA and of the OEEC's Direction of Technical Services.[27] Grégoire hoped to turn the EPA into the sole operational branch of the OEEC. As Klönne wrote to Grégoire in February 1959, he could not accept that the EPA considered itself exclusively responsible for the OEEC's operational activities since:

> the expression 'operational activities' [...], defined broadly, does not belong to one particular organization within the OEEC. In fact, ever since the OEEC was

[24] UMA, j.nr. 106.P.11; box 1, EQ/M(55)1, 24.2. 1955, att.: "Statement by Grégoire, Deputy Director of the EPA on the Present Policy of the Agency;" UMA, j.nr. 106.P.11, box 3, no. 67, UM (Boel) to OEEC del., 29.1. 1957, "Den danske interesse i EPA's virksomhed."

[25] OEEC, *The European Productivity Agency. Activities and Achievements*.

[26] UMA, j.nr. 106.O.21, box 1, C(58)166, 25.6. 1958, "Programme of the EPA for 1958-59."

[27] ASCONF, box 58/4.2, f. "CIFE. Gruppo di lavoro per l'attività EPA. Anno 1958-59," ltr., Arnaud to Mattei, 6.2. 1959, att.: note, Angelkort, "Quelques idées sur un programme européen pour le développement de l'industrie et du commerce."

established, a large number of 'operational activities' have been initiated by its different branches and in particular by the Direction of Technical Services.[28]

In April 1959, Grégoire was apparently hoping that the EPA could take over the forecasting of medium and long term industrial development and other tasks which had until then been the responsibility of the vertical committees. This was strongly opposed by Klönne.[29] Such rivalries were exacerbated by the OEEC reorganization discussions.

*b) Supervision by the OEEC*

The EPA's position within the OEEC was the result of a compromise between the Franco-American vision of a strong operational agency and the British wish to strictly limit the powers of the new agency. The choice of the UK's internal solution meant that the director of the EPA was subject to the authority of the secretary general of the OEEC. But, as part of the deal, the secretary general had made it clear that a large autonomy would be left to the director.[30] This promise was kept, since the OEEC secretariat's interventions were few and limited to some crucial moments. It mainly tried to make its influence felt during the constitutional debates about the EPA, in 1953 (when it favored the internal solution), in 1957, and again in 1958-59.[31] It was also involved in the nomination of top officials to the agency. The choice of Harten was largely due to Marjolin, who soon afterwards encouraged the hiring of Grégoire as a deputy director. Marjolin also asked Alexander King to assist Harten.[32] In 1955, the secretariat of the OEEC further had a role in the decision to open up for increased trade unionist participation in the agency's work.[33] In July 1958, René Sergent, secretary general of the OEEC, proposed the transformation of the EPA into a European Development Agency. This initiative, however, seems to have been to some extent inspired by Grégoire, King and the Americans.[34] Apart from these interventions, there is little evidence of any strong influence on the part of the OEEC secretariat

[28] CHBA, E 2200 Paris (OECD), Lf. bzw. 1975/90, box 17, f. "1957/59. B.23.3. Avenir de l'AEP," note, 7.4. 1959, att.: note, Klönne to Grégoire, 3.2. 1959.

[29] Ibid. See also: ASCONF, box 58/4.2, f. "CIFE. Gruppo di lavoro per l'attività AEP. Anno 1960-1961," "10ème session du groupe de travail institué pour suivre les travaux de l'AEP (1.2. -2.2. 1960). Compte rendu des décisions."

[30] See Chapter I.

[31] UMA, j.nr. 106.P.11, box 5, no. 3417, OEEC del., 18.7. 1957.

[32] MBZ, DGEM-Archief 66/PRA Algemeen deel 5, f. "1473," note, King, 2.12. 1953, "Notes on a Conversation between M. Marjolin and Dr. King on 26.11. 1953."

[33] See Chapter VI.

[34] See Chapter II.

on the work of the EPA. The OEEC secretariat, in particular, was left out of the reorganization talks which led to the establishment of the OECD.[35]

According to the EPA's constitution, the OEEC Council was to supervise the agency's activities, and to adopt its budget and program. Nevertheless, there were recurrent complaints about the lack of coordination between the EPA and the OEEC.[36] Formally there was no problem. As prescribed by the rules, the EPA's budget and program of activities were each year presented to the Council for approval.[37] But the Council hardly ever amended the program. This was not surprising since the member countries were involved in its preparation through their representatives to the agency. Nevertheless, murmurs of dissatisfaction could often be heard in the Council. The main reason for such discontent was the feeling among the OEEC delegates that they were too often kept in the dark. In August 1954, Hugh Ellis-Rees stated that "the Council might have had the feeling that it had not been too well informed about what the Agency was doing."[38] According to him, this problem had been overcome and the situation had become entirely satisfactory. In fact, the Council's dissatisfaction never totally vanished. It reemerged towards the end of EPA's existence, when the agency was criticized for having acted too independently and without coordinating its activities with those of the OEEC.[39]

The EPA reciprocated the Council's negative feelings, although as a junior partner in the relationship it had to utter them *sotto voce*. Within the EPA, and among the national experts, there was generally little respect for the competence of the "rather ignorant"[40] Council members. According to a Dutch

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[35] Griffiths, "An Act of Creative Leadership," p. 245.

[36] OECD, ECHA, EPA Archives, f. "Ré-organisation de l'OECE: Notes diverses d'information pour le Groupe des Quatre sur le travail de l'OECE," f. "23. Mr. Sergent (Work of the O.E.E.C.) OEEC – Record of Discussions With GOFEO. Meeting No. 8: Activities of EPA and OSTP, Grégoire, 22.2. 1960;" CHBA, E 2200 Paris (OECD), Lf. bzw. 1975/90, box 17, f. "1957/59. B.23.3. Avenir de l'AEP," note, "Some Comments by the US Delegation on the Subject of the Proposed Reorganization of the Operational Activities of the OEEC."

[37] UMA, j.nr. 106.P.11, box 5, C(57)31(2nd Revision), 28.6. 1957, "Report by Working Party No. 16 of the Council."

[38] UMA, j.nr. 73.C.41/19i, box 4, CE/M(54)26(Prov.), 5.8. 1954.

[39] See Chapter II.

[40] MBZ, DGES-Archief, 996.26, OEES/EPA/Alg., Inv.nr. 416, ltr., de Milly to Rasmussen, 24.1. 1957. See also: MBZ, DGEM-Archief 663/EPA Algemeen, f. "1477," ltr., 85.129, de Milly to King, 12.7. 1954; MBZ, 996.26, EPA/Alg., deel II, ltr., de Milly to King, 26.11. 1956; BRDBA, B 102/37396 (2), note, 10.7. 1959, "Notizen betr. die Organisation der AEP ab Sommer 1960."

note, the members of the Council had "no clue of questions relating to productivity."[41] Anyhow, they never displayed any great interest in matters concerning the EPA, except when constitutional or political questions were discussed.[42] In July 1954, Marjolin did express his support for the EPA, when he stated that "the basic, the truly European, problem of this decade" was:

> not trade liberalization or balance of payments, or currency convertibility, or expansion of production – although these were important matters and had a bearing on the basic problem. A measure of success in dealing with these popular issues had already been achieved and more might be expected reasonably soon. But the continuing European problem essentially was that of increasing productivity and it called for a cooperative European approach.[43]

Marjolin's statement was backed by many country representatives. Ockrent, the Belgian ambassador, stated that:

> [l]ast year the decision had been to create the EPA within the OEEC framework. Now the Council could see that the EPA was about to absorb the OEEC. This development was a healthy one and Marjolin was correct in his statement as to what constituted the basic European problem.[44]

Despite these rather enthusiastic endorsements, the EPA was left to deal with its own business. However, there was an acute awareness of the necessity to present the agency in as positive a way as possible in order not to endanger continued funding by the member countries. From the EPA point of view, therefore, the recurring question throughout its existence, was how to sell itself to the Council.[45]

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[41] NLRA, 2.06.061, Inv.nr. 590, note, Berger, 8.9. 1960.

[42] NORA, HD, Avd. for Utenrikshandel 1948-1961 II, box 122, f. "5," note no. 1061, OEEC del. (Halvorsen) to UD, 28.3. 1957. On earlier difficulties in stimulating governmental interest in productivity matters such as those relating to standardization, see: NOUD, 44.25/1 t, box 2, HD to UD, 14.1. 1953, "Kort rapport fra måtet d. 28.11. 1952 i Paris i OEEC's PRA's underkomite for standardisering;" ASCONF, box 70/18.2, f. "EPA Programmi 1956-1957," note (s.l. , s.d.), "AEP."

[43] WNRC, RG 469, DDO, OEO, OD, SF 1948-54, box 53, f. "Technical Assistance: June-July 1954 (1 of 2)," ecoto A-71, USRO to FOA/Washington, 27.7. 1954, "OEEC Council Approval of Second Annual Program of EPA." See also: Archivo Centrale dello Stato (ACS), Inv. 29/5, box 41, f. "AEP. Vario 1953 e 1954," C(54)204, 2.8. 1954; MBZ, 996.26, EPA/Alg., deel I, note, no. 111501, 25.11. 1954; MBZ, DGES-Archief, 996.256 EPA OEEC/ deel I, note, de Milly to Grégoire, Fletcher and King, 15.2. 1956.

[44] WNRC, RG 469, DDO, OEO, OD, SF 1948-54, box 53, f. "Technical Assistance: June-July 1954 (1 of 2)," ecoto A-71, USRO to FOA/Washington, 27.7. 1954.

[45] PRO, BT64/4768, ltr., Fletcher to Hancox, s.d. (October or November 1955); MBZ, 996.26, EPA/Algemeen, deel II, ltr., de Milly to King, 26.11. 1956.

Everybody agreed that the OEEC's interest in the EPA's activities should be encouraged, but views differed as to how this could be achieved. There were several attempts, notably on the part of the UK, to reinforce the supervisory role of the OEEC Council, but they remained unsuccessful.[46] According to the EPA's first constitution, programs involving a cost superior to fifteen million French francs or whose cost exceeded seventy percent of the total amount allotted to activities within the same field (whichever represented the larger amount) had to be approved individually by the Council.[47] By January 1955, no project had reached those limits, and accordingly no project had been presented to the Council. The UK delegation, therefore, made a forceful attempt to amend the EPA constitution in order to increase the number of projects which had to be submitted to the OEEC Council for approval. It was backed by the Dutch and Belgians, and to some extent the Italians, but opposed vehemently by the Americans, the Scandinavians, the French and the Greeks. They simply doubted the competence and the interest of the Council in detailed examination of EPA projects. Such a procedure would be bothersome for the OEEC delegations and slow down the agency's work. Finally, a compromise was found which stipulated that a working party under the PRA Committee, once every three months, should choose a certain number of projects to be presented for approval by the Council.[48] There were also many attempts simply to strengthen the OEEC Council's interest in EPA affairs, either by urging it to follow EPA affairs more closely, or by asking the EPA to inform the Council about its achievements.[49] However, in 1957, with the adoption of an amended Constitution for the EPA, the Council was definitively freed from any close project discussion, since it merely had to adopt the overall program and budget of the EPA.[50] This reform did nothing to ensure a greater conformity between the EPA's program and the general objectives of the OEEC.

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[46] WNRC, RG 469, OAEO, SF 1955-59, box 22, f. "Technical Cooperation, April 1955," ecoto circ. A-237, 16.4. 1955, "Report on the PRA Meeting 4.4.-6.4. 1955."

[47] OEEC, *Acts of the Organisation*, vol. 12, pp. 90-95.

[48] UMA, j.nr. 106.P.11, desp. no. 23, OEEC del, 3.1. 1955; ACS, Inv. 29/5, box 41, f. "AEP. Vario '55," tel. no. 0676/294, OEEC del. to Ministero degli Affari Esteri, 25.2. 1955.

[49] UMA, j.nr. 73.C.41/19i, box 4, C(54)229, 21.7. 1954, "Observations by a Group of Heads of Delegations on the Draft Program and Budget of EPA for 1954-55;" UMA, j.nr. 106.P.11, box 3, PRA(56)48/5, 24.10. 1956, "Memo by the Austrian Delegation on the Objectives and Future Work of the EPA."

[50] OEEC, *Acts of the Organisation*, vol. 17, pp. 335-49.

## 2. The EPA's Diplomacy

The EPA operated in a large number of fields, which inevitably raised fears that its activities would overlap with those of other national or international organizations. From the very start, the member countries insisted that the agency should avoid any duplication of the activities of other international organizations. In order to achieve this, it established relations with international organizations such as the European Coal and Steel Community (ECSC)[51] and the International Labour Organisation (ILO).[52] As far as the ILO was concerned, contacts with the OEEC had existed since 1952. The two organizations had agreed on an exchange of information concerning their activities in the field of productivity promotion.[53] After 1953, the EPA secretariat argued that there was no danger of duplication because the ILO and the EPA were not rivals but rather complementary to each another. As Grégoire put it, the ILO's tasks were mainly of a normative character and because of its broad membership (counting both Soviet bloc, western and developing countries) it was narrowly limited in its endeavors, whereas the EPA's tasks were operational and its membership was purely European. In several cases, the ILO asked the EPA to act on its behalf (namely when it dealt with matters in which only European countries had an interest).[54] Cooperation was also established between the EPA and the UN's Economic Commission for Europe which could sponsor research but had no possibility of turning the results into practical actions.[55] On the other hand, the EPA agreed with the ECSC that the latter should test a program established by the EPA to build workers housing.[56] As a general rule, the EPA was supposed to refrain from taking initiatives in fields where other organizations were active. However, in those cases where it deemed the existing organizations unsatisfactory it would maintain its own activities.[57]

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[51] OEEC, *Acts of the Organisation*, vol. 16, p. 259.

[52] MBZ, 996.26, EPA/Alg., deel I, note no. 1454, de Milly to van der Beugel, 13.7. 1955; ASCONF, box 58/4.2, f. "CIFE. Gruppo di lavoro per l'attività EPA. Anno 1958-59," ltr., Bergenström to Arnaud, 13.2. 1959; See also: OEEC, *Acts of the Organisation*, vol. 14 (p. 44) and vol. 15 (p. 159).

[53] CHBA, 7111(A) Lf. bzw. 1, box 17, f. "1953/1954. EE.20.90.3. Relations du comité PRA avec d'autres organisations internationales," ltr., Morand to OFIAMT, 15.4. 1952.

[54] HM, j.nr. 88-5-56, note no. 3255, Hoelgaard, 19.12. 1955; BRDAA, PA, BR 401, Bd. 91 AZ: 88.129, note, 12.12. 1958, "Zukunft der EPZ."

[55] HM, j.nr. 88-5-56, note no. 3255, Hoelgaard, 19.12. 1955.

[56] Ibid. According to de Milly the European trade unions contributed 1.2 million dollars to this housing project (cf. MBZ, DGES-Archief, 996.256 EPA OEEC/ deel I, ltr., de Milly to Grégoire, 15.11. 1956.)

[57] UMA, j.nr. 106.P.11, box 3, PRA(56)48/4, 19.10. 1956, "Memo by the Swiss Delegation on the Objectives and Activities of the EPA."

The creation of the European Economic Community (EEC)[58] presented the EPA with a major test of its diplomatic skills. The NPCs of the six EEC countries immediately started coordinating their efforts. In 1957, a first French-Belgian meeting took place. The following year Germany, Italy and Luxemburg joined, and it was decided to establish a liaison committee for the NPCs in the EEC which would meet three to four times a year.[59] This development raised fears within the OEEC secretariat that the EEC intended to establish its own productivity center. The EEC Commission denied that it had any such plans. However, in case the EPA was wound up, it did not rule out arranging for some replacement solution within the EEC.[60] In 1959, formal links were established between the EPA and the EEC productivity group to ensure that there would be no duplication between the work of the two organizations.[61] In fact, the activities of the EEC group remained limited and concentrated on interfirm comparisons, training of management consultants, standardization and accounting.[62]

The creation of Euratom[63] also gave cause for some concern among the non-EEC members of the EPA. As the Swiss OEEC delegation noted: "the activities of the Euratom, clearly and vigorously announced, are of considerable concern to us because of the increasing probability that the Six will be able to move very much faster in scientific collaboration than the larger European organizations."[64] These concerns were not vindicated, since the OECD would not only retain but expand its activities in the field of science and technology.

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[58] See Chapter II.

[59] The liaison committee was presided over by F. Verlinden, deputy director of the OBAP (the Belgian NPC), cf. ASCONF, 70/14.1, f. "Comitato di Collegamento dei Centri di produttività dei sei Paesi del MEC 'A'," Report, 31.1. 1963, "Comité de liaison des CNP des pays membres du Marché Commun."

[60] ASCONF, box 58/4.2, f. "CIFE. Gruppo di lavoro per l'attività EPA. Anno 1958-59," ltr., Morelli to Valletta, 22.12. 1958, att.: note, 19.12. 1958; UMA, j.nr. 106.O.21, box 2, no. 5595, OEEC del., 15.12. 1958; UMA, j.nr. 106.O.21, box 2, ltr., RS-1839, Sergent to Rey, 24.10. 1958; BRDBA, B 102/37395, no. 1606, OEEC del. (Werkmeister) to BMW, 12.11. 1958; BRDAA, PA, BR 401, Bd. 91 AZ: 88.129, note, 12.12. 1958.

[61] UMA, j.nr. 106.O.21, box 3, EPA/D/7152, note, Muynck, 9.10. 1959, "Comments by the European Economic Community (EEC) on the EPA Programme for 1959-60."

[62] UMA, j.nr. 106.O.21, box 4, EPA/D/7515, 26.1. 1960, "Contact between EPA and the Ad Hoc Working Group of the Productivity Centres of the 6 Common Market Countries."

[63] See Chapter II.

[64] CHBA, 7111(B) Lf. bzw. 1972/168, box nr 307, f "1960. EE. 801. AEP – programme d'action et problèmes généraux," OEEC del. to SCEE, 22.4. 1960, att.: note, 5.4. 1960, "Scientific Cooperation in the Six."

## C. Working Procedures

The EPA had been granted a high degree of autonomy so that it could act more swiftly, flexibly and efficiently than the rest of the OEEC. One major difference was that decisions were taken by majority voting. The member countries generally found this acceptable because the agency dealt with rather technical questions.[65] However, the desire for quick and flexible decision-making sometimes collided with the member countries' insistence on retaining control over the activities of the agency. The tension between these two objectives underlay many of the discussions about the EPA's working procedures.

The program was considered by the PRA Committee (after 1957: the Governing Body) and by the Council in two stages, in June and in December. This was due to the fact that the financial years of the OEEC/EPA and of the US government differed. The former ran from July to June while the latter coincided with the calendar year. In June, the EPA knew part of its resources, but it had to wait until December before it knew the US contribution and thus the total amount at its disposal. [66] As a result, two stages were required. In June, a preliminary program was adopted by the Council. During the fall projects were prepared by the secretariat and in December a final program was agreed upon by the PRA Committee. The total budget and the allocation between the chapters would then be approved by the Council.[67] In 1960, the US decided to make the amount of its contribution known in June thereby allowing a speedier decision-making procedure.[68]

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[65] ABA, LO-arkiv, box 1185, PU, 179, note, 17.1. 1953, "Oprettelse af et europæisk productivitetscenter;" UMA, j.nr. 106.P.11, box 4, CKFP (Iveroth and Seth), 14.2. 1957, "PM förtrolig angående EPA's organisation." In 1954, majority voting was introduced for certain resolutions of the Vertical Committees, cf. OEEC, *Acts of the Organisation*, vol. 20, p. 299.

[66] BRDBA, B 102/37395 (2), OEEC del. (Werkmeister), "Über die 6. Sitzung des GB der EPA am 9.10. und 10.10. 1958;" OEEC, *The European Productivity Agency. Activities and Achievements*; UMA, j. nr. 106 P 5, no. 3899, OEEC del. to UM, 27.8. 1958.

[67] UMA, j.nr. 106.O.21, box 1, C(58)8, 16.1. 1958; UMA, j.nr. 106.O.21, box 1, C(58)166, 25.6. 1958, "Programme of the EPA for 1958-59. Procedure for Adoption of the Programme and of Projects;" UMA, j.nr. 106.P.11, box 4, no. 1221, OEEC del. to UM, 13.3. 1957.

[68] ECHA, EPA Archives, f. "AEP. Avenir de l'agence. Groupe de travail no. 26," C/WP26/W/12, 1.6. 1959, memo, "Financial Aspects of the Continuation of an Operational Agency;" UMA, j.nr. 106.O.21, box 5, EPA/D/8340, 3.11. 1960/23.11. 1960, "Programme of Action of the EPA and Part I Budget for 1960-61."

The budget of the agency was divided into two parts. Part I covered operational expenditures, that is the amount allocated for the implementation of the annual program. The activities planned in that program had to be started before the end of the financial year, but could continue through several subsequent financial years. Part I was, in other words, a budget for the (maximum) amount of expenses which could be committed, but not necessarily spent, during the financial year. Part II covered the fixed expenditure of the agency itself, ie., mainly the cost of the administrative services, rents and maintenance.[69] Such a system had certain disadvantages, such as encouraging excessive commitments (the pressure for making a decision before the end of the year was not necessarily matched by a well-thought-out plan). Its advantage was to allow medium term planning and to guarantee that the implementation of projects undertaken by the EPA would not be endangered for financial reasons by the winding up of the agency, since funds would already have been committed.[70]

The program of the EPA comprised different "chapters," each of which consisted of a certain category of project.[71] Projects could be proposed either by a member country, by the secretariat of the EPA or by an OEEC committee. Each had to be adopted individually. The budget procedure allowed the director of the EPA to use the period between July and December to draw up a list of projects which fitted into the annual program. Before any could be implemented, it had to be adopted by the director, the PRA Committee (by majority vote) or the Council (where the unanimity rule applied), depending on its cost (the higher the cost, the higher the authority responsible for adopting it). From 1957 onwards, projects were adopted by the director or the Governing Body, depending on their cost. In addition, a project had to be backed by a declaration of either participation or interest from a minimum number of countries before it could be implemented. The former was necessary when a physical participation of the member countries was involved, in which case a financial contribution was requested.

[69] The definition of respectively Part I and Part II of the budget was altered during the EPA's lifetime. Until 1960, expenses for permanent staff responsible for specific projects was considered as "operational" (i.e., Part I) expenses. From 1960, all such costs were defined as Part II expenses. In Table A-3 (see Appendixes), this procedure has been adopted already for the budget 1959-60 (cf. UMA, j.nr. 106.O.21, box 5, EPA/D/8340, 3.11. 1960/23.11. 1960).

[70] WNRC, RG 469, OAEO, ROS, RRt EPA, 1953-1957, EPA: Advisory Board – EPA: General, box 1, f. "EPA/General Through 1957," EPA(57)11, 3.9. 1957.

[71] The nomenclature of the EPA underwent several changes. A general idea of the different chapters, as well as of their share of the operational budget throughout the years, is given in Table A-8 and A-9 (see Appendixes).

Otherwise, an expression of interest was sufficient. The minimum number required for adoption of a project was originally set at five, later raised to seven in those cases where no financial participation in the project was required on the part of the member countries. The so-called five-country rule did not apply to the chapter relating to underdeveloped areas, which by its very nature was only of interest to a limited number of countries.[72]

One of the unanticipated consequences of these rules was that member countries often backed initiatives they were not really interested in, in order to obtain support for projects they themselves wished to see adopted.[73] This tactical behavior was encouraged by the fact that a declaration of interest in a project whose expenses were all covered by the EPA did not involve any financial participation on the part of the member countries. The result, according to a Danish report, was that quite a few projects had been implemented even though there was fewer than five countries sincerely interested.[74] One recurrent feature of the organizational discussions was that certain countries advocated raising the member countries' share in the financial burden of the EPA projects.[75] This theme was taken up again and again, especially by EPA-skeptical countries such as Switzerland and the UK,

[72] WNRC, RG 469, OAEO, ROS, RRt EPA, 1953-1957, EPA: Advisory Board – EPA: General, box 1, f. "EPA/General Through 1957," EPA(57)11, 3.9. 1957; ASCONF, box 58/4.2, f. "CIFE. Gruppo di lavoro per l'attività EPA. Anno 1957," PRA(57)29, 30.4. 1957, "Application des règles financières au programme pour les régions en voie de développement;" BRDBA, B 102/37396 (2), II D 1, note, 20.7. 1959, "Finanzierung von EPZ-Projekten." Until 1957 there were also "limited projects" which were projects in which fewer than five countries participated, initiated on request of one or more countries and organized by the agency, but whose costs to a larger extent were being covered by the sole participating countries (UMA, j.nr. 106.O.21, box 1, note, 15.7. 1958).

[73] UMA, j.nr. 106.P.11, box 2, C/M(56)21(Prov.), 23.5. 1956.

[74] UMA, j.nr. 73.C.41/19i, box 5, desp. no. 5068, OEEC del. to UM, 2.12. 1954, "OEEC. Vedtagelse af fællesprojekter." See also: CHBA, 7111(A) Lf. bzw. 1 box 17, f. "2d semestre 1954. EE.20.90.4," ltr., OEEC del. to SCEE, 10.11. 1954.

[75] PRO, BT64/4768, T.A.(L)(55) 1st Meeting, 23.5. 1955, "Minutes of Meeting of the Sub-Committee Held at the BOT on 4.5. 1955;" MBZ, DGEM-Archief 663/EPA Algemeen, f. "1477," note, de Milly to van der Beugel, 20.5. 1954; MBZ, DGEM-Archief 663/EPA Algemeen, f. "1477," note, van der Beugel to Kruisheer, 26.4. 1954; MBZ, 996.26, EPA/Alg., deel I, note, de Milly to van der Beugel, 13.7. 1955; MBZ, DGES-Archief, 996.256 EPA OEEC/ deel I, ltr., de Milly to Grégoire, 15.11. 1956; UMA, j.nr. 106.P.11, box 3, PRA(56)48/4, 19.10. 1956. According to the agency's rules the burden-sharing depended on the type of project. Certain types (surveys for example) were initially entirely covered by the EPA. The so-called B-teams had to be partially financed by the receiving countries (they had to pay the per diem of the experts during their stay in the country). Often the national governments could recover such costs from interested groups. In those cases where costs could not be recovered the projects were subsidized, generally through Moody financed funds (MBZ, 996.26, EPA/Alg., deel I, ltr., de Milly to Pray (FOA, The Hague), 1.4. 1955.

but it was resisted by those who argued that much of the EPA's activity was pioneering work, which it could be difficult to request payment for.[76] In 1959, Grégoire himself considered it desirable that a larger part of the expenses be covered by the participating countries, a goal which was achieved the following year.[77]

## D. Administration

The EPA had been created to ensure greater efficiency of the OEEC's productivity work. However, its efficiency was regularly questioned. The administration of the first director was widely criticized.[78] His resignation was followed by administrative improvements, but it did not silence the critics. In 1956-57 and again in 1958-59, when the future of the agency was being debated, Sweden and Switzerland insisted that a continuation should be conditional on improved administration.[79] Both countries were among the most consistent and vocal critics but they were not the sole ones.[80] Their views carried a certain weight. The Swiss managed to paralyze the EPA's activities for half a year. The Swedes, while having no strong productivity center of their own, played an important role in the agency for two long periods, i.e., when Axel Iveroth was chairman of the Advisory Board (1954-56) and when Sven Åsbrink was chairman of the Governing Board (1957-1959).[81]

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[76] UMA, j.nr. 106.P.11, box 3, PRA(56)48/4, 19.10. 1956; UMA, j.nr. 106.O.21, box 1, no. 4712, OEEC del. to UM, 20.10. 1958.

[77] ASCONF, box 58/4.2, f. "CIFE. Gruppo di lavoro per l'attività EPA. Anno 1958-59," ltr., Bergenström to Arnaud, 13.2. 1959; UMA, j.nr. 106.O.21, box 5, EPA/D/8340, 3.11. 1960/23.11. 1960; UMA, j.nr. 106.O.21, box 5, C(60)115, 17.6. 1960, "Draft Programme of Action and Operational Budget (Part I) for 1960-1961." There were no clear rules for those projects where the costs were to be shared between the agency and the participating countries as to how big the respective shares should be. These shares were being agreed upon for each project individually (cf. BRDBA, B 102/37396 (2), note, 20.7. 1959, "Finanzierung von EPZ-Projekten").

[78] See Chapter II

[79] UMA, j.nr. 106.O.21, box 3, CES/9.124, 30.9. 1959; UMA, j.nr. 106.O.21, box 3, C/WP26/W/16, ltr., Swedish OEEC del. (Hägglöf) to Ellis-Rees, 27.7. 1959, att.: note by the Swedish Productivity Council, July 1959.

[80] PRO, BT258/96, ltr., Dakin to King, 28.9. 1954; WNRC, RG 469, OAEO, SF 1955-59, box 22, f. "Technical Cooperation, April 1955," ecoto circ. A-237, 16.4. 1955, "Report on the PRA Meeting 4.4.-6.4. 1955;" HM, j.nr. 88-17-56, HMPU to HM, 20.3. 1956.

[81] SVUD, Afd. H, grupp 77, PP 52, ltr., Åsbrink to UD, 30.10. 1959, "Rapport angående sammanträde med EPA's Governing Board i Paris d. 26.10. og 27.10. 1959."

Both the constitution of the EPA and its practice conferred a certain degree of autonomy on the director and the secretariat.[82] Questions of personality, therefore, inevitably came to play an important role. Many corridor discussions about the EPA thus concerned the qualifications or lack of the same of the director of the EPA. While Grégoire, director of the EPA, and King, deputy director, were respected, criticisms of the top level of the EPA, and particularly of its administrative skills, were voiced throughout the agency's lifetime.[83] Among the complaints were: the overwhelming number of documents emanating from the EPA,[84] the low quality of these documents, which were too vague, rich on procedural details but poor on substantial information about the projects themselves, thus inadequate or propagandistic,[85] and of a length which stood "in no reasonable proportion to the results achieved,"[86] the lack of precise and transparent financial data about projects under way or implemented,[87] the "extremely cumbersome" administration,[88] a huge and heavy bureaucracy,[89] the lack of coordination between the different fiefdoms operating largely autonomously within the agency,[90] badly prepared meetings which caused qualified high-level representatives to stay away from the EPA meetings, especially when they had to make long

[82] UMA, j.nr. 106.P.11, box 5, C(57)31(2nd Revision), 28.6. 1957, "Report by Working Party No. 16 of the Council."

[83] ASCONF, box 70/18.2, f. "Agenzia Europea Produttività. Consiglio Consultativo," ltr., Valletta to De Micheli, 24.1. 1959; UMA, j.nr. 106.O.21, box 3, CES/9.124, 30.9. 1959.

[84] UMA, j.nr. 106.P.11, box 1, no. 6084, OEEC del. to UM, 10.12. 1955; UMA, j.nr. 106.P.11, box 2, no. 2700, OEEC del, 18.6. 1956.

[85] UMA, j.nr. 106.P.11, box 3, PRA(56)48/4, 19.10. 1956; UMA, j.nr. 106.P.11, box 4, PRA/M(57)4, 29.5. 1957; MBZ, DGEM-Archief 663/EPA Algemeen, f. "1477," ltr., de Milly to King, 3.4. 1954; MBZ, DGEM-Archief 6630/EPA Advisory Board, f. "1478," note, de Milly to Kruisheer, 8.12. 1954.

[86] SVUD, Afd. H, grupp 77, PP 44, ltr., CKFP (Iveroth and Seth) to UD, 4.5. 1956 , att.: "Memo on the Future of the EPA Submitted by the Swedish National Productivity Center"; SVUD, Afd. H, grupp 77, PP 46, ltr., Von Sydow to Hägglöf, 1.11. 1956, "Grégoire's besøg i Stockholm."

[87] UMA, j.nr. 106.O.21, box 1, C(58)237, 16.10. 1958, "Report on the Activities of the EPA for FY 1957-58;" UMA, j.nr. 106.P.11, box 3, PRA(56)48/4, 19.10. 1956; UMA, j.nr. 106.O.21, box 1, C(58)8, 16.1. 1958; UMA, j.nr. 106.P.11, box 4, PRA/M(57)4, 29.5. 1957.

[88] UMA, j.nr. 106.P.11, box 3, PRA(56)48/4, 19.10. 1956; SVUD, j.nr. 106.P.11, box 4, CKFP (Iveroth and Seth), 14.2. 1957, "PM angående EPA's organisation;" UMA, j.nr. 106.P.11, box 3, no. 6960, OEEC del., 22.12. 1956.

[89] HM, j.nr 86 (1960), f. "86-9-60," Sekretariatet for Danmarks Erhvervsfond, note, 3.3. 1961; SVUD, Afd. H, grupp 77, f. "TA-resor, Sept. 1956 – Feb. 1957. 46.," ltr., UD (Von Sydow) to Hägglöf, 1.11. 1956, "Grégoire's besøg i Stockholm."

[90] BRDBA, B 102/71113, box 1, note, Feurer, 27.9. 1961, "Industry and Commerce in OECD, Ideas and Proposals," 27.9. 1961; BRDBA, B 102/37397 (1), no. 120, OEEC del., "39th Meeting of PRA Committee, 7.11.-9.11. 1955." See also Chapter VII.

journeys,[91] ill-prepared projects,[92] bad consultants...[93] Consequently, many felt that there was a "disproportion between expenditure and results."[94] In 1956, the Danes considered that a rationalization of the EPA's work would allow for a reduction in the annual budget by about thirty-six percent.[95] The rudimentary equipment of the EPA's headquarters was also critiziced by some who found that a productivity agency ought to be a model of productivity and efficiency itself. Others, however, found that the limited funds ought to be used on projects rather than on the agency's own offices.[96]

While the critics of the EPA were outspoken and loud, there were also kinder voices. They generally spoke softer, insisting on the improvements which had taken place continuously throughout the years and the difficulties inherent in an international operational agency. In 1959, the Danish productivity center – which stood in no particular debt to the EPA – in an internal document stated that the EPA's administration on the whole had worked satisfactorily.[97] An internal note by the German ministry of foreign affairs likewise found that much of the criticism directed at the EPA was "unjustified."[98] The fiercest critic of the EPA, Sven Åsbrink, failed to be reelected as chairman of the Governing Board in 1959.[99]

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[91] UMA, j.nr. 106.P.11, box 1, note, 4.11. 1955, "Referat af møde i PRA Committee, 3.10.-5.10. 1955."

[92] MBZ, DGEM-Archief 663/EPA Algemeen, f. "1477," note, van der Beugel to Kruisheer, 26.4. 1954.

[93] CHBA, 7111(B) Lf. bzw. 1972/168, box 306, Ryffel (OFIAMT) to OEEC del., 23.7. 1959.

[94] UMA, j.nr. 106.P.11, box 3, PRA(56)48/4, 19.10. 1956. See also: SVUD, Afd. H, grupp 77, PP 44, ltr., CKFP (Iveroth and Seth) to UD, 4.5. 1956 , att.: "Memo on the Future of the EPA, Submitted by the Swedish National Productivity Center"; SVUD, Afd. H, grupp 77, PP 46, ltr., Von Sydow to Hägglöf, 1.11. 1956, "Grégoire's besøg i Stockholm."

[95] UMA, j.nr. 106.P.11, box 2, note, 20.3. 1956, "Notat fra UM til regeringens økonomiudvalg vedr. det europæiske produktivitetscentrums fortsættelse."

[96] UMA, j.nr. 106.P.11, box 1, note, 4.11. 1955, "Referat af møde i PRA Committeee, 3.10.-5.10. 1955;" UMA, j.nr. 106.O.21, box 1, memo, 26.9. 1958, "Productivity Promoting Activities Within the OEEC after 30.6. 1960. Joint Document from Denmark, Norway and Sweden;" ASCONF, box 58/4.2, f. "CIFE. Gruppo di lavoro per l'attività EPA. Anno 1958-59," ltr., Bergenström to Arnaud, 13.2. 1959; HM, j.nr 86 (1960), f. "86-9-60," note, Sekretariatet for Danmarks Erhvervsfond, 3.3. 1961.

[97] UMA, j.nr. 106.O.21, box 3, ltr., HMPU to UM, 25.9. 1959, "EPA's fremtid."

[98] BRDAA, PA, BR 401, Bd. 91 AZ: 88.129, note, 401-88-129/59, 22.12. 1959, "Verlängerug des Tätigkeit der EPZ in der OEEC."

[99] SVUD, Afd. H, grupp 77, PP 52, ltr., Åsbrink to UD, 30.10. 1959.

Two major explanations given for the EPA's administrative shortcomings were its provisional and intergovernmental features, which had consequences for the staffing of the agency. It was stressed repeatedly that its efficiency depended mainly on the quality of its staff. The EPA was even once defined as "the so much needed [...] medium for using the best brains of Europe and the US for economic and social progress."[100] In fact, according to both critics and supporters, the EPA had problems attracting "first-class candidates" for vacant positions.[101] The most frequent general complaint was that the staff of the agency was too theoretically oriented, that it lacked practical experience.[102] A somewhat different criticism was that the "productivity-enthusiasts" of the EPA were not particularly well-suited to communicate their gospel to their less illuminated citizens.[103] This perceived failure to attract adequate personnel was generally explained by the uncertain career prospects offered by an agency whose existence remained experimental throughout its lifespan.[104] It was also often pointed out that the salaries offered by the EPA were too low to attract the best qualified.[105] Furthermore, the system of "national log rolling"[106] inherent in many international

[100] MBZ, DGEM-Archief 6630/EPA Advisory Board, f. "1478," note, de Milly to Kruisheer, 8.12. 1954.

[101] UMA, j.nr. 106.P.11, box 1, C(55)5(Final), 2.2. 1955; UMA, j.nr. 106.O.21, box 1, memo, 26.9. 1958, "Productivity Promoting Activities Within the OEEC after 30.6. 1960." See also: OEEC, *Acts of the Organisation*, vol. 15, p. 145.

[102] MBZ, DGEM-Archief 663/EPA Algemeen, f. "1477," note, de Milly to van der Beugel, 14.12. 1954; HM, j.nr 86 (1960), f. "86-9-60," note, Sekretariatet for Danmarks Erhvervsfond, 3.3. 1961.

[103] SVUD, Afd. H, grupp 77, PP 52, ltr., Åsbrink to UD, 30.10. 1959; MBZ, 996.26, EPA/Alg., deel II, ltr., de Milly to King, 22.2. 1956.

[104] BRDBA, B 102/37397 (1), ltr., Turowski to BMW and RKW, 4.9. 1956, "Zukunft der EPA;" BRDBA, B 102/37413, note, 2.5. 1956, "Besetzung des Postens eines Leiters der Management Division der EPA;" ASCONF, box 58/4.2, f. "CIFE. Gruppo di lavoro per l'attività EPA. Anno 1958-59," ltr., Arnaud to Mattei, 6.2. 1959, att.: note, Angelkort, "Quelques idées sur un programme européen pour le développement de l'industrie et du commerce;" MBZ, DGEM-Archief 663/EPA Algemeen, f. "1477," ltr., Hijmans to Berger and de Milly, 9.11. 1954, att.: note, 9.11. 1954.

[105] No figures concerning the salaries offered by the EPA have been found. These salaries (which were identical to those offered within the rest of the OEEC) seem to have been substantially below those offered by other comparable international institutions (CHBA, E 2200 Paris (OECD), Lf. bzw. 1975/90, box 17, f. "1957/59. B.23.3. Avenir de l'AEP," note, "Some Comments by the US delegation on the Subject of the Proposed Reorganization of the Operational Activities of the OEEC;" UMA, j.nr. 106.O.21, box 3, C/WP26/W/16, 27.7. 1959, ltr., Swedish OEEC del. (Hägglöf) to Ellis-Rees, July 1959, att.: note by the Swedish Productivity Council, July 1959, "Need for Administrative Improvements in EPA;" HM, j.nr 86 (1960), f. "86-9-60," note, Sekretariatet for Danmarks erhvervsfond, 3.3. 1961.

[106] PRO, BT258/96, ltr., Dakin to King, 28.9. 1954.

organizations meant that questions of nationality rather than of qualifications often played a decisive role when a post was filled.[107]

Even the critics of the EPA conceded that, given its nature as an international organization, the agency would inevitably be confronted with difficulties. The head of the Dutch productivity center, van Leeuwen, stated that international organizations always had a low output, and that "if the agency [yielded] a return of twenty-five percent we should be satisfied."[108] A frequently mentioned deficiency of the EPA, the lack of concentration of its efforts, could also to some extent be ascribed to its international character. A large part of the discussions within the EPA were indeed devoted to finding compromises and choosing between activities desired by the different member countries. Since the preferences were extremely varied from one country to another and since it could be very difficult to renounce projects strongly desired by a few members, the temptation was great to add new types of projects rather than to eliminate any and thus concentrate the efforts.[109]

The lack of transparency of the decision-making may also have contributed to some administrative deficiencies. The EPA was chiefly composed of three elements: the secretariat, a body representing the member countries (in 1953-57 the PRA Committee, from 1957 onwards the Governing Board) and the Advisory Board. But during the agency's first years, there was a number of other bodies, working parties and subcommittees, which discussed and presented projects. Projects which had been accepted by a working party were rarely rejected by the secretariat or the PRA Committee. In late 1954, it was decided to abolish all permanent working parties within the EPA, because their proliferation had reduced the authority of the director and the efficiency of the agency's work. Some of them were kept and transformed into purely advisory groups concerned with long-term

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[107] UMA, j.nr. 106.O.21, box 1, memo, 26.9. 1960, "Productivity Promoting Activities Within the OEEC after 30.6. 1960;" UMA, j.nr. 106.P.11, box 1, C(55)5(Final), 2.2. 1955.

[108] ASCONF, box 18.1, f. "AEP. Programmi di attività dell'AEP. Interventi della Confederazione. Interventi del CIFE. Circolari, corrispondenza. appunti," "Allocution de M. Grégoire à l'Assemblée générale du CIFE du 22.2. 1956." Van Leeuwen's statement should probably not be taken too literally, since it is hard to imagine how he would have calculated the profitability of the agency (see Chapter IX). See also: MBZ, 996.26, EPA/Alg., note, no. 111501, 25.11. 1954, "Enige Aspecten van de EPA."

[109] CHBA, E 2200 Paris (OECD), Lf. bzw. 1975/90, box 17, f. "1957/59. B.23.3. Avenir de l'AEP," ltr., Soldati, 24.6. 1959, att.: "Les aspects financiers d'une nouvelle branche opérationelle de l'OECE et leurs liens avec le choix des activités de celle-ci."

planing.[110] But soon afterwards they proliferated again. This development was to some extent explained by the size of the PRA Committee which was "too large to be able to work efficiently."[111] While each country had one vote, there was no limit on the number of delegates it could send to the PRA Committee. Some countries, plagued by strong internal disagreements concerning their productivity policy, and unable to strike the necessary compromises within the national bureaucracies, tended to send several, often as many as five delegates to the PRA Committee's meetings. Moreover, the different committees under the EPA consisted mostly of persons who had duties elsewhere and who could only devote little time to the agency. The creation in 1957 of the Governing Body was intended to eliminate these problems by defining clearer lines of authority. However, it was only partially successful in this respect.[112]

On the insistence of the Governing Body, a consulting firm, Whitehead, carried out over a one-year period, from 1957-58, an analysis of the agency's working methods, "investigating all the aspects of the Secretariats work and part of the work of OEEC's Secretariat, from the top down to the bottom."[113] The Whitehead report, which resulted from this examination, contained "devastating"[114] criticism of the secretariat's working methods. The director dismissed the report as merely discussing subordinate practical questions without any substantial bearing.[115] Nevertheless, in 1959 the secretariat did start implementing a certain number of administrative reforms inspired by the Whitehead report and aimed at achieving a higher degree of efficiency.[116]

The misgivings which some countries or individuals had about the efficiency of the agency were often difficult to separate from cultural or political

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[110] PRO, BT64/4768 , T.A.(L)(55) 1st Meeting, 23.5. 1955, "Minutes of Meeting of the Sub-Committee Held at the BOT on 4.5. 1955;" MBZ, DGEM-Archief 663/EPA Algemeen, f. "1477," note, no. 136391, van Blokland to Kruisheer, 29.10. 1954, att.: note, King, 27.10. 1954, "Future Operation of the EPA."

[111] UMA, j.nr. 106.O.21, box 1, memo, 26.9. 1960, "Productivity Promoting Activities Within the OEEC after 30.6. 1960."

[112] UMA, j.nr. 106.P.11, box 4, CKFP (Iveroth and Seth), 14.2. 1957, "PM förtrolig angående EPA's organisation;" UMA, j.nr. 106.O.21, box 1, memo, 26.9. 1960, "Productivity Promoting Activities Within the OEEC after 30.6. 1960."

[113] ECHA, EPA Archives, f. "RE 5/7/09 Agence. (E)," Statement by Åsbrink, 19.6. 1959.

[114] CHBA, 7111(B) Lf. bzw. 1972/168, box 306, ltr., Ryffel (OFIAMT) to OEEC del., 23.7. 1959, "Reorganisation der AEP."

[115] ECHA, EPA Archives, f. "RE 5/7/09 Agence. (E)," Statement by Åsbrink, 19.6. 1959. The Whitehead report has not been located in any of the visited archives.

[116] SVUD, Afd. H, grupp 77, PP 52, ltr., Åsbrink to UD, 30.10. 1959.

questions. The Danish OEEC delegate for instance ascribed the administrative problems of the EPA to the French dominance in the agency.[117] Moreover, those countries criticizing the EPA's operational deficiencies and suspecting its secretariat of empire-building[118] were often the same as those which from the very start had been dismissive of the whole idea of creating the EPA. They could hardly be expected to behave as neutral observers.

## E. Conclusion

The EPA was designed with a view to making it an efficient operational body. It indeed became the first and main operational body of the OEEC. However, it was continuously plagued by conflicts concerning its proper role. Further, it was often criticized for its numerous administrative shortcomings. Those very countries which opposed the idea of an active agency, were also the harshest critics of its alleged lack of efficiency. However, critics and supporters alike agreed that several factors combined to handicap the efficiency of the agency. The main one was its provisional character, which severely limited its ability to recruit adequate staff.

[117] UMA, j.nr. 73.C.41/19i, box 3, ltr., Bartels to Paldam, 15.2. 1954. Åsbrink shared this concern about the "latin", "southern" or "catholic" influence and thought that the agency would have been better off with a British director.

[118] MBZ, box 345, DGES-Archief, 996.256 EPA OEEC/ deel I, note, de Milly to Grégoire, Fletcher and King, 15.2. 1956.

# IV. AN AMERICAN AID AGENCY

The EPA was created as a result of American ideas, actions and money.[1] During its initial period it remained chiefly a body through which European countries could receive US technical assistance. The EPA was a channel for US aid and influence in several ways. Most obviously as a conveyer of US assistance to the OEEC countries. More subtly through the influence which the Americans had on the formulation of the EPA's program of activities.

## A. The US and the Financial Resources of the EPA

### 1. The Initial Funding

The productivity movement in Western Europe after the war was to a large extent American-financed.[2] Until 1957, the European productivity program represented an investment of more than 300 million dollars, approximately two thirds of which were directly or indirectly financed by the United States. The rest, the equivalent of about hundred million dollars, consisted of European expenditures from non-counterpart sources.[3] Compared with the total Marshall aid – almost thirteen billion dollars during the period 1948-51 – the sums earmarked for the European productivity drive may seem modest.[4] Moreover, the direct American contributions to the EPA only represented a small part of the American aid to productivity programs in the OEEC countries.[5] However, the US deemed it important as a means to Europeanize the productivity drive and secure its continuation.[6] The initial capital of the EPA was provided by the US directly through a contribution foreseen in the Moody Amendment of 2.5 million dollars to further European cooperative action in the field of productivity. Moreover, OEEC countries receiving Benton-Moody aid paid eight percent of the counterpart funds of this aid into the agency, the total of which amounted to 7.52 million

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[1] See Chapter I.

[2] MBZ, DGEM-Archief 663/EPA Algemeen, f. "1477," ltr., Hijmans to Berger and de Milly, att.: note, 9.11. 1954.

[3] ICA, *European Productivity*, p. 3.

[4] See Appendixes: Table A-12.

[5] The American assistance to the EPA is obviously bigger if the indirect contributions are taken into account (see below, footnote 27).

[6] MBZ, DGEM-Archief 663/EPA Algemeen, f. "1477," ltr., Hijmans to Berger and de Milly, 9.11. 1954, att.: note, 9.11. 1954.

dollars. This capital fund, ten million dollars, constituted the main source of financing of the EPA's programs during its first years of existence.[7] It was furthermore decided that the OEEC each financial year should pay 150 million French francs into the EPA funds. This sum represented the part of the OEEC budget which had previously been spent on productivity enhancing work by the organization. It was thus intended to ensure that the American aid given to the OEEC would be used on activities which the organization would not otherwise have financed. Over a three year period this sum – i.e., 450 million francs – furthermore represented approximately half of the American initial contribution of 2.5 million dollars.[8] At the beginning, most payments in national currency were only partially convertible, the non-convertible part being necessarily spent in the national currency. This restriction was progressively lifted and in July 1957, all national payments had been made convertible.[9]

## 2. American Aid after 1953

With Eisenhower's victory at the presidential elections in November 1952, a new administration took over. Eisenhower, in his inaugural speech, reaffirmed that improving productivity of its allies was a major US policy goal, and initially he opposed drastic cuts in foreign aid.[10] However, even though no new policy was officially formulated, there was a general feeling that the new administration did not share its predecessor's somewhat lukewarm commitment to the Moody program. Already in December 1952, the State Department tried to put "productivity enthusiasts"[11] in the Mutual Security Agency in their place, stating that they should "[u]nder no circumstances let Moody nonsense cause any ripple in relations between France and US."[12] The new MSA ambassador in Europe, William H. Draper, was skeptical of the whole productivity program and considered

[7] See Appendixes: Table A-1 and A-4.

[8] UMA, j.nr. 73.C.41/19i, box 1, desp. no. 468, OEEC del. to UM, 28.5. 1953; UMA, j.nr. 73.C.41/19i, box 2, desp. no. 1648, OEEC del., 16.6. 1953.

[9] ICA, *European Productivity*.

[10] Burton I. Kaufman: *Trade and Aid. Eisenhower's Foreign Economic Policy 1953-1961*, Baltimore and London, 1982.

[11] WNRC, RG 469, SRE, PTAD, SF Relating to Benton-Moody Program, box 1, f. "History: 115K," Report (s.d., probably from June 1953), "History of Negotiations under Section 115 K of the ECA Act"; DDE, Manuscripts, Fitzgerald Papers 1945-69, box 20, f. "Telephone Conversations," memo, Fitzgerald to Batt, 29.4. 1953.

[12] DDE, Manuscripts, Fitzgerald Papers 1945-69, box 20, f. "Telephone Conversations," memo, Oshins to Fitzgerald, 5.12. 1952.

terminating it altogether.[13] However, Harold Stassen, the new director of the MSA, was more appreciative of the program. Anyhow, there could be no question of giving up the Moody aid, since negotiations on bilateral agreements and on the creation of the EPA were by now well under way. In 1953, the State Department favored skipping all technical assistance but it had to change its position after vehement protests from the MSA.[14] The new administration thus maintained its support for the productivity drive and still considered the EPA a useful means to promote European cooperation. However, it did not share the Moody Amendment's enthusiasm for share-out clauses or strengthening trade unions. Detrimental to the EPA was also the fact that technical assistance funds were segregated from the rest of the American aid and thus lacked powerful sponsors within the administration. In February 1954, responsibility for the European technical assistance and productivity programs was transferred to one single division,[15] thus making possible a more integrated planning of the assistance programs. But the transfer took place at a time when there was little left to coordinate.[16] In 1954, on Stassen's demand, the whole American policy towards the European Productivity program was reviewed, and the ensuing report, the so-called Gulick report concluded that continued US support of the EPA "constitutes one of the few remaining [...] programs in Europe through which [the NSC basic policy guidelines] can be implemented."[17] The latter guidelines directed US agencies to encourage regional economic actions and groupings to promote increased trade, technical cooperation and investment, to build an "integrated European community" and to sustain the "confidence of the free world in the ability of its basic ideas and institutions to provide a way of life superior to communism."[18] Partly as a result of the Gulick report, the 1955 program was reconsidered and the sum earmarked for technical assistance was raised to 6.4 million dollars, including assistance to the EPA. In September 1955, John B. Hollister, Stassen's successor as the head of the

[13] DDE, Manuscripts, Fitzgerald Papers 1945-69, box 20, f. "Telephone Conversations," memo, Sheppard to Fitzgerald, 8.4. 1953.

[14] WNRC, RG 469, USRO, OES, SF 1952-55, box 19, f. "5th Session of Annual Conference," Report by MacPhail, "Annual Conference of US Operations Mission Directors, 19.11. 1954."

[15] The Office of European Affairs in the FOA (cf. WNRC, RG 469, OEO, ROS, SF 1948-53, box 4, f. "Economics: Productivity Program (2 of 3)," note no. 390, 15.12. 1954.

[16] Ibid.; MBZ, DGES-Archief, 996.256 EPA OEEC/deel I, ltr., Hendrickx to de Milly, 24.2. 1956, att.: note, OBAP, 24.2. 1956.

[17] WNRC, RG 469, OEO, ROS, SF 1948-53, box 4, f. "Economics: Productivity Program (2 of 3)", note no. 390, 15.12. 1954.

[18] Ibid.

Foreign Operations Administration (FOA), wondered whether it would not be better to terminate all technical exchange programs, including the contributions to the EPA.[19] The program approved in 1956 was reduced to about 4 million dollars but it provided continuing support to the EPA as well as other multilateral projects, and limited technical assistance programs for Austria, Iceland, Italy, France and Germany. Also in the following years legislative authority was obtained for direct grants to the EPA. Since Congress was reluctant to approve economic (non-military) aid to Western Europe, the administration often had to fight for such appropriations. This was due to its commitment to European integration rather than any perception of continued need for technical assistance to the OEEC countries. In the administration itself, doubts as to advisability of continued US financial support for the EPA were strengthening. In the fall of 1958, rumors reached the EPA that the American administration was considering stopping all US aid to the EPA. Protests from Sergent and backing from other influential members of the American administration were then instrumental in securing its continuation.[20] Despite its limitations, the EPA was still seen as a useful instrument of European integration. However, with the US' increasing balance of payments problems, this program encountered ever stronger resistance both within the administration and in Congress. In the end, this movement led to a change of US policy which was the decisive factor behind the winding up of the EPA in 1960/61.[21]

The result of this policy development was a steady decline in US aid to the EPA. Shortly after the conclusion of the Moody aid agreements, it had been decided to reduce technical assistance funds. Most technical assistance programs to OEEC countries were discontinued after 1955. As the bilateral aid was phased out, the different country missions of FOA/ICA[22] were closed

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[19] WNRC, RG 469, OEO, ROS, SF 1948-53, box 106, f. "OEEC: Senior Economic Officers Meeting 1955 (2 of 5)," "Summary Record. Second Session: Monday, 19.9. 1955."

[20] ECHA, EPA Archives, f. "RE 5/7/09 Agence. (E)," ltr., RS 1833, Sergent to Dillon, 24.10. 1958, att.: note, 24.10. 1958, "United States Contributions to the EPA and the OSTP;" ECHA, EPA Archives, f. "RE 5/7/09 Agence. (E)," note, Cesi to Sergent, 13.10. 1958; ECHA, EPA Archives, f. "RE 5/7/09 Agence. (E)," note, GC-1194, Cesi to Sergent, 10.10. 1958.

[21] See: Chapter II.

[22] The ECA was replaced by the MSA in December 1951. The MSA gave way to the FOA in August 1953. In June 1955, the FOA was abolished and its functions transferred to a new semi-autonomous agency within the State Department, the ICA (see: Chapter I, footnote 5; WNRC, RG 469, ODDO (1953-61), OAEO (1955-61), ROS, SF 1948-57, box 160, f. "OEEC: Senior Economic Officers Meeting 1955 (3 of 5)," Hagerty to the President, 9.5. 1955).

down. From then on, the EPA was practically the sole channel through which American technical assistance was given to OEEC countries. Furthermore, it was one of the few remnants of the American civilian postwar assistance program to Western Europe.[23] While the initial assets of the EPA were overwhelmingly of American origin, American aid subsequently diminished. Until 1956, the US paid an average of 1.8 million dollars annually to different EPA projects. In the following years the contribution was gradually reduced from 1.5 million dollars in 1956/57 to 0.7 million dollars in 1960/61.[24] During these years, the American grant amounted to approximately one third of the EPA budget, the rest being financed by capital withdrawals and European contributions.[25] While the American governmental aid was reduced from 1956 onwards, the Ford Foundation stepped in during 1955 and financed EPA projects concerning trade union training and later also projects dealing with management education and underdeveloped areas.[26] During the whole period 1953-61, (direct or indirect) American funding represented two thirds of the about thirty million dollars contributed to the EPA.[27]

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[23] ICA, *European Productivity*; MBZ, DGES-Archief, 996.256 EPA OEEC/deel I, ltr., Hendrickx to de Milly, 24.2. 1956, att.: note, OBAP, 24.2. 1956.

[24] See Appendixes: Table A-4.

[25] In 1958/59, the EPA budgetary expenses were financed by the US (thirty-one percent), the OEEC member and associated countries (forty-three percent) and by drawing on the EPA's capital (twenty-six percent), cf. UMA, j.nr. 106.O.21, box 2, EPA/D/5750(Final), 14.4. 1959, "Detailed Programme of Action of the EPA for FY 1958-1959." See also: UMA, j.nr. 106.O.21, box 3, no. 5695, OEEC del. (Agerup), 7.12. 1959; WNRC, RG 469, OLA, LPD, RRt EPA, box 1, f. "EPA Administration," ecoto A-71, USRO Paris to ICA/W, 25.7. 1958; WNRC, RG 469, OLA, LPD, RRT EPA, box 1, f. "EPA – Administration – Governing Body," ecoto circ. A-4, Paris to ICA/W, 20.12. 1958; UMA, j.nr. 106.O.21, box 5, C(60)120, 18.6. 1960, "US Contribution to the Assets of the EPA for 1960-61;" WNRC, RG 469, OAEO, SF, 1955-59, box 45, f. "Productivity June Thru October 1956," ecoto circ. A-31, Paris to ICA/W, 10.10. 1956. From 1957 onwards the OEEC countries contributed to the EPA according to the same scale of contributions used for the OEEC, see for example: OEEC, *Acts of the Organisation,* vol. 19, p. 351.

[26] WNRC, RG 469, OEO, ROS, Cables, Letters and Memoranda (CLM), 1950-57, box 4, f. "ROS: Chronological File, May 1957," note, Little, 16.5. 1957, "EPA: Host-country Contributions;" ECHA, EPA Archives, f. "RE 5/7/09 Agence. (D)," f. "Fondation Ford," ltr., Lindeman to Sergent, 18.3. 1955; UMA, j.nr. 106.O.21, box 6, C(61)147, 25.9. 1961, "Special Aid for the Programme for Areas in the Process of Development."

[27] See Appendixes: Table A-6. This figure does not include the considerable supplementary expenses incurred by member countries to cover travel expenses, reimbursements to the EPA for the use of its consultant services, etc. During the years 1955, 1956 and 1957 these contributions amounted to respectively 2, 2.9 and 2.6 million dollars. Figures for the subsequent years have not been found. However, the trend was to increase the share of the participating countries. The total cost of the EPA's activities thus substantially exceeded forty million dollars. (see WNRC, RG 469, OEO, ROS, CLM. 1950-57, box 4, f. "ROS: Chron. File, May 1957," note, Little, 16.5. 1957; WNRC, RG 469, OLA,

US aid was always a fundamental element in discussions on the continuation of the EPA and on European contributions to the agency. In particular, the fact that American assistance to the EPA was conditioned on contributions from the member countries, was a strong motivation for the Europeans to share a part of the financial burden.[28] In 1956, the US stated that if the OEEC countries decided to continue the EPA, they would be ready to pay up to half of the amount needed for the financing of the agency.[29] When the US granted its last contribution to the EPA, for the financial year 1960/61, it was given with the proviso that the American grant should be matched in a proportion two to one by the Europeans – which it was.[30]

## 3. The EPA as Coordinator of American Technical Assistance to the OEEC Countries

One of the central motives behind the creation of the EPA was the American policy goal of strengthening the OEEC as a means to further European integration.[31] This might have seemed an overly ambitious goal, since the OEEC had not proved to be an efficient integration instrument. The initial French and American ambitions for the EPA were defeated by the British, but the Americans did not give up so easily. They may have considered it an asset that the EPA was dealing with a "low politics" area, since that could

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LPD, RRt EPA, box 1, f. "EPA administration," ecoto A-71, USRO Paris to ICA/W, 25.7. 1958. It may be argued that EPA related expenses were in fact much higher because a sizeable number of purely national productivity enhancing activities were induced by its existence. Indeed, several NPCs were only established in order to have a national counterpart to the European organization.

[28] SVUD, Afd. H, grupp 77, PP 43, no. 763, OEEC del (Hägglöf) to UD, 31.3. 1956, att.: note, Traagstad, 24.3. 1956; UMA, j.nr. 106.P.11, box 2, no. 1493, OEEC del. (Hjorth-Nielsen), 5.4. 1956; NORA, HD, Avd. for Utenrikshandel 1948-1961 II, box 122, f. "3," note, Traagstad, 20.2. 1956; NOUD, 44.25/1 t, box 3, ltr., Colonna to Heads of Delegations, 3.6. 1953.

[29] UMA, j.nr. 106.P.11, box 4, H.C. Hansen/Boel to Folketingets finansudvalg, 22.2. 1957; SVUD, Afd. H, grupp 77, PP 42, no. 445, OEEC del. (Hägglöf) to UD, 27.2. 1956; MBZ, DGES-Archief, 996.256 EPA OEEC/deel I, EPA/D/1222, ltr., Grégoire to de Milly, 30.12. 1955.

[30] UMA, j.nr. 106.O.21, box 4, CES/60.24, 9.3. 1960, "United States Comments on Re-organisation of OEEC Operational Activities (C(60)58) and on Support of the 1960-61 EPA and OSTP Programmes;" UMA, j.nr. 106.O.21, box 5, 18.6. 1960, C(60)120, "US Contribution to the Assets of the EPA for 1960-61." The expenses for the operational program of the EPA for 1960-61 were covered by member countries (forty-four percent), contributions from the US (twenty-two percent) and drawing on capital (thirty-four percent), cf. UMA, j.nr. 106.O.21, box 5, EPA/D/8340, 3.11. 1960/23.11. 1960.

[31] See: Chapter I.

mean that the resistance to integrative endeavors would be weaker. In order to let the EPA provide "leadership"[32] to the European productivity effort, and further European cooperation, the Americans considered letting the EPA take over the coordination of all American technical assistance to the OEEC countries. However, this idea was shelved, awaiting the maturation of the new agency.[33] One year later, the moment apparently was considered ripe since the Americans now found that the EPA ought to play a coordinating role in matters of US technical assistance to the individual OEEC member countries. In March 1954, Stassen stated that:

> We must strengthen the OEEC, work for European economic integration through it, seek ways to give the OEEC continuing action programs. We should strengthen the EPA as an operating arm of the OEEC. We should channel more of our productivity aid through the EPA. We should use our productivity aid at both the regional and national levels, so as to increase the competence and strength of the productivity institutions as centers for continuing European efforts for expanded production, wider markets, higher wages, lower prices, stronger free trade unions.[34]

Accordingly, the Americans wrote to Harten to present "on an exploratory basis certain preliminary US ideas and thoughts on the future development of EPA's program and on its role in providing leadership and coordination to the European productivity effort." The letter further stated:

> Now, it seems to us, the time has come for the EPA to provide [...] leadership and coordination to the total European productivity effort. This would involve not only its own program but that of the individual countries as well. [...] The EPA review would be directed towards maximizing intra-European assistance on a mutual and self-help basis, minimizing the needs for US assistance, and presenting those minimum needs on a coordinated basis for Europe as a whole. This coordinated approach would also enable better judgment to be reached on the kinds of activities to be carried out internationally by the EPA vis-à-vis those to be carried out nationally by the countries.[35]

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[32] HSTL, Papers of Everett H. Bellows, "Bellows – Correspondence. General," box 1, memo, Bellows, 8.3. 1953, "The US Approach to the European Productivity Program."

[33] DDE, Manuscripts, Fitzgerald Papers 1945-69, box 20, f. "Telephone Conversations," memo, Norton to Holmgreen, 6.2. 1953; DDE, Manuscripts, Fitzgerald Papers 1945-69, box 20, f. "Telephone Conversations," memo, Green to Fitzgerald, 10.3. 1953; DDE, Manuscripts, Fitzgerald Papers 1945-69, box 20, f. "Telephone Conversations," memo, Sheppard to Fitzgerald, 8.4. 1953.

[34] ICA, *European Productivity*, p. 37.

[35] PRO, CAB134/1183, SCTA, T.A.(L)(54)48, 5.4. 1954, note by the BOT, "FOA Suggestions on the Coordination of the EPA Program with National productivity programmes," att.: ltr., Fobes (USRO) to Harten, 12.3. 1954.

The US was in other words considering letting the EPA play for the technical assistance the role which it had tried to convince Western European countries to let the OEEC play for Marshall Aid:

> The EPA could then propose to the US a coordinated plan for US assistance to the European productivity effort both at the national and international level. [...] The process, itself, would be similar but on a far smaller scale to that performed by the OEEC in the early Marshall Plan days when it recommended to the US the allocation to be made of available US aid funds among the various European countries.[36]

The European reaction to this proposal was cool. The UK thought that if "coordination meant control, even moral control, by the agency over national programs, this should be resisted."[37] This view was largely shared by the other member countries. Subsequent discussions about the American proposal were fruitless and merely resulted in an exchange of information between the member countries on their national productivity campaigns.[38]

However, the EPA was apparently still given high priority by the FOA, and in December 1954 it was stated that "[t]he US looks upon the EPA as the principal long term instrument for strengthening the European productivity movement" and that "every effort will be made to make the agency into a strong and efficient operating body."[39] In February 1955, a new proposal was made to the OEEC secretary general, Robert Marjolin, that the EPA coordinate the activities of the NPCs and the American technical assistance to the OEEC countries. The purpose was both one of simplication within the US administration and one of strengthening the position of the EPA. But the Europeans were unmoved. As the Dutch saw it, the proposal was an artifice designed to strengthen an agency which was still weak and whose secretariat might be overstretched by such a new task.[40] This finally ended US proposals

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[36] Ibid.

[37] PRO, CAB134/1183, SCTA, T.A.(L)(54) 4th Meeting, 29.5. 1954.

[38] ECHA, EPA Archives, f. "Ré-organisation de l'OECE: Notes diverses d'information pour le Groupe des Quatre sur le travail de l'OECE," f. "23. Mr. Sergent (Work of the OEEC) OEEC – Record of Discussions With GOFEO. Meeting No. 8: Activities of EPA and OSTP, Grégoire, 22.2. 1960."

[39] WNRC, RG 469, DDO, OEO, OD, SF 1948-54, box 48, f. "Productivity," toeco A-470, 27.12. 1954, FOA/W (Stassen/Urschel Jr.) to Paris, "Draft Circular Airgram on FOA Policy With Respect to EPA." See also: WNRC, RG 469, USRO, OES, SF 1952-55, box 19, f. "5th Session of Annual Conference," Report by MacPhail, "Annual Conference of US Operations Mission Directors, 19.11. 1954."

[40] See for example: MBZ, 996.26, EPA/Alg., deel I, note, no. 528, de Milly to van Blokland, 4.3. 1955.

for the EPA to act as a coordinating body for the overall American technical assistance to individual OEEC countries. That it did so was perhaps not surprising, since this aid was by then being drastically reduced. The very limited coordinating role which the EPA came to play in matters of US assistance to individual countries thus mainly took the form of discussions about the use of the Moody aid in the member countries.[41]

## B. The US and the EPA's Program

The productivity campaign was seen by some American officials as "an important weapon of psychological warfare [...] in competing for the political and economic leadership of the free world," since:

> the program offers the US, especially in those areas where other economic aid programs have ceased, a unique and inexpensive vehicle through which it can exert political influence at the grass roots, and demonstrate directly to the people its interest in their welfare. [42]

The Europeans were reluctant to accept the missionary uses which the US made of the productivity program. The goal of this policy was to reform Western European societies, but the sums involved were hardly of an amount warranting their use as an instrument of pressure. Worse, some countries (e.g., the UK) were less interested in the EPA's survival than was the US. Nevertheless, since the Americans contributed a major part of the EPA's funding, they had a considerable amount of leverage on the program of the agency throughout its lifetime.[43]

On several occasions, the productivity program became a bitter bone of contention between the US and its European allies, because the Europeans felt that the Americans became too "interventionist."[44] The Moody negotiations helped to create a keen awareness among the American decision-makers that there were strict limits to what the Europeans could accept. The fact that the EPA counted neutral countries among its members set some supplementary limits to what could be asked from this organization. The

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[41] MBZ, 996.26, EPA/Alg., deel I, desp., 178.474, de Milly to Hijmans, 29.12. 1955.

[42] WNRC, RG 469, USOM, Mission to Austria, PTAD, SF 1952-58, box 4, f. "Briefing Materials," memo, Hall to Russell, 23.9. 1954, "The FOA Productivity Program."

[43] ASCONF, box 58/4.2, f. "CIFE. Gruppo di lavoro per l'attività EPA. Anno 1958-59," ltr., Arnaud to Mattei, 6.2. 1959, att.: note, Angelkort, "Quelques idées sur un programme européen pour le développement de l'industrie et du commerce;" UMA, j.nr. 106.O.21, box 1, no. 3899, OEEC del. to UM, 27.8. 1958.

[44] See: Chapter I.

more controversial elements of American policy in Western Europe, namely military aid and aggressive initiatives to subvert the influence of communists within the labor movement, were kept out of the EPA. The American decision-makers were thus well aware of the need to be cautious in dealing with the Europeans. As Everett H. Bellows, chief of the Productivity and Technical Assistance Division, stated in March 1953:

> To achieve any success in this direction, we must constantly be aware that we are working in cultures different from our own. This means that attitudes cannot be changed by imposing American ideas on these cultures directly or from above. The job is one rather of transferring American ideas to Europe for adaptation and use here by Europeans. In other words, the characteristically American attitudes towards industry and business must be translated into the particular idiom of the culture in which they will be used. Our failure to recognize this would only result in enhancing resistance to change.[45]

The Americans claimed that they had no intention in dealing with the EPA "to dictate its terms."[46] In July 1953, the Benton-Moody Amendments were replaced by the Thye Amendment as the new section 516(a) of the Mutual Security Act.[47] The repeal of the Benton-Moody Amendments was due to the widespread feeling in Europe that they implied "interference in the internal affairs of other countries through attempting to impose economic policies on other governments as a condition of US aid."[48] The Americans hoped to assuage the bad feelings which had been aroused during the Moody negotiations. At the same time, the new amendment represented a weakening of the "progressive" message of the former amendments, through the elimination of any reference to two goals which had been particularly controversial during the Moody negotiations: the share-out principle and the strengthening of "free" trade unions as collective bargaining agencies of labor. Despite this move, the Europeans remained on their guard. As a Dutch official noted in connection with the discussion in 1956 on the continuation of the EPA: "Too great pressure for very early Council decision will certainly provoke irritation and possibly even suspicion (of another American coup)."[49]

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[45] HSTL, Papers of Everett H. Bellows, "Bellows – Correspondence. General," box 1, memo, Bellows, 8.3. 1953, "The US Approach to the European Productivity Program."

[46] UMA, j.nr. 106.P.11, box 2, C/M(56)21(Prov.), 23.5. 1956, "Minutes of the 326th Meeting Held on 11.5. 1956."

[47] See: Chapter I, footnote 173.

[48] WNRC, RG 469, USRO, OES, SF 1952-55, box 20, f. "MCM, August 1953 (2 of 2)," "Background Paper on the Thye Amendment."

[49] MBZ, box 345, DGES-Archief, 996.256 EPA OEEC/deel I, note, de Milly to Grégoire,

The US exerted its influence in various ways. The American annual payments from 1953 to 1957 were tied to specific EPA projects, either in Europe or in the US. The latter, the so-called Type A missions, were study trips by Europeans to the US. As it was gradually reduced, aid was given on more liberal terms. After 1957, the American contribution was paid directly into the accounts of the EPA but it was allocated to specific activities which the Americans wished to encourage, notably the trade union program and the APED program.[50] In 1959, the US renounced earmarking any part of its aid. But it stressed that it presumed that the EPA program previously presented would not be altered by the Governing Body, as such action "might affect the US attitude toward continuing the practice of not earmarking funds with respect to future programs."[51] The strings were done away with mainly because the EPA anyhow did implement such activities for which the US might have approved funds.[52]

The US also helped shape the program in other and more discreet ways. It participated in the planning and originally also in the implementation of the program. Many American experts were employed by the EPA to assist it in connection with individual projects. These often involved trips to the US or visits by American consultants to Europe, and their implementation involved US-EPA negotiations concerning the coverage of the dollar expenses incurred by the project.[53] The first phase of the EPA's life was very "Ameri-

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Fletcher and King, 15.2. 1956.

[50] WNRC, RG 469, OAEO, SF, 1955-59, box 61, f. "Productivity," ecoto A-523, ICA/W, 13.11. 1957; UMA, j.nr. 106.P.11, box 2, no. 2710, OEEC del., 20.6. 1956; WNRC, RG 469, OAEO, SF 1955-59, box 81, f. "Productivity. January – March 1958," ltr., Van Dyke to Francis, 28.3. 1958; OEEC, *Acts of the Organisation*, vol. 18, pp. 69-73; WNRC, RG 469, OAEO, SF, 1955-59, box 45, f. "Productivity June Thru October 1956," ecoto circ. A-31, Paris to ICA/W, 10.10. 1956; UMA, j.nr. 106.O.21, box 1, no. 3899, OEEC del. to UM, 27.8. 1958; WNRC, RG 469, OAEO, SF 1955-59, box 91, f. "Committees – OEEC (2 of 6)," toeco A-468, ICA to Paris, 19.5. 1959; WNRC, RG 469, OLA, LPD, RRt EPA, 1955-59, box 1, f. "EPA – Administration- Governing Body," ICA/W to Paris, toeco A-420, 20.4. 1959; WNRC, RG 469, OLA, LPD, RRt EPA, 1955-59, box 1, f. "EPA-Administration-Governing Body," toeco 304, State Dept./ICA to Paris, 3.2. 1959.

[51] WNRC, RG 469, OLA, LPD, RRt EPA, box 1, f. "EPA – Administration- Governing Body," ecoto circ. A-4, Paris to ICA/W, 20.12. 1958. See also: UMA, j.nr. 106.O.21, box 5, C(60)120, 18.6. 1960; OEEC, *Acts of the Organisation,* vol. 20, pp. 271-75.

[52] WNRC, RG 469, OLA, LPD, RRT EPA, box 1, f. "EPA – Administration- Governing Body," ecoto circ. A-4, Paris to ICA/W, 20.12. 1958.

[53] UMA, j.nr. 106.O.21, box 1, note, 15.7. 1958; UMA, j.nr. 106.O.21, box 1, no. 3899, OEEC del. to UM, 27.8. 1958; PRO, FO371/150114, M557/11, note, Ellis-Rees to Owen, 28.3. 1960; UMA, j.nr. 106.P.11, box 2, C(56)40, 20.2. 1956; WNRC, RG 469, OLA, LPD, RRt EPA, box 1, f. "EPA Administration," ecoto A-71, USRO Paris to ICA/W, 25.7. 1958.

can" with a great importance attached to transatlantic missions and the recruitment of US experts.[54] As an American official recalled in 1954, the Americans were largely responsible for the first activities of the agency:

> What the US did to the Agency last year should not happen to any agency, but the results nevertheless are beginning to show up. [The US] deliberately put to them 15 or 16 projects involving American skills and resources in the most common fields that the mission programs seemed to reflect. We did this in the way of "forced feeding" because it [...] has put them in an operating position if you will, much against their will.[55]

The US had come to the conclusion that pressure was needed if the EPA was "to assume leadership" of the European productivity effort since too many Europeans "thought that leadership consisted of publishing a bibliography of universities that had management courses."[56] The powerful American influence that was exerted on the agency in its beginnings was partly due to the weakness of a new and inexperienced secretariat which felt that it had to show quick results.[57] It was worsened by the dearth of proposals from member countries, since this meant that the main source of proposals was the US.[58] The Americans on their side did not hide their interest in shaping the program and in participating in its implementation. An official at one stage even asserted that "there would be no US financial contribution unless US experts [were] employed" by the EPA.[59]

Many American-inspired programs were either welcomed by the Europeans, viewed as inoffensive, or greeted with irony and slight irritation when enthusiasm about the blessings of productivity became too lyrical.[60] The

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[54] WNRC, RG 469, OLA, LPD, RRt EPA, box 1, f. "EPA Administration," ecoto A-71, USRO Paris to ICA/W, 25.7. 1958.

[55] WNRC, RG 469, USRO, OES, SF 1952-55, box 19, f. "5th Session of Annual Conference," Report by MacPhail, "Annual Conference of US Operations Mission Directors, 19.11. 1954."

[56] Ibid.

[57] MBZ, box 106, DGEM-Archief 66/EPA Algemeen deel 5, f. "1473," note, King, 2.12. 1953, "Notes on a Conversation Between Marjolin and King on 26.11. 1953;" see also: MBZ, DGEM-Archief 663, f. "1477," ltr., Hijmans to Berger and Milly, 9.11. 1954.

[58] PRO, CAB134/1014, MAC(53)27th Meeting, "Minutes of a Meeting Held on 9.7. 1953."

[59] PRO, CAB134/1182, SCTA, T.A.(L)(53)79, 15.12. 1953, att.: E.R.(P)(53)11, 12.12. 1953, "Programme of the EPA." See also: UMA, j.nr. 73.C.41/19j, box 1, desp. no. 5340, OEEC del., 18.12. 1954.

[60] WNRC, RG 469, OAEO; ROS; RRt the EPA (EPA), 1953-1957, box 2, f. "Miscellaneous: Grégoire-King Visit," memo (draft), Van Dyke to Sage, 28.11. 1955;

American wish to increasingly focus on management-labor problems, aid to underdeveloped areas and problems relating to science and technology was generally accepted, though not without some reluctance here and there. During the first half of the 1950s, the Americans often stressed that labor-management problems rather than technological lagging behind were at the heart of the productivity gap between the US and Western Europe. Consequently, in 1955 the US decided to stop supporting projects which solely dealt with technological matters (save exceptional cases). The reason why the Americans had to repeat themselves *ad nauseaum* was of course that the European interest in getting access to American techniques persisted. Among the most controversial American projects were the fight against restrictive business practices and the strengthening of the "free" trade unions. Both programs were among those activities which the EPA countries were expected to pursue, if the Americans were to continue backing the agency financially.[61] In both cases the agency's programs were often excused by officials from the secretariat as unavoidable tributes to the Americans.

The Europeans were quick to manifest qualms about the massive American influence. As early as November 1953, King warned Marjolin that the program of the agency was about to be "too much dominated by American projects."[62] A similar criticism was voiced by Ellis-Rees:

> The Americans, having put up most of the money for the agency, were obviously in a favoured position to influence the director and at a late stage of the preparations we discovered that they had persuaded him to include in the program a large number of grandiose, ill-considered and expensive projects costing something like £ 300,000, which is a large slice of the available funds. But a point of special interest was that these projects provided for the employment of between 40 and 50 American experts travelling round Europe lecturing on Management, labour relations and distribution. Furtunately, and after a great effort, we have done something to reduce the size of this invasion and we hope that some at least of these projects will develop on sound European lines.[63]

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SVUD, Afd. H, grupp 77, PP 43, Swedish Embassy, Washington (von Sydow) to Swärd (OEEC del.), 8.3. 1956. See also: MBZ, box 106, DGEM-Archief 66/PRA Algemeen deel 5, f. "1473," note, King, 2.12. 1953, "Notes on a Conversation Between Marjolin and King, 26.11. 1953."

[61] WNRC, RG 469, OAEO, SF 1955-59, box 91, f. "Committees – OEEC (2 of 6)," toeco A-468, ICA to Paris, 19.5. 1959.

[62] MBZ, box 106, DGEM-Archief 66/PRA Algemeen deel 5, f. 1473, note, King, 2.12. 1953; see also: MBZ, DGEM-Archief 663, f. 1477, ltr., Hijmans to Berger and Milly, 9.11. 1954.

[63] PRO, CAB134/1183, SCTA, T.A.(L)(54)19, 15.2. 1954, att.: ltr., Ellis-Rees to Strath, 2.2. 1954.

Resentment was fed by an overpowering American presence which was not always felt necessary and therefore created suspicions of Americans pursuing selfish interests:

> The Americans have no inhibitions about trying to sell their goods: for example the Technical Assistance mission no. 142 – a team of [Americans] travelling round Europe training retailers in modern methods of food distribution – is accompanied by a large caravan full of the latest types of American refrigerating equipment, and since last June they have been doing it at the agency's expense.[64]

While many European industrialists in principle welcomed American assistance, the ways in which it was dispensed did not always raise enthusiasm. Looking back on the achievements of the EPA in 1958, Dr. Beutler, secretary general of the Bundesverband der Deutschen Industrie (BDI), said that German employers as a consequence of EPA's activities had "observed a stream of American consultants, most of whom left a rather negative impression with his industries."[65] As Peter Angelkort, head of the EPA's Business Management Division, stated in February 1959, the strong American influence was one of the explanations for the "rather lukewarm" attitude towards the agency among European industrialists.[66] The Swedes also made it clear that they did not share the American ideas which were being propagated during some seminars and conferences organized by the EPA. In November 1957, Folke Haldén declared:

> as far as industrial relations are concerned, the differences between [the] US and Europe are so big that no real comparison can be made: the sytems are so far apart from each another that they can hardly be seen as part of the same civilization.[67]

As early as December 1953, to counteract this American influence, King urged the member countries to put forward their own proposals to complement the American projects in the second annual program.[68] Three months

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[64] Ibid.

[65] BRDBA, B 102/37395 (2), no. 1149, OEEC del. (Werkmeister), 1.8. 1958. The quality of the American consultants does seem to have been uneven, since this expression of dissatisfaction was far from the only one (for contrasting views on American consultants in 1952, see: NLNA, Inv.nr. 593-601, f. "594", ltr., no. 24984, de Milly to Pen, 8.2. 1952, att.: note by de Milly, 7.2. 1952).

[66] ASCONF, box 58/4.2, f. "CIFE. Gruppo di lavoro per l'attività EPA. Anno 1958-59," ltr., Arnaud to Mattei, 6.2. 1959, att.: note, Angelkort, "Quelques idées sur un programme européen pour le développement de l'industrie et du commerce."

[67] ASCONF, box 70/18.5, f. "Progetto EPA 175/3/4: programma sindacale, CFIE/CEIF. Assemblée générale du 8.11. 1957."

[68] BRDBA, B 102/37052, EPA/D/19, 19.1. 1954, "The Second Annual Programme of

later, he called for Europe to "stand on its own feet."[69] More specifically, he wanted the EPA to develop a "European program providing for European self-help and limiting European requests for American assistance to those matters in which the US possessed special skills, techniques or experience beyond those available in Europe."[70] In October 1954, he reiterated his point, and argued that the EPA could "not only contribute to a general improvement in the European economy but [could] lead in the creation of a new and characteristically European industrial spirit."[71] This call for a Europeanization of the program of the EPA was backed by Prince Guido Colonna, deputy secretary general of the OEEC.[72] As an example of the more "sound European lines" along which the EPA's program should be developed, Ellis-Rees mentioned that it was "absurd that Europeans should go to the US, as they have done in the past, to learn about banking methods or cost accounting."[73] Such considerations were obviously not devoid of national self-interest. Believing that trade followed consultants, the UK advocated a greater use of European (preferably British) ones.[74] Ellis-Rees in particular urged the Britons to consider the economic advantages which could be reaped if the EPA member countries could be persuaded to look more to the UK for technical leadership. According to Ellis-Rees, the main rivals of the UK, the Americans and the Germans, threatened taking over leadership in the EPA. He therefore urged the UK to play a more active role

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EPA. Declaration by Dr. King at the Administrative Session on 18.12. 1953."

[69] PRO, CAB134/1183, SCTA, T.A.(L)(54) 4th Meeting, 29.5. 1954, "Minutes of the Meeting of the Sub-Committee Held at the BOT on 10.5. 1954."

[70] PRO, CAB134/1183, SCTA, T.A.(L)(54)48, 5.4. 1954, note by the BOT, "FOA Suggestions on the Coordination of the EPA Programme with National Productivity Programmes", att.: PRA 954/23, ltr., Fobes (USRO) to Harten, 12.3. 1954; PRO, CAB134/1183, SCTA, T.A.(L)(54) 4th Meeting, 29.5. 1954; UMA, j.nr. 73.C.41/19i, box 4, desp. no. 1240, OEEC del., 23.3. 1954.

[71] MBZ, DGEM-Archief 663/EPA Algemeen, f. "1477", note, no. 136391, van Blokland to Kruisheer, 29.10. 1954, att.: note by King, 27.10. 1954, "Future Operation of the EPA." In the same note King wrote that "[w]ith the diminution in American Technical Assistance it is essential to cultivate a truly European attitude which combines a recognition of the need for rapid economic development with that of social responsibility." The EPA, he thought, was well placed to play such a role.

[72] UMA, j.nr. 73.C.41/19i, box 4, desp. no. 1240, OEEC del., 23.3. 1954; see Chapter VIII.

[73] PRO, CAB134/1183, SCTA, T.A.(L)(54)19, 15.2. 1954, att.: ltr., Ellis-Rees to Strath, 2.2. 1954. See also: NLNA, 2.06.061, box 587, note, no. 74405, MBZ/DGEM, 21.5. 1953, "Het Europese Productiviteitscentrum."

[74] PRO, CAB134/1183, SCTA, T.A.(L)(54)19, 15.2. 1954, att.: ltr., Ellis-Rees to Strath, 2.2. 1954; UMA, j.nr. 106.P.11, box, PRA/M(57)4, 29.5. 1957. In 1957, about half of all EPA consultants were still Americans (WNRC, RG 469, OEO, ROS, CLM. 1950-57, box 4, f. "ROS: Chron. File, May 1957," note, Little, 16.5. 1957).

in the agency, using it as a means to penetrate European markets and assert British influence over technical development in Europe. Ellis-Rees thought for instance that "if the wool industry were ready to expose its latest techniques through [the EPA], orders for British textile machinery would increase."[75] Not all member countries welcomed this British strategy. The Norwegians for instance remained interested in getting access to American know-how and saw no reason in principle to favor European rather than American projects.[76] More strategic motives also played a role, namely the fear that Europe was being left behind by the two superpowers. Europeans would have to stand on their own feet if their continent was to play any major political and economic role in the world.[77]

The Europeanization argument was considerably strengthened after 1956, when the European contributions to the EPA were increased and the American contribution reduced. It was further strengthened by improved knowledge in productivity matters, i.e., the achievements of the productivity drive. Some Europeans also argued that awareness of the availability or non-availability of American funding unduly influenced the productivity enhancing projects in Western Europe, and that the US aid was counterproductive since it in some cases led to the adoption not of the most promising or efficient projects but of the ones most likely to receive US support.[78] The American connection had further been a liability for many NPCs. Admittedly, these centers would not have been created without US prompting. Once established, however, many of them had been "handicapped in prestige, finances, staffing, etc., because they [were] considered as (postwar) temporary phenomena for spending US money and not worth incorporating in national institutional structure."[79]

Given the perverse effects of the American aid, a Europeanization of the agency was not only necessary but, as Grégoire stated in 1956, also healthy.[80]

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[75] PRO, CAB134/1183, SCTA, T.A.(L)(54)19, 15.2. 1954, att.: ltr., Ellis-Rees to Strath, 2.2. 1954.

[76] NORA, Norsk Produktivitetsinstitutt 1289.1/11, box 118, f. "EPA Struktur og organisasjon, EPA's fremtid etc. 1954-1955," note, Nygaard, 28.5. 1954, "Europeiske produktivitetsprosjekter og den britiske innflytelse på disse prosjekter."

[77] UMA, j.nr. 106.O.21, box 2, no. 2926, OEEC del., 20.6. 1959; MBZ, box 345, DGES-Archief, 996.256 EPA OEEC/deel I, note, de Milly to Grégoire, 15.2. 1956.

[78] UMA, j.nr. 106.O.21, box 1, no. 4712, OEEC del til UM, 20.10. 1958; HM, j.nr. 88-5-56, no. 3255, Embassy in Washington (Hoelgaard), 19.12. 1955.

[79] MBZ, box 345, DGES-Archief, 996.256 EPA OEEC/deel I, note, de Milly to Grégoire, 15.2. 1956. De Milly was, at that time, vice-chairman of the PRA Committee.

[80] ASCONF, box 70/18.1, f. "AEP. Programmi di attività dell'AEP. Interventi della

It should of course be stressed that this development was encouraged by the US, since the whole point of creating the EPA was to Europeanize the productivity drive. After 1953 the US indeed transferred to the EPA the responsibility for a certain number of services hitherto provided bilaterally to the OEEC countries.[81] On US prompting, the EPA took over the MSA's film program, factory performance reports, the European technical digests, and the Question and Answer service.[82] Moreover, while there was a decline in the number of transatlantic missions organized by the EPA, the number of intra-European missions increased.[83]

One of the signs of the increasing self-reliance of the Europeans were the early calls for an Atlantic partnership in the productivity field. In 1954, the idea was formulated that the technical assistance program needed not be a one-way relationship, that America could learn from Europe too. This idea gained acceptance during the following years because of the European economic successes, the Soviet advances and the perceived American setbacks.[84] Although the EPA continued to play a role as a channel for US technical assistance to Western Europe, there were examples of know-how or ideas flowing in the opposite direction across the Atlantic, thereby making the EPA a mutual technical assistance agency.[85] Whereas in 1957 a majority of the visiting teams came to the US to learn some new technique, the

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Confederazione. Interventi del CIFE. Circolari, corrispondenza. appunti," note, "Allocution de Grégoire à l'Assemblée générale du CEIF, 22.2. 1956." One may of course suspect that there is some degree of subsequent rationalization in these considerations.

[81] OEEC, *Acts of the Organisation*, vol. XIV, p. 184.

[82] UMA, j.nr. 106.O.21, box 1, memo, 26.9. 1958, "Productivity Promoting Activities Within the OEEC after 30.6. 1960."

[83] During the period 1949-54 approximately 13,000 "missionaries" went to the US (cf. WNRC, RG 469, OEO, ROS, SF 1948-53, box 4, f. "Economics: Productivity Program (2 of 3)," note no. 390, 15.12. 1954). See also: ASCONF, box 58/4.2, f. "CIFE. Gruppo di lavoro per l'attività AEP. Anno 1960-1961," ltr., Leali to CGII, att.: "Conseil général du 29.1. 1960, point 4d de l'ordre du jour, 9ème réunion du groupe de travail restreint institué pour suivre les travaux de l'AEP, 15.12. 1959;" AN, 5 A 156. f. "IV Plan," AFAP, "Rapport d'activités 1961-1962," November 1962.

[84] BRDAA, PA, BR 401, Bd 91 AZ: 88.129, note, 12.12. 1958.

[85] WNRC, RG 469, OEO, ROS, SF 1948-53, box 4, f. "Economics: Productivity Program (2 of 3)," note no. 390, 15.12. 1954; ECHA, EPA Archives, f. "RE 5/7/09 Agence. (E)," ltr., RS 1833, Sergent to Dillon, 24.10. 1958, att.: note, 24.10. 1958, "United States Contributions to the EPA and the OSTP;" MBZ, box 345, DGES-Archief, 996.256 EPA OEEC/deel I, note, de Milly to Grégoire, Fletcher and King, 15.2. 1956; ASCONF, box 18.1, f. "AEP. Programmi di attività dell'AEP. Interventi della Confederazione. Interventi del CIFE. Circolari, corrispondenza. appunti," "Allocution de M. Grégoire à l'Assemblée générale du CIFE du 22.2. 1956."

situation had changed in 1959, when the majority came to participate in joint European-American conferences aiming at an exchange of ideas and experiences. According to the EPA's Washington office, these teams had "played an important role in familiarizing very large numbers of Americans with European ideas and methods." Therefore, it argued, "[i]t may be truthfully claimed that the program of EPA missions to the US has been to the advantage of both sides of the Atlantic."[86] During their visit to the US in November 1955, Grégoire and King invited the US to join the EPA as a full member. This would allow the transformation of the EPA into an instrument for joint European-American productivity promotion.[87] In 1957, the OEEC's Working Party no. 16 reiterated the proposal that the US and Canada become full members of the EPA (though not of the OEEC) with full voting rights. Both offers were politely declined by the Americans, who thought their influence on the EPA might be greater outside than if they became members of the EPA and thus only one out of 18 or 19.[88] In 1958, just a year later, the idea of US membership of the EPA was revived and in June 1959, the Americans seemed at last to be seriously considering this proposal.[89]

Ironically, the end of the story was to be quite different. In 1961, the US became a member of a reorganized OEEC, but at the cost of the winding up of the EPA.[90] In the meantime, the agency had served not only as a channel for American assistance to Western Europe, but also as a forum for an increasingly self-confident examination by the Europeans of their own needs. However, even though the program was increasingly Europeanized towards the end of the EPA's existence, many projects were still in some way or another American-inspired. Moreover, throughout the EPA's existence, the US played a decisive role in setting priorities for the agency. This was obvious during the initial "American phase." It remained clear during the following "Europeanization phase." The US strongly encouraged the Europeans to take over the programming of the EPA's activities while at the

[86] UMA, j.nr. 106.O.21, box 4, EPA/D/7601, 17.2. 1960, "Report on the Activities of the EPA Unit of the OEEC Washington Office."

[87] WNRC, RG 469, OAEO; ROS; RRt the EPA (EPA), 1953-1957, box 2, f. "Miscellaneous: Grégoire-King Visit," memo (draft), Van Dyke to Sage, 28.11. 1955.

[88] WNRC, RG 469, OEO; ROS, CLM. 1950-57, box 4, f. "ROS: Chron. File, Feb. 1957," note (draft), Lachman, 19.2. 1957, "Reasons Militating Against Full US Membership in EPA;" UMA, j.nr. 106.P.11, box 5, no. 3214, OEEC del., 5.7. 1957.

[89] BRDAA, PA, BR 401, Bd 91 AZ: 88.129, note, Emmel, 1.6. 1959; UMA, j.nr. 106.O.21, box 2, no. 2926, OEEC del., 20.6. 1959. See also: UMA, j.nr. 106.O.21, box 1, no. 4167, 18.9. 1958; BRDBA, B 102/37395 (2), note (Müller), 9.7. 1958; UMA, j.nr. 106.O.21, box 1, no. 4167, 18.9. 1958.

[90] See: Chapter II.

same time ensuring that the EPA focused on activities which the US found desirable, especially those concerning trade unions, management, underdeveloped areas and the training of scientific and technical personnel.

## C. Conclusion

The EPA was an American product. Both its creation and its initial activities were the result of vigorous American prompting. The Europeans were pressured into undertaking cooperative efforts in the field of productivity enhancement, which they would not have accepted if they had been left to themselves. The Americans retained a powerful influence on the agency's activities throughout the 1950s. They had many ideas about what ought to be changed in Western European countries, notably in areas such as management education or labor-management cooperation. They also had their own views on which efforts should be undertaken to strengthen the OEEC and the West as a whole, notably in the field of science and technology or aid to underdeveloped countries. But there was no ready-made master plan behind the European productivity drive. It developed incrementally, to serve some very general American policy goals. Rather than a neatly packaged American model, the US was offering a long shopping list, from which the Europeans were prompted to chose.[91] While the concept of "politics of productivity" appears to be an adequate description of the underlying motive of the American policy, it should not induce us into an overly simplified vision of the American decision-making, giving it a coherence of vision and action which it actually lacked. The EPA was in principle a prime means to implement the politics of productivity in Europe. However, it also illustrated many of the Americans' hesitations on both the goals and means of this policy. While they had rather radical views on the changes which would be desirable in Europe, they disagreed on the means to achieve them. The US administration was notably halfhearted in its support of the EPA as a vehicle for the implementation of the American policy. It was also reluctant to risk alienating much European goodwill in an attempt to achieve something as vague as a drastic change of European attitudes and minds.

[91] See Bent Boel, "The European Productivity Agency: A Faithful Prophet of the American Model?", in: Matthias Kipping and Ove Bjarnar (eds.), *The Americanisation of European Business. The Marshall Plan and the Transfer of US Management Models*, London, Routledge, 1998, pp. 37-54.

The American influence was viewed with ambivalent feelings by the Europeans. On the one hand they welcomed much of the American input. In that sense, the EPA is yet another example of the American "empire" coming about by invitation. On the other hand, they complained that the Americans were sometimes too interventionist or naive and that American solutions were not always adapted to European needs. The greater European countries further wanted to protect their own economic interests. National sensitivities, economic interests and a wish to achieve a greater and more adequate impact combined to prompt a Europeanization of the agency's activities.

# V. A EUROPEAN FEDERATOR

The relationship between the EPA and the member countries was always problematic. The agency was to federate and guide the national productivity centers (NPC), as well as to service them. The inevitable tension between these functions caused numerous conflicts. The EPA was heavily dependent on the member countries' goodwill, and since their benevolence could never be taken for granted, the agency was forced to spend a considerable amount of energy on staying alive.[1] At the same time, however, the agency enjoyed a large degree of freedom. The balance between autonomy and member country control was an uneasy one, both as far as the input (the kind of programs chosen by the agency) and as far as the output (the way the agency tried to implement these projects) were concerned .

Once the general orientations had been defined, the Council usually ignored the agency.[2] The question of the EPA's relationship with the member countries thus to a large degree became one of the agency's relationship with the NPCs. The NPCs played an important role in discussing the EPA's program. Moreover, from the outset it had been agreed that the EPA should act through the intermediary of the NPC.[3]

The EPA was often defined as a "Federation of National Productivity Centers."[4] Not everybody was keen on using that term, because of its ambitious connotations. Those who did use it, interpreted the label in different ways. For some, it expressed an ambition, namely the idea that the EPA should play a federating and perhaps even a leading role in relation to the NPC. For others, it merely meant that the EPA ought to be a clearing

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[1] See: Chapter II.

[2] See: Chapter III.

[3] UMA, j.nr. 106.P.11, box 2, Note, UM 11.2. 1956, att.: "Draft note on the Future Financing of EPA, 7.2. 1956;" OEEC, *The European Productivity Agency. Activities and Achievements*; MBZ, DGEM-Archief, 663/EPA Algemeen, f. "1477," ltr., Hijmans to Berger and de Milly, 9.11. 1954, att.: note, 9.11. 1954; NOUD, 44.25/1 t, box 3, PRA/P/2, 14.11. 1953, "The Operation of PRA Committee and its Sub-Committees in Relation to the Work of the EPA;" UMA, j.nr. 106.P.11, box 4, ltr., Jensen to Grégoire, 28.3. 1957; ABA, Arbejderbevægelsens Erhvervsråd, arkivnr. 516, box 79, PU, note, 30.1. 1953; ABA, Arbejderbevægelsens Erhvervsråd, arkivnr. 516, box 80 , f. "Produktivitetsudvalget. 1953. C1," note, s.d., "Møde i PU vedr. handel d. 4.11. 1953."

[4] Interview with Gaston Deurinck, 14.8. 1995; UMA, j.nr. 106.P.11, box 3, PRA(56)48/4, 19.10. 1956, "Memo by the Swiss Delegation on the Objectives and Activities of the EPA"; OEEC, *The European Productivity Agency. Activities and Achievements*.

house for the NPCs.[5] These two uses had divergent implications, since the first one put the emphasis on expanding the role of the agency, whereas the second implicitly aimed at confining its activity within more or less narrow limits. The tension between these positions was partly an American-European one. Whereas the Americans wanted the EPA to act as a means to foster European integration, the OEEC countries generally looked for more practical advantages. However, the Europeans were not in agreement amongst themselves. The ambivalence surrounding the term "Federation of NPCs" demonstrated one of the fundamental problems which plagued the EPA: its conflict-ridden relationship with the NPC. Before this relationship is further explored, the NPCs will be briefly presented.

### A. The National Productivity Centers

Ever since 1949 and the initial success of the Anglo-American Council on Productivity, the Americans had strongly encouraged the creation of NPCs in the OEEC countries. Such centers were to discuss, prepare, finance and implement projects in various spheres of the national economy aimed at improving productivity. The goal was to nationalize, socialize and perpetuate the productivity drive. In countries such as France and Italy, with a strong communist party, it was important that the productivity drive appeared to be a national endeavor rather than one imposed by the US. That the financing would generally originate from Marshall Plan counterpart funds would then matter less than the fact that the drive would be instigated by national authorities. The Americans, moreover, hoped that the NPCs would be created as tripartite centers, within which labor, management and government officials would cooperate. Lastly, the productivity drive would not endure without efficient institutions to carry it through.

The result of the American promptings was a partial success. Between 1949 and 1952, eleven productivity centers were created in the OEEC countries.[6] However, many of them were weak and played only a modest role. During

[5] MBZ, DGEM-Archief, 663/EPA Algemeen, f. "1477," ltr., Hijmans to Berger and de Milly, 9.11. 1954, att.: note, 9.11. 1954. See also: Chapter III.

[6] ASCONF, box 70/18.1, f. "AEP," PRA(52)41, 21.10. 1952, "Annuaire provisoire des centres de productivité des pays membres;" OEEC, *The European Productivity Agency. Activities and Achievements. A Summary of the Work Done by E.P.A. During Four Years of Operational Activities*. While official documents reckoned that national productivity bodies had been created in eleven OEEC countries (namely Austria, Belgium, Denmark, France, Germany, the Netherlands, Iceland, Italy, Sweden, Switzerland, and the United Kingdom) the status of these centers varied greatly, as explained below.

the Moody negotiations, the US again insisted on the creation of strong and effective productivity centers in the aid-receiving countries.[7] As a result, several of the existing centers, which were deemed unsatisfactory by the Americans, were reorganized. In other countries, which did not have any NPC in the first place, such centers were created as a result of US urging. Some countries remained very reluctant to set up a NPC, and thus either abstained from creating a real NPC serving as contact point for the EPA in that country, or did so only at a very late stage. In the beginning of 1953 most NPCs were "new and immature," but only one and a half years later Alexander King stated that "some of them [were] now strong and influential, while the Conditional Aid funds in many of the countries [had] added to their resources on a formidable scale."[8]

However, the situation remained one of extreme contrasts among the EPA member countries. The NPCs differed widely in status, strength and policy. The EPA's secretariat considered many of them unsatisfactory because they neither functioned properly as an intermediary between the agency and private firms, nor did they play any productivity enhancing role worth mentioning. Just a few were found to be clearly satisfactory. One may distinguish between countries having a NPC implementing a national productivity campaign while at the same time serving as an intermediary body for the EPA and countries where this, for various reasons, was not the case. The first group comprised Austria, Belgium, Denmark, France, Germany (after 1955), Italy, the Netherlands, and Norway. The second group comprised the UK, Sweden, Ireland, Iceland, Portugal, Turkey, and Switzerland. In Sweden the productivity center was "mainly a clearing institution between EPA and various organizations dealing with productivity in specific fields."[9] In the UK, Ireland, Iceland, Portugal and Turkey there was no official productivity center. The British Productivity Council did not have status as a NPC, the contact with the EPA was taken care of by the Board of Trade.[10] In Luxemburg the NPC was created at a very late stage,

[7] WNRC, RG 469, SRE, PTAD, SF relating to Benton-Moody Program, 1952-1953, box 1, f. "History: 115K," report, "History of Negotiations under Section 115K."

[8] MBZ, DGEM-Archief, 663/EPA Algemeen, f. "1477," note, no. 136391, van Blokland to Kruisheer, 29.10. 1954, att.: note, King, 27.10. 1954.

[9] SVUD, UD, Afd. H, grupp 77, PP 44, ltr., CP (Iveroth and Seth) to UD, 4.5. 1956, att.: "Memo on the Future of the EPA, Submitted by the Swedish National Productivity Center."

[10] ASCONF, box 18.1, f. "AEP. Programmi di attività dell'AEP. Interventi della Confederazione. Interventi del CIFE. Circolari, corrispondenza. appunti," note, Arnaud. "Structure et rôle de l'AEP. Synthèse des avis formulés par les Fédérations industrielles."

while in Switzerland it enjoyed only a brief existence.[11] The first group included those countries where the productivity campaign was given a comparatively high priority, while in the second group the productivity drive attained more modest proportions.[12]

The NPCs' role was dependent not only on their structure, strength and policy priorities, but also on their place within the national decision-making structures. In some countries, the NPC was the focal point of the national policy making in matters of productivity either because it was part of the governmental decision-making framework and largely the place where the official policy was being formulated (e.g., Denmark) or because it was under firm governmental control (e.g., France). In other countries, the NPC's role was less central and sometimes suffered from a strained relationship with the governmental decision-makers (e.g., Belgium)[13]. In some cases, it was a tripartite body, in others it was not.[14] Furthermore, the NPCs had widely differing fields of activity. Whereas some had very general goals and covered practically all sectors of the economy, others acted only within very specific limits or confined themselves to certain types of action, such as the dissemination of management techniques. They, therefore, had very diverse expectations of the EPA.[15]

The degree of legitimacy of the NPC was highly variable depending on whether or not it was seen as corresponding to a genuine national need and purpose. While all NPCs to varying degrees owed their existence to American aid, and while most of them were financed by Moody counterpart funds until approximately 1960, some of them became success stories, as they managed to be seen as useful by firms, trade unions and other economic actors in their countries, and thereby secured political support.[16] However, in most cases the legitimacy of the NPC mainly rested on being a "national

[11] UMA, j.nr. 106.O.21, box 5, OEEC, *The European Productivity Agency. Activities and Achievements.*

[12] ICA, *European Productivity.*

[13] CHBA, 7111(B) Lf. bzw. 1972/168, box 306, Ryffel (OFIAMT) to OEEC del., 23.7. 1959.

[14] ICA, *European Productivity.*

[15] WNRC, RG 469, OAEO, SF 1955-59, box 92, f. "Committees – OEEC (4 of 6)," C(59)215, 31.7. 1959, "Report of Working Party No. 26 of the Council."

[16] In the French case, for example, the Fonds national de la Productivité operated on Marshall Plan counterpart funds until 31.12. 1960, after which French authorities took over funding (cf. AN, 5 A 156. f. "IV Plan," AFAP, "Rapport d'activités 1961-1962," November 1962). See also: NOUD, 44.25/1 t, box 14, "Rapport fra møte i EPA's produktivitetskomite i Paris 18.1. og 19.1. 1960."

correspondent" for the EPA.[17] Many ministries of finance were skeptical towards the NPC. This caused problems when the NPC did not have sufficient means to contribute to the financing of their nationals' participation in EPA projects. Since most projects required a financial contribution, this was a severe limit on these countries' ability to participate in the EPA's activities, and further strained the relationship between the agency and those particular NPCs.[18]

### B. 1953-57. Clash of Visions: Leader or Clearing House?

When the EPA was created, the Americans and members of the secretariat wanted the agency to play a leading role in the European productivity drive. This ambition clashed with many member countries' wish to see the agency confine itself to doing whatever they asked it to do.

The American ambition that the EPA should coordinate all technical assistance to the OEEC countries, and thereby play a federating and leading role in relation to the NPCs, was defeated.[19] Nevertheless, the term "Federation of the National Productivity Centers" survived. The secretariat often used it to describe the agency's role in relation to the NPCs. Some member countries likewise referred to this definition. In August 1956, Italy stated that "the EPA must aim more and more at becoming a 'Federation' of the national productivity centres in the member countries."[20] Italy, however, was less concerned with having the agency playing a leading role, than with improving its contacts with the NPCs. The latent conflict between the EPA secretariat and the NPCs thus persisted.

Being an intergovernmental organization, acting in a "low politics" area, and with an uncertain future, the secretariat was bound to adopt a humble attitude in relation to representatives from the individual member countries, most notably the OEEC Council delegates. Its main assets and bargaining weapons in relation to the individual countries were the American money, the prestige attached to an international organization, and the expertise, American and European, which the agency could provide. It was often

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[17] AN, 5 A 156. f. "IV Plan," AFAP, "Rapport d'activités 1961-1962," November 1962; BRDBA, B 102/37395 (2), Hinsch to Seibt and Luitjens, 12.9. 1958.

[18] UMA, j.nr. 73.C.41/19i, box 4, CE/M(54)26(Prov.), 5.8. 1954.

[19] See Chapter IV.

[20] UMA, j.nr. 106.P.11, box 3, PRA(56)48/2, 31.8. 1956, "Memo by the Italian Delegation on the Aims and Action of the EPA."

admitted by the secretariat that the EPA was there to serve the needs of the individual member countries. However, the secretariat enjoyed a broad autonomy.[21] The supervisory control exercised by the OEEC Council and the secretary general was remote and loose, the members of the PRA Committee lacked either the technical knowledge, political punch, or self-consciousness needed to challenge the secretariat's proposals and decisions could be taken by a simple majority vote. Moreover, the member countries did not always have a very clear idea about what they wanted. When they did, these ideas could be quite diverse. For all these reasons, the secretariat had plenty of opportunities to reassert its own authority. The language used in some EPA publications, where the EPA was presented as the leader of a European productivity drive, and as having "satellites" in the member countries, were like Freudian slips revealing the ambitions of at least some members in the secretariat.[22]

The EPA and the member countries interacted mainly on three occasions: during the preparation, the adoption and the implementation of the agency's program. The projects which together formed the agency's program, could be proposed by any member country, by the US, by the agency itself and in some cases by professional organizations. In the latter case, they were to have the project accepted by a working party or sub-committee of the EPA. The field was thus wide open for extremely diverse proposals. In practice the formulation of the program of the EPA was mostly made by the secretariat, with, especially during the initial years, a large input from the US. In the first year of its existence, the EPA initiated a considerable number of rather unrelated activities. This created pressure from some member countries which advocated that the EPA in preparing its annual program should only take into account project proposals which had originated with the NPC. In December 1954, van Leeuwen, chairman of the Dutch productivity center, claimed that "the member countries which alone knew their real requirements should prepare the agency's program instead of projects being initiated by the agency."[23] The problem, however, was that such proposals were not forthcoming. King complained that although:

> the agency [...] had repeatedly requested information concerning member countries experiences and future programs, there had however been practically no

[21] See Chapter III.

[22] UMA, j.nr. 106.P.11, box 4, HMPU to OEEC del. (Tuxen), 8.3. 1957.

[23] UMA, j.nr. 106.P.11, box 1, EPA/ABI/36, x.1. 1955, (mailed from Paris on 15.2. 1955), OEEC del. to UM, "Advisory Board, Draft Minutes of the 4th Session Held in London on 3.12. 1954."

response from the member countries, a fact which greatly added to the difficulties of preparing a truly European program by the director.[24]

In 1956, the Danes repeated the complaint that most of the EPA projects had been formulated by the its secretariat and, though often useful, they did not always seem in touch with the needs of the member countries. They, therefore, requested that the EPA play a more limited role of doing whatever it was asked to do by the NPCs and nothing more.[25] While no quantified data exists concerning the origin of the agency's projects, it does not seem that such statements significantly altered the fact that the agency played an essential role in preparing projects.

The member countries got a second chance to influence the EPA's program during the PRA Committee's deliberations, when the secretariat presented its program for adoption. This committee, which had been intended to consist of high-ranking government officials, soon came to consist mainly of representatives from the NPCs and low-ranking members of the national OEEC delegation who were not always really aware of their government's policy in productivity matters. Because of its size and lack of detailed technical competence, the PRA Committee could only to a limited extent come to play a parliamentary, controlling role in relation to the secretariat.[26] This was deemed unsatisfactory both by some member countries and by the secretariat. The former found that the agency eluded their political control while the latter feared that the low status of the PRA Committee weakened the agency's status in the member countries.

Most fundamental was the role of the NPCs when it came to implementing the agency's program. The EPA was supposed to act through the intermediary of the NPCs.[27] Nevertheless, time and again it took direct contact with firms, professional associations, trade unions, universities and other institutions in the member countries. It offered them services in the form of materials, guest professors, consultants etc., often without informing the local NPC about these demarches. This produced repeated complaints from some NPCs. Many countries were extremely sensitive to any infringement of their national sovereignty, and insisted that all contacts between the EPA and

[24] Ibid.

[25] UMA, j.nr. 106.P.11, box. 2, HMPU (Egholm and Fisker) to UM, 20.3. 1956; see also: ASCONF, box 58/4.2, f. "CIFE. Gruppo di lavoro per l'attività EPA. Anno 1957," "Structure et rôle de l'AEP. Procès-verbal du comité du 1.4. 1955."

[26] See Chapter III.

[27] UMA, j.nr. 106.P.11, box 2, note, UM, 11.2. 1956, att.: note, 7.2. 1956, "Draft Note on the Future Financing of EPA."

national bodies or individuals should go via the NPC. They protested whenever the EPA tried to bypass them. In 1957, the Dutch complained.[28] The Danes did so as well, *ad nauseum*. They insisted on the principle that the NPC was the obligatory intermediary except in those few cases where another procedure had been agreed upon. They also argued that such contacts were counterproductive because they aroused irritation in the local institutions.[29] Confronted with this dissatisfaction, the EPA's secretariat invariably stated its respect for the national authorities. Notwithstanding these pledges, it would in numerous cases go on bypassing the NPCs. To a certain extent this attitude reflected the ambitions which many EPA officials entertained to having a guiding role in a European productivity drive. But it also reflected an exasperation with the NPCs. The secretariat indeed found that quite a few among them did not function satisfactorily as channels for the communication between the EPA and the member countries. In 1956, Grégoire accused the NPCs of acting as a "bamboo curtain"[30] between the EPA and the potential users of EPA projets and thus being more of a hindrance than an aid to the agency's actions. Many NPCs found this criticism hard to swallow since in their view the EPA had been established to assist the member countries rather than the other way round.

## C. The Amended Constitution of the EPA (1957): An Illusory Compromise

Several factors combined to provoke a reform of the EPA in 1957. Most important was the desire to ensure tighter government control over the finances of the EPA. The decision of 1956 to continue the EPA implied that from then on it would increasingly be financed by the member countries' own resources. This strengthened the European interest in ensuring that the agency's money was well spent.[31] Several OEEC countries believed that the PRA Committee was unsuited to play such a supervisory role.[32] This was in particular the view of Belgium, which took the initiative in proposing that it

[28] MBZ, 996.26, EPA/Algemeen, deel III, ltr., no. 24742, de Milly to King, 16.2. 1957, "Communications EPA/Countries."

[29] UMA, j.nr. 106.P.11, box 4, no. 111, UM (Boel) to OEEC del., 12.2. 1957; UMA, j.nr. 106.P.11, box 4, ltr., Jensen to Grégoire, 28.3. 1957.

[30] UMA, j.nr. 106.P.11, box 3, EPA/AB/M(56)2, 31.12. 1956, "Minutes of the 7th Session Held in Paris on 31.5. and 1.6. 1956." See also: CHBA, 7111(A) Lf. bzw. 1 box 17, f. "2d semestre 1954. EE 20.90.4. AEP," ltr., SCEE to OFIAMT, 26.11. 1954.

[31] MBZ, DGES-Archief, 996.26, OEES/EPA/Algemeen, Inv.nr. 416, ltr., King to de Milly, 27.12. 1956; UMA, j.nr. 106.P.11, box 4, ltr., Jensen to Grégoire, 28.3. 1957.

[32] SVUD, Afd. H, grupp 77, PP 46, ltr., UD (Von Sydow) to Hägglöf, 1.11. 1956.

should be replaced by a governing body, composed of high-ranking governmental officials from the member countries. In Belgium the relations were strained between the government and the independent NPC, the Office Belge pour l'Accroissement de la Productivité. Countries, on the other hand, where the relationship between the NPC and the government was close did not feel any need to tighten government control of the EPA finances. In France and Denmark, for example, the NPC formed part of the governmental decision-making framework. These disagreements thus to a large degree reflected the national peculiarities of the organizational framework in the member countries.[33] Another motive for reform was the secretariat's wish to exclude the NPCs from the decision-making and to establish more high-level relations with the member countries.[34] A prescient Norwegian observer thought that the real objective of the secretariat's reform proposals was not only to establish more political and less technical relations with the member countries, but also to integrate the agency more fully into the OEEC and to transform it into an "operative servicing body for different OEEC interests among which productivity."[35] Further factors were a widespread dissatisfaction with the EPA's administration, and a desire to improve the links with international professional organizations.[36] Some observers thought that the Americans played a discreet but important role, because they wanted to sidetrack the PRA Committee in order to strengthen the authority of the director.[37]

The agreement reached in January 1957 to reform the structure of the EPA[38] thus reflected rather various motivations, the Swiss and the Swedes hoping

[33] UMA, j.nr. 106.P.11, box 4, no. 911, OEEC del., 25.2. 1957; WNRC, RG 469, OAEO, SF 1955-59, box 64, f. "Technical Cooperation April 1957 (1 of 2)," ecoto A-1071, 2.4. 1957, "Proposed Changes in Supervisory Structure of the EPA;" WNRC, RG 469, OAEO, SF, 1955-59, box 61, f. "Productivity," ecoto A-78, 18.7. 1957.

[34] SVUD, Afd. H, grupp 77, PP 46, ltr., UD (Von Sydow) to Hägglöf, 1.11. 1956.

[35] NORA, HD, Avd. for Utenrikshandel 1948-1961 II, box 122, f. "5", note, Birch, 28.2. 1957, att.: note, "EPA's struktur og spørgsmål beslektet hermed." A German note also saw a continuity between the strengthened Governing Body in 1957 and the wish to create a "conseil opérationnel" which emerged in 1958/59, cf. BRDBA, B 102/37396 (2), note, 10.7. 1959.

[36] UMA, j.nr. 106.P.11, box 4, OEEC del., no. 911, 25.2. 1957. This was to a certain extent sought to be achieved through a changed status for the Advisory Board, cf. Chapter VI.

[37] MBZ, 996.26, EPA/Algemeen, deel III, ltr., de Milly to Alhaique, 22.1. 1957; UMA, j.nr. 106.P.11, box 4, no. 252, UM (Boel) to OEEC del., 21.3. 1957; MBZ, DGES-Archief, 996.26, OEES/EPA/Algemeen, Inv.nr. 416, ltr., de Milly to Rasmussen, 24.1. 1957.

[38] UMA, j.nr. 106.P.11, box 4, no. 541, OEEC del., 1.2. 1957. Cf. also Chapter II.

to limit the activities of the agency,[39] the secretariat aiming at strengthening its status. Working Party no. 16 was asked to prepare proposals for a reorganization of the EPA, which resulted in the adoption of an amended Constitution in July 1957.[40] The alliance between the secretariat and those countries where the NPC was either considered as being too independent from government or simply too weak, ensured that the PRA Committee was replaced in its policy-making role by a Governing Body composed of high-level representatives from the member countries. This new body was to approve all projects, save those involving modest expenditure.[41] To make sure that it would not include members from the NPCs, it was suggested that the OEEC Council should be allowed to veto nominations and that no representative from a NPC would be nominated. These proposals were adamantly opposed by the Scandinavian countries who thought that the Governing Body should consist of members of NPCs and who in any case wanted to be free to nominate whoever they wished.[42] According to the Danes, the result of the proposed reform would be that "the EPA would be managed by a Governing Body composed of a number of officials, no doubt highly qualified, but not necessarily with a profound knowledge of productivity work."[43]

Despite the fact that they were fairly isolated and exposed to harsh pressure, the Scandinavian countries partially won their case, since it was granted that the member countries' choice could not be vetoed by the Council.[44] However, they could not prevent the implicit weakening of NPC influence which the creation of the Productivity Committee implied. This committee,

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[39] SVUD, Afd. H, grupp 77, PP 43, no. 622, OEEC del., 17.3. 1956, att.: note, Hägglöf, 14.3. 1956. The Swedish stand was in fact that the expenses of the agency should be cut, its activities and administration streamlined, and (provided the first had been achieved) the authority of the director strengthened (cf. also: UMA, j.nr. 106.P.11, box 4, no. 252, UM (Boel) to OEEC del., 21.3. 1957; SVUD, Afd. H, grupp 77, PP 46, ltr., UD (Von Sydow) til Hägglöf, 1.11. 1956.

[40] OEEC, *Acts of the Organisation*, vol. 17, pp. 335-49; UMA, j.nr. 106.O.21, box 1, no. 3899, OEEC del. to UM, 27.8. 1958; UMA, j.nr. 106.P.11, box 5, C(57)31(2nd Revision), 28.6. 1957, "Report by Working Party No. 16 of the Council;" UMA, j.nr. 106.P.11, box 4, no. 911, OEEC del., 25.2. 1957.

[41] UMA, j.nr. 106.P.11, box 4, no. 911, OEEC del., 25.2. 1957.

[42] Ibid. UMA, j.nr. 106.P.11, box 4, no. 1499, OEEC del., 28.3. 1957; UMA, j.nr. 106.P.11, box 4, CKFP (Iveroth and Seth), note, 14.2. 1957; NORA, memo, CKFP (Iveroth and Seth), "Constitution of the EPA;" UMA, j.nr. 106.P.11, box 4, no. 252, UM (Boel) to OEEC del., 21.3. 1957.

[43] UMA, j.nr. 106.P.11, box 4, ltr., Jensen to Grégoire, 28.3. 1957.

[44] UMA, j.nr. 106.O.21, box 1, no. 3899, OEEC del. to UM, 27.8. 1958; UMA, j.nr. 106.P.11, box 5, no. 3214, OEEC del., 5.7. 1957.

which consisted of representatives from the NPCs, would take care of the more technical exchange of information.[45] Its creation was officially intended to improve the often unsatisfactory relations between the EPA and the national centers,[46] and to live up to the EPA's aim of being a Federation of NPCs, understood as a clearing house.[47] Moreover, a Committee for Applied Research (CAR) was created. It consisted of representatives from the national institutes for applied research, and was likewise designed to improve contacts between the EPA and national institutions.[48] The Council of the OEEC retained the authority to approve the annual program and budget of the EPA.[49]

### D. 1957-61: The Battle Goes On

The adoption of the Amended Constitution of the EPA in July 1957 was a compromise. On paper the secretariat and its allies looked like winners. The NPCs had been exiled into the Productivity Committee, which had no influence on decision-making in the EPA. Moreover, the framework of a more satisfactory relationship between the agency and the member countries had been established with the Governing Body. Lastly, it had been stated that the EPA had several functions, since it was to be both a clearing house and a study center.[50] However, the resistance of the Scandinavians had ensured that the member countries remained free to appoint whoever they wanted to the Governing Body. While it comprised more high-level officials than its predecessor, several of its members were NPC representatives.[51] At its first meeting, the director of the Swedish productivity center, Sven Åsbrink, was elected chairman.[52] During his two years as chairman, Åsbrink turned into an increasingly acrimonious critic of the secretariat and of the

[45] ASCONF, box 58/4.2, f. "CIFE. Gruppo di lavoro per l'attività EPA. Anno 1957," ltr., Delfini to CGII, att.: OECE/885, 2.10. 1957, "Struttura degli organi dell'AEP." The German productivity center (Rationalisierungs-Kuratorium der Wirtschaft) protested against this weakening of the NPC position within the EPA (cf. B 102/37399 (1), ltr., Ziervogel (RKW) to BMW, 9.7. 1957, att.: EPA doc C(57)31, 11.7. 1957.

[46] PRO, BT258/96, ltr., Dakin to King, 28.9. 1954, att.: note, Benjenk, 23.9. 1954, "EPA Projects and the Role of US Consultants, Meeting Held on 22.9. 1954;" UMA, j.nr. 106.P.11, box 3, EPA/AB/M(56)2, 31.12. 1956.

[47] UMA, j.nr. 106.P.11, box 5, no. 3214, OEEC del. to UM, 5.7. 1957.

[48] OEEC, *Acts of the Organisation*, vol. 17, pp. 335-49.

[49] Ibid.; SVUD, Afd. H, grupp 77, PP 47, ltr., Åsbrink to Hägglöf, 18.7. 1957.

[50] OEEC, *Acts of the Organisation*, vol. 17, pp. 335-49.

[51] NLRA, 2.06.061, Inv.nr. 590, note, 8.8. 1959; SVUD, Afd. H, grupp 77, PP 48, ltr., Åsbrink to Swärd, 2.10. 1957.

[52] SVUD, Afd. H, grupp 77, PP 48, ltr., Åsbrink to Hägglöf, 24.9. 1957.

director in particular.[53] To the extent that its objective had been to silence the critics of the secretariat, the reform was a failure since:

> [t]here is ample evidence that the Governing Board [sic] of EPA represents the Productivity center element of the program and, as such, is resisting increasingly attempts by the US and the Agency to broaden its activities in fields beyond the traditional productivity activities normally carried out by national productivity centers.[54]

As far as the traditional activities were concerned (i.e., projects in the field of industry, commerce, agriculture), the Governing Body generally simply endorsed the proposals of the secretariat.[55] But it was critical of the assistance to underdeveloped areas as well as of the projects originating from the Committee for Applied Research (CAR).[56] This may well have strengthened the resolve of the secretariat, in 1958, to request yet another reform.[57] The secretariat's and Working Party no. 26's proposals for a reorganization of the EPA was seen by the critics of the secretariat as a way to reassert itself vis-à-vis the Governing Body and to eliminate for good the influence of the NPC.[58] The reform proposals were superseded by the negotiations on the reorganization of the OEEC into the OECD.[59] The secretariat, however, pursued its fight until the end. In 1960, it stated in its program that it could not rely solely on the NPCs to act as its intermediaries in the member countries. The agency ought to establish direct relations with other national organizations such as professional associations, universities, specialized institutes, etc.[60]

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[53] SVAF, P0021, box "EPA, Advisory Board, Möten 1-6, 1958-61," "Gullmar Bergenströms anteckningar (ofullständiga) från överläggningar i Paris före mötet samt från själva mötet."

[54] WNRC, RG 469, OLA, LPD, RRt EPA, box 1, f. "EPA Administration," ecoto A-71, USRO Paris to ICA/W, 25.7. 1958.

[55] UMA, j.nr. 106.O.21, box 1, note, 10.9. 1958, "Møde i UM 9.9. 1958 vedr. EPA's fremtid."

[56] NLRA, 2.06.061, Inv.nr 590, note, 8.8. 1959; UMA, j.nr. 106.O.21, box 2, no. 5595, OEEC del., 15.12. 1958; UMA, j.nr. 106.O.21, box 2, no. 1935, OEEC del., 28.4. 1959.

[57] Cf. Chapter II. See also: UMA, j.nr. 106.O.21, box 2, note, HMPU, 4.5. 1959. A German note concluded that the Governing Body constituted a clear improvement on the PRA Committee in terms of efficient decision-making, cf. BRDBA, B 102/37396 (2), 10.7. 1959, note.

[58] See: Chapter II.

[59] Ibid.

[60] ECHA, EPA Archives, f. "Ré-organisation de l'OECE: Notes diverses d'information pour le Groupe des Quatre sur le travail de l'OECE," f. "23: Mr. Sergent (Work of the OEEC.) OEEC – Record of Discussions with GOFEO. Meeting No. 8: Activities of EPA and OSTP from Grégoire, 22.2. 1960;" ASCONF, box 58/4.2, f. "CIFE. Gruppo di lavoro per l'attività AEP. Anno 1960-1961," ltr., CIFE/2924, Leali to CGII, 3.2. 1960,

The point was reiterated by Grégoire in his presentation to the Group of Four in February 1960 when he stated that "[t]he national productivity centers, apart from rare exceptions, had proved disappointing."[61] The exceptions were Belgium, Denmark, the Netherlands and Norway.[62]

The EPA, nevertheless, continued to play the role of a Federation of Productivity Centres through the medium of the Productivity Committee which acted as a forum for exchanges of information and experience between NPCs. This committee tried to establish a link beween the countries "in order to promote the European programme for productivity."[63] In January 1960, the EPA issued a report which amounted to a "funeral speech"[64] for the agency's productivity committee. In fact, within the OECD, a special committee was created where the NPCs from the member countries could meet. A modest version of the Federation of NPCs thus outlived the EPA.[65]

## E. Conclusion

The EPA had been created to promote European cooperative efforts to enhance productivity. As such it was expected to be a forum where the NPCs could meet, exchange views, information, experiences. It was further expected to provide the NPCs with services and to inspire their activities. However, the definition of the EPA as a Federation of NPCs to some extent proved a handicap for the agency. Several countries did not have a proper NPC. Those NPCs which did exist did not always enjoy widespread recognition by industry, commerce, agriculture and trade unions. Quite a few among them lacked financial resources other than the Moody funds, which were almost used up in 1960.[66] Further, while the EPA acted within an

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att.: note, 2.2. 1960, "Riunione del gruppo di lavoro del CIFE incaricato di seguire l'attività dell'AEP."

[61] PRO, FO371/150079, M551/89, GF/CR/23, 22.2. 1960.

[62] Grégoire did not mention Norway in his presentation to the Group of Four, but this omission was most probably accidental since the Norwegian Productivity Institute had a good reputation with the secretariat (see: UMA, j.nr. 106.P.11, box 4, no. 911, OEEC del., 25.2. 1957.

[63] UMA, j.nr. 106.O.21, box 5, EPA/D/8540, 20.10. 1960.

[64] NOUD, 44.25/1 t, box 14, "Rapport fra møte i EPA's produktivitetskomite i Paris 18.1. og 19.1. 1960."

[65] AN, 5 A 156. f. "IV," AFAP, "Rapport d'activités 1961-1962," November 1962.

[66] NOUD, 44.25/1 t, box 14, "Rapport fra møte i EPA's produktivitetskomite i Pairs 18.1. og 19.1. 1960."

extremely large field, most NPCs confined themselves within narrow limits.[67] None of them dealt with the new problems in which the EPA took an interest from the mid-fifties onwards: aid to underdeveloped areas and questions relating to science and technology. The NPCs were, therefore, not always the ideal partners for the EPA. However, many of them insisted on being the agency's sole intermediary, and they protested vehemently when they were bypassed. From the EPA's point of view, the NPCs thus increasingly became part of its many problems, rather than part of any solution. Some NPCs, on the other hand, thought that the EPA had embarked upon an empire-building strategy which ought to be resisted. While the EPA and the NPCs were strongly dependent on each other, their cooperation was often a source of frustration for both parties.

[67] Trade Union Advisory Council archives (TUAC), box "TUAC history," note, 12.2. 1959, "Quelques vues sur le statut, les tâches et l'organisation de l'AEP après 1960."

# VI. EPA: A TRIPARTITE ORGANIZATION?[1]

The EPA's existence was largely due to the American policy of encouraging "free" trade unionism in Western Europe during the Cold War. The Moody Amendment was one of the more spectacular elements of this policy, which had consequences both for the institutional framework of the EPA and for its activities. Several attempts were made to transform the EPA into a tripartite organization, and some indeed considered it a "joint 'management-labor-government' organisation."[2] Moreover, an important part of its program was devoted to strengthening non-communist trade unions.

## A. America's Labor Policy in the 1950s and the EPA

After World War II, the US devoted a great deal of energy on influencing Western European trade unions. The aim was short-term political, to fight communist and other radical influences in the labor movement through the strengthening of the "free" trade unions. The long-term goal was to promote attitudes among labor deemed more favorable to political and social stabilization in Western Europe. The anticommunist purpose of the American policy involved a wide range of activities such as covert CIA financed attempts at splitting existing trade unions, excluding communists from certain factories and assistance to non-communist trade unions.[3] The main targets of this policy were France and Italy, which both had strong communist parties. American trade unions were closely associated with their country's policy towards European labor and came to play an important role in backing non-communist factions in the European trade union movement. They were integrated into the organizational framework of the ECA, through the nomination of trade unionists as ECA officials, mostly labor attachés.[4] Paul Hoffman paid tribute to their role when he declared that it had "been due largely to the support of American labor that most European workers

[1] A short version of this chapter has been published in: *Arbejderhistorie*, vol. 4, 1999.

[2] UMA, j.nr. 106.O.21, box 1, memo, 26.9. 1958, "Productivity Promoting Activities Within the OEEC after 30.6. 1960."

[3] See Ronald Radosh, *American Labor and United States Foreign Policy*, New York, 1969, pp. 304-47.

[4] Carew, *Labour under the Marshall Plan*, pp. 80-91.

[...] failed to respond to Communist charges that Marshall Plan is Wall Street."[5]

From 1950 onwards, with the outbreak of the Korean War and the awareness that the communist parties in France and Italy continued to gather wide support among workers, the Americans found it necessary to be more aggressive in their support of non-communist trade unions. The Moody Amendment represented a highlight of the American attempt to use the productivity campaign to interfere with European labor politics. However, many European governments refused to commit themselves to the main Moody Amendment objectives. Trade union questions were considered politically too sensitive and economically of marginal relevance. The French government was particularly wary of encouraging criticisms of being a mere instrument of the American Cold War policy. During the Moody negotiations the share-out clauses and the commitment to back "free" trade unions proved to be among the main stumbling blocks. When the French protested that they could only accept an agreement which expressed support to trade unions in general, the Americans found that they would be "better off to eliminate any reference to it if it cannnot be restricted to free trade unions."[6] Most final Moody agreements were, therefore, more vague in their wording than originally intended by the US legislators. The administration was later successful in convincing Congress that the Moody Amendment was a nuisance, because it made the US appear to force an unpopular policy upon the Western Europeans. In 1954, the Moody Amendment was repealed and replaced by the Thye Amendment which was more vague in the conditions it put on the granting of American aid.[7]

The labor advisors advocated a more forceful approach to the European governments, but the Eisenhower administration was far less responsive to the American trade unions than the Democrats had been. While committing itself to the same aim – the strengthening of "free" trade unions – it was not prepared to put too much pressure on the mostly conservative European governments and employers. Since share-out clauses were too controversial, education of management and trade unions appeared to be more realistic and

[5] WNRC, RG 469, OD, SF of the Director 1948-55, box 24, f. "Labor 1953", note, OLA, 6.2. 1953: "The Labor Program of MSA."

[6] WNRC, RG 469, USOM, MF, OD, Office files of the Director 1951-55, box 7, f. "7. Productivity: Moody (2 of 2)," memo, Bellows to Batt, 4.5. 1953, "Points to be Covered With Labouisse on French Moody Program."

[7] See: Chapter I, footnote 173.

probably more efficient in the long run.[8] The Eisenhower administration, nevertheless, continued to back "free" trade unionism in Western Europe.

On American insistence, the EPA's constitution contained a reference to the Moody Amendment's goals. There was one major exception though. The OEEC countries refused to mention the strengthening of "free" trade unionism among the new agency's objectives.[9] However, in American and European minds it was perfectly clear that this was an aim to be pursued by the EPA.

Throughout the EPA's existence, it remained a central American concern to support anticommunist trade unions.[10] In March 1954, a FOA document stated that:

> one of the chief objectives of the total productivity program is to strengthen free unions as a force for building an expanding economy and for fighting against communist propaganda, strikes and other activities. Recognizing this, one of the chief targets of communist efforts is the productivity program itself, which is attacked as a capitalist device for speed-up, unemployment, and higher profits.[11]

Since the EPA was an OEEC organization and several of its member countries were neutrals, it could not be overtly used for Cold War purposes. The Americans realized that:

> [the] EPA would not be appropriate for programs with significant labor-political implications, as in France and Italy, where these are directed at strengthening free unions which are faced by dominant communist-led unions.[12]

The more "aggressive" elements of the US trade union policy thus remained in the bilateral realm. But in 1954 it was decided to channel an increasing

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[8] WNRC, RG 469, USOM, MF, OD, CRU, SF (CtF), 1948-56, box 168, f. "14. Productivity: Meetings and Conferences 1953."

[9] WNRC, RG 469, OEO, ROS, SF 1948-53, box 3, f. "Economics: Productivity Program (1 of 3)," repto circ. 144, Paris to MSA, 25.3. 1953; UMA, j.nr. 73.C.41/19i, box 2, C(53)81(Final), 17.6. 1953. See also: Chapter I.

[10] WNRC, RG 469, ODDPP (1953-1961), SF of the DD, 1951-58, box 16, f. "Technical Assistance – European Productivity," Secretariat note 1, 3.7. 1956, "Current Problems in the OEEC."

[11] WNRC, RG 469, DDO, OEO, OD, SF 1948-1954, box 54, f. "TA, Jan.-April 1954 (1 of 2)," ecoto A-709, USRO Paris to FOA/W, 30.3. 1954, "TA 98-418-4-2 Local Currency Project for Report on Communist Dominated Trade Unions."

[12] WNRC, RG 469, ODDTS, Office of Industrial Resources (OIR), OD, SF 1952-56, box 2, f. "European Technical Exchange Program," memo, Meskimen (S/LAF) to Russell (DD/S), 18.10. 1954, "EPA Structure and Policies and FY 56 TE Plans."

proportion of US technical assistance to Western Europe through the EPA. The EPA was assigned a central role in US efforts to bolster "free" trade unionism. The educational and training aspects of US labor policy could easily be taken over by the EPA. In 1956, it was stated that:

> [t]he basic fashion in which this objective [i.e.: of strengthening the "free" trade unions] is pursued is through the development and support of activities within the EPA which will be useful to trade unionists. [...] To too great an extent European unions are dominated by ideology rather than 'bread and butter' concepts and the mutual suspicion between labor and management has resulted in a situation in which strikes are as often called for political purposes as for economic motives and in which legitimate collective bargaining is difficult to pursue. The labor division is responsible both for the contacts with the leaders of the trade unions and the EPA to provide a program which will minimize these difficulties.[13]

Throughout the EPA's existence, the US remained heavily involved in both the preparation and the implementation of the EPA's trade union program (TUP). Sometimes, during conversations with employers, top EPA officials "excused" the existence of the TUP with the fact that it had been part of the original "deal" made with the Americans when the agency had been created. A substantial part of the US contribution to the EPA was earmarked for this program.[14] American trade unionists were sent to Europe as consultants and AFL-CIO leaders – the Reuther brothers, Irwing Brown and George Meany – were involved in discussing the EPA's programs. The questions relating to the detailed preparation of and implementation of the training projects (both national and international ones) were mainly taken care of by a group comprising three American, one British and one French expert. The questions relating to intra-European missions were taken care of by two Americans and one Swede, while the documentation and research unit was started by an American. The Americans, in other words, were omnipresent.[15] When Erik Hauerslev, an official in the Trade Union Section (TUS), travelled to "difficult" member countries, such as Greece, he was welcomed by local American labor attachés who put him in contact with the right people.[16]

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[13] WNRC, RG 469, ODDPP (1953-1961), SF of the DD, 1951-58, box 16, f. "Technical Assistance – European Productivity," Secretariat note 1, 3.7. 1956, "Current Problems in the OEEC."

[14] WNRC, RG 469, OAEO, SF, 1955-59, box 61, f. "Productivity," ecoto A-523, 13.11. 1957, ICA/W, "Letter to OEEC on US FY 58 Grant to EPA."

[15] ECHA, EPA Archives, f. "EPA, 1953-1958," OECD, August 1965, "Répertoire des activités de l'AEP (1953-1961)."

[16] Interviews with Erik Hauerslev (21.3. 1995) and Preben Hansen (5.1. 1995).

The American interest in the EPA's trade union activities was strong. However, labor often dissented when government officials painted too rosy a picture of industrial relations in the US. During a conference of the International Confederation of Free Trade Unions (ICFTU) in October 1953, the American trade union representative had to "[caution] against any tendency to feel that American methods were automatically transferable as such to other countries." He added that:

> [g]enerally [American trade unions] have no predisposition to accept joint responsibility for improvement of production in a specific industry. They have instead through their wage negotiations used their strength in such a manner as to compel the adoption of improved industrial techniques as a compensation for higher labor costs.[17]

In July 1957, the ICA discussed ways and means to give the US more leverage on the EPA's activities in the field of industrial relations. In particular, it tried to encourage the agency's officials to come to the United States where they could "be exposed to the US brand of industrial relations."[18] During his visit to the US in October 1957, Grégoire met AFL-CIO leaders – notably Meany and Reuther – who assured him of their support for the TUP.[19] But they warned him heavily against any idealization of American industrial relations and in particular against the whole human relations movement. Grégoire dismissed this warning and put it down to a misunderstanding, since "human relations" in Western Europe had nothing to do with some American employers' attempt to sidetrack trade unions.[20] On other occasions the American trade unionists were less shy in trying to convince the Europeans of the merits of their methods. This was notably the case during the Berlin conference on collective bargaining in June 1957, when they praised the American "bread and butter" approach as the best way to press employers to raise productivity.

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[17] WNRC, RG 469, USOM, MF, OD, CRU, SF (CtF), 1948-56, box 168, f. "14. Productivity: Meetings and Conferences 1953," ecoto circ. A-129, 3.11. 1953, USRO Paris to FOA/W, "TU Productivity Conference 13.10.-15.10. 1953, London."

[18] WNRC; RG 469, OEO, ROS, CLM, 1950-57, box 4, f. "Regional Organizations Staff: Chron. File, July 1957," ltr., Little to Behoteguy, 16.7. 1957.

[19] WNRC, RG 469, OAEO, SF, 1955-59, box 61, f. "Productivity," ecoto circ. A-21, Moore to ICA/W, 27.12. 1957, "Summary Report on Second Meeting of GB of the EPA."

[20] Concerning European interest for the Human Relations approach see: Mel van Elteren: "Psychology and Sociology of Work Within the Anglo-American Orbit," in: Hans Loeber (ed.), *Dutch-American Relations 1945-1969. A Partnership. Illusions and Facts*, Assen/ Maastricht, 1992, p. 167.

The American labor unions themselves found that vis-à-vis the EPA their role was important. The United Automobile Workers (UAW) stated in a resolution passed at its convention in October 1959 in Atlantic City that "the role of the American labor movement in the work of [...] the European Productivity Agency has contributed significantly to the on-going attempt to deal with major social and economic problems."[21] When the OEEC was reorganized into the OECD, American trade union leaders backed the European trade unionists in their attempt to save the EPA and particularly to defend its trade union activities.[22]

## B. The Advisory Board

According to the Americans, an increase in European productivity was dependent on fruitful cooperation between governments, non-communist trade unions and employers.[23] For this reason they had encouraged the creation of national productivity centers (NPCs) as tripartite organizations, with participation from labor, management and government. By 1953, a NPC existed in most OEEC countries. Some of these national bodies were established on the basis of joint labor-management cooperation with the aim of carrying out the objectives of the Moody agreements. Often, however, the trade unions seemed to be there for mainly decorative purposes. And many of these bodies were not particularly keen on furthering the Moody Amendment's goals.

From the inception of the OEEC, the US endeavored to further a similar kind of labor-management cooperation on a European level. There seemed to be little doubt that employers would manage to have their interests taken into account. Therefore, priority was given to having labor representatives associated with the OEEC's work. In July 1948, Averell Harriman stated that "[a]ll non-government groups and organizations – business, agriculture, science, or education – can, of course, play a part in this work, but the international labor movement can do the most."[24]

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[21] Ford Foundation Archives (FFA), microfilm C-917, November 1959, "A Joint United States and European Research Program on 'The Effects of Technological Change on the Structure, Functions and Policies of Trade Unions'."

[22] ASCONF, box 58/4.2, f. "CIFE. Gruppo di lavoro per l'attività AEP. Anno 1960-1961," "11ème session du groupe de travail institué pour suivre les travaux de l'AEP. 11.3. 1960. Procès-verbal."

[23] UMA, j.nr. 106.P.11, box 3, EPA/AB/M(56)2, 31.12. 1956.

[24] TUAC, box "TUAC History", TUAC/1968/8, "Report on Activities. Twenty Years of Atlantic Cooperation."

In March 1948, the TUC had called a conference in London for all non-communist trade unions, to discuss the Marshall Plan. This conference led to the founding of the Trade Union Advisory Council (TUAC) which in December 1948 was recognized by the OEEC as the only representative voice of organized labor in the member countries.[25] Divisions between the socialist International Confederation of Free Trade Unions (ICFTU) and the International Federation of Christian Trade Unions (IFCTU) provoked the departure of the latter from the TUAC in 1953. Several Christian Democrat governments (France and Italy with some support from Germany) tried to obtain the recognition of both organizations by the OEEC.[26] This was successfully opposed by the British government and the Scandinavians.[27] In October 1954, the TUAC was reconstituted to include the Christian trade unions and became the Joint Trade Union Advisory Committee (JTUAC), comprising twelve ICFTU representatives, one representative from the Confédération Générale des Cadres and five IFCTU representatives.[28] As a result, the OEEC in 1955 admitted the JTUAC to be represented at all levels.[29] The EPA rapidly became the main point of interest for the JTUAC. These developments were echoed on the employers' side with the foundation in 1949 of the Council of European Industrial Federations (CEIF) which came to play a similar liaison role with the OEEC.[30]

Just as they had done with many NPCs, the Americans hoped to make the EPA a tripartite institution, i.e., an organization where both labor, management and government would have a voice. This was fiercefully opposed by

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[25] Ibid. Concerning the break-up of the international trade union movement in 1948-49, see: Romero, *The United States and the European Trade Union Movement*, pp. 114-37.

[26] According to Walter Schevenels, the ICFTU represented about twenty-five million trade unionists whereas the IFCTU counted about two and a half million members, cf. TUAC, box "TUAC History," Schevenels lecture in September 1960, "The Trade unions and European Economic Cooperation." Concerning the IFCTU, see: Patrick Pasture, "The Fist of the Dwarf. Formation, Organization and Representation of the Christian Trade Unions as a European Pressure Group (1945-1958)," in: *Journal of European Integration History*, vol. 1, no. 2, 1995, pp. 5-26.

[27] TUAC, box "TUAC history," ERP-TUAC/Min.15, 20.5. 1954, TUAC Meeting with OEEC, 4.3. 1954.

[28] TUAC, box "TUAC History," Schevenels lecture in September 1960, "The Trade unions and European Economic Cooperation."

[29] TUAC, f. "Rapports d'activité CSC-ERP, CSCM-OECE," JTUAC 5(57)2, 3.10. 1957, "Report of Activities for the Period of March 1955 to September 1957;" *Labour News Bulletin on European Economic Cooperation*, no. 69/70, April 1955.

[30] TUAC, box "TUAC History," TUAC/1968/8; TUAC, "Report on Activities. Twenty years of Atlantic Cooperation." However, the CEIF was a much weaker organization than the JTUAC, as the employers' gave it a very low priority.

most European countries and the idea had to be given up.[31] Many governments were reluctant to give trade unions a say and they could not accept leaving decisions about the allocation of public funds to private organizations. Fundamentally, most Europeans wanted to create the EPA as an intergovernmental body – only the Swiss and possibly the Dutch envisioned an alternative model, namely an international private organization. A compromise was found. The original American idea had been to place the director and his secretariat under the authority of a Governing Board consisting of representatives from professional organizations. This board would have been responsible for the activities of the EPA, within the framework of directives given by the PRA Committee. In the structure finally adopted, these two groups switched position and the non-governmental representatives lost any direct influence on the agency's policy.[32] The board foreseen by the Americans was created, but with altered membership and functions. It was decided that its members – chosen from industry, agriculture and trade unions – should be nominated in a personal capacity, not as representatives of their respective organizations. The role of the Advisory Board would be to advise the agency on the general orientation of its work, to establish links with professional and other bodies and to act as ambassador of the agency in national and international circles.[33]

The compromise reached on the question of the Advisory Board – the combination of high-level membership and vague attributions – contained the seeds of conflicts still to come. The Americans indeed had not given up all their ambitions on behalf of the new agency, and they, therefore, encouraged the nomination of high-level individuals in the hope of boosting the prestige of the agency.[34] The UK opposed this, as it feared the potential for conflict between an Advisory Board with prestigious members and a PRA Committee which would have the real decision-making power.[35] It was worried that the Advisory Board members would be more subject to US

[31] MBZ, DGEM-Archief, 66/PRA Algemeen deel 3, f. "1471," note, de Milly to van der Beugel, 5.1. 1953. On the American proposal to nominate a Labour leader, Harold Wilson, as director of the EPA, see: Chapter II.

[32] PRO, CAB134/1017, MAC(53)161, note by the BOT, 7.7. 1953, "The Advisory Board of the EPA;" PRO, CAB134/1182, T.A.(L)(53) 2nd Meeting (M), 16.3. 1953, SCTA, "Minutes of a Meeting of the Sub-Committee Held at the BOT on 2.3. 1953."

[33] UMA, j.nr. 73.C.41/19i, box 2, 19.10. 1953, note, "Det europæiske produktivitetscentrum;" UMA, j.nr. 106.P.11, box 5, C(57)31(2nd Revision), 28.6. 1957, Report by the Working Party no. 16, "Structure of the EPA and Related Questions."

[34] UMA, j.nr. 73.C.41/19i, box 2, no. 2303, OEEC del., 31.7. 1953; Interview with King, 3.2. 1996.

[35] PRO, CAB134/1017, MAC(53)161, note by the BOT, 7.7. 1953.

influence than the PRA Committee members.[36] The British protests were to no avail, but their gloomy forecast proved correct.

Among the members of the Advisory Board in 1954 were prestigious European industrialists such as Vittorio Valletta, Axel Iveroth, Wilhelmus Hendrik van Leeuwen.[37] They expected to play a central role and thus chose to interpret their mandate in its broadest sense. Their own self-perception seems to have been enhanced by a certain contempt for the low-ranking officials sitting on the PRA Committee, a feeling which in some cases also applied to the EPA top officials. There was also a cultural difference: the employers participating in the Advisory Board were used to business-like methods uncommon in international organizations. As feared by the UK, the Advisory Board would prove more prone to adopt enthusiastic calls for a European productivity policy than the PRA Committee.[38] From the outset, the situation was ripe for a guerilla warfare to develop between the Advisory Board on the one hand, the PRA Committee and the secretariat on the other.[39]

The EPA started out very badly, with a chaotic program and an administrative mess.[40] Within less than a year, the agency had managed to make itself unpopular in many European circles. The first meeting of the Advisory Board was only convened after the agency had started its activities and decided on its first program. The following meetings of the Advisory Board were marked by increasingly sharp criticism, and the fourth meeting, in December 1954, resulted in an open crisis between the Advisory Board and the EPA.[41] The board's criticisms were numerous. They dealt with the all too modest role which it had been granted, administrative deficiencies, the lack of contact between the agency and the member countries, etc. The Dutch and the Belgians (employers and trade unionists alike) adopted an aggressive

[36] PRO, CAB134/1014. MAC(53)27th Meeting, "Minutes of a Meeting Held on 9.7. 1953."

[37] They were among the most influential industrialists in their respective countries, Italy, Sweden and the Netherlands.

[38] UMA, j.nr. 106.O.21, box 1, EPA(57)9, 23.7. 1957, "AB. Annual Report on the Activities of the EPA."

[39] MBZ, DGEM-Archief, 6630/EPA Advisory Board, f. "1478," note, de Milly to Kruisheer, 8.12. 1954; MBZ, DGEM-Archief, 663/EPA Algemeen, f. "1477," note, no. 136391, van Blokland to Kruisheer, 29.10. 1954, att.: note by King, 27.10. 1954; MBZ, 996.26, EPA/Algemeen, deel I, note, no. 652, van Blokland to van der Beugel, 19.3. 1955.

[40] See Chapter II.

[41] PRO, CAB134/1183, T.A.(L)(54)93, SCTA, note, King, 10.8. 1954, "The Role of the EPA Advisory Board."

attitude. The Belgians went the furthest and proposed "that the agency be granted a tremendous amount of autonomy from the OEEC, and that the board of directors eventually be reconstituted into a tripartite board similar to the ILO, representing labor, industry and governments."[42] This model presupposed a considerable strengthening of the position and power of the Advisory Board. In the event that this was not accomplished, the Belgians were "talking in terms of withdrawing support from the Agency."[43] The rest of the board was not ready to go that far, but it had sympathy for the idea of transforming the EPA into a truly tripartite international body. It adopted a recommendation in favor of the nomination of two assistant directors, one from the employers' organizations and one from the trade unions. Axel Iveroth, the board's chairman, subsequently went to Paris where he remained for more than two weeks holding meetings with top OEEC officials, whom he presented with a list of more or less ultimative demands which basically aimed at increasing the board's stature relative to that of the PRA Committee. All he obtained was Marjolin's (and in March 1955 the Council's) acceptance of the Advisory Board's right to report directly to the Council and to follow all activities of the organization relating to productivity. Since the EPA was responsible for the latter, the change was merely cosmetic.[44]

The US welcomed the new assertive stance of the Advisory Board all the more as it was not the result of American pressure: "This is entirely reaction of European leaders in the fields of industry, agriculture and labor."[45] The Americans criticized the position of the secretariat which had failed to understand the use it could make of the Advisory Board, namely "as a machine for obtaining difficult decisions from PRA Committee and the Council."[46] Even more dangerous was the secretariat's cavalier treatment of a board composed of top officials from European labor and management. Such arrogance might endanger the whole productivity drive:

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[42] MBZ, 996.26, EPA/Algemeen, deel I, note, no. 652, van Blokland to van der Beugel, 19.3. 1955.

[43] WNRC, RG 469, DDO, OEO, OD, SF 1948-1954, box 48, f. "Productivity," ecoto circ., A-141, USRO (Macphail) to FOA/W, 23.12. 1954, "4th Meeting, EPA Advisory Board;" TUAC, box "TUAC history," note, JTUAC/Min.1, 16.5. 1955, "Summarized Minutes of the Constitutive Meeting of the JTUAC to the OEEC, 29.3. 1955."

[44] WNRC, RG 469, DDO, OEO, OD, SF 1948-1954, box 48, f. "Productivity," ecoto circ. A-141, USRO (Macphail) to FOA/W, 23.12. 1954.

[45] Ibid.

[46] WNRC, RG 469, OAEO, ROS, RRt EPA, 1953-1957, box 1, f. "EPA Advisory Board Through 1957," ltr., Macphail (OAEO) to Little (ICA/W), 6.12. 1956.

> The Board contains a number of top Europeans. Richard and Cool can exert significant influence on the support accorded the Agency by European labor, while men like Mittelsten-Scheid, Velter and Iveroth can swing [...] European management groups for or against the Agency.[47]

But neither the secretariat nor the PRA Committee were in a mood to give in. The Advisory Board's attempt to infringe on the authority of other organs of the EPA was met with outrage both by the PRA Committee and the secretariat. The board was bluntly dismissed as a bothersome, useless and talkative mechanism. It was accused of never reading any of the documents submitted to it, of being unable to make up its mind about what it wanted to do and of having "as many ideas as members."[48] Some of the board's harsher critics considered it to be a group of "[i]nternationalists living in a vacuum and out of touch with realities in the member states."[49] Both the secretariat and the PRA Committee invited the Advisory Board to stick to the role of public relations agent for the EPA.[50] But, as Axel Iveroth pointed out, the members of the board could hardly be expected to act as ambassadors for a policy on which they disagreed.[51] Subsequently the situation improved slightly, but the conflicts lingered on, since the Advisory Board members never happily accepted their subordinate role. They wanted their advice to be taken seriously, which it rarely was. At the end of 1955, the board again made proposals which indicated its desire to take over responsibility from the PRA Committee, but these were defeated.[52]

In this power struggle the Advisory Board was bound to lose. No European country was ready to relinquish governmental control over the EPA's funds. Only on a few occasions did it appear to have any influence. It was the Advisory Board which proposed the launching of activities in favor of the underdeveloped areas of the member countries.[53] Another of its achieve

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[47] WNRC, RG 469, DDO, OEO, OD, SF 1948-1954, box 48, f. "Productivity," USRO (Macphail) to FOA/W, ecoto circ. A-141, 23.12. 1954.

[48] Ibid.

[49] BRDBA, B 102/37396 (2), note, 10.7. 1959, "Notizen betr. die Organisation der AEP ab Sommer 1960."

[50] UMA, j.nr. 73.C.41/19i, box 4, C(54)230, 22.7. 1954, "Report by the Chairman of the Advisory Board to the Council;" PRO, CAB134/1183, T.A.(L)(54)93, note by King, SCTA, 10.8. 1954, "The Role of the EPA Advisory Board."

[51] UMA, j.nr. 106.P.11, box 1, EPA/ABI/36, "Draft Minutes of the 4th Session Held in London on 3.12. 1954."

[52] UMA, j.nr. 106.P.11, box 1, note, 4.11. 1955, "Referat af møde i PRA Committee, 3.10.-5.10. 1955."

[53] UMA, j.nr. 106.P.11, box 3, EPA/AB/M(56)2, 31.12. 1956, "AB Minutes of the 7th Session Held in Paris on 31.5. and 1.6. 1956." It is unclear how the Advisory Board was

ments was to provoke a reorganization of the staff of the agency after acrimonious criticisms of the secretariat's efficiency.[54] Otherwise, its opinions mostly fell on deaf ears.[55]

In 1957, it was decided to change the EPA's structure and to replace the PRA Committee with a Governing Body composed of high-ranking officials. This seemed a perfect opportunity to get rid of the Advisory Board.[56] A proposal to that end was formally put forward by the Swedes and the CEIF.[57] But it was decided to keep it for reasons of "courtesy" and because it was found that the Advisory Board was an important public relations device, since it provided the agency with a progressive image.[58] The alternative suggested by the Swedes – that professional organizations be represented in the Governing Body – was unacceptable to most other countries.[59] However, it was decided to change the Advisory Board's composition and thereby to redefine its role. Members of the Advisory Board, henceforth, should be nominated not in their personal capacity but as official representatives of European professional organizations. The aim was to strengthen the relationship between the EPA and the international non-governmental organizations.[60]

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persuaded to advance this proposal. Responsibility for this has been attributed to different persons: Alexander King, Ottino Caracciolo di Forino and Philippe Lamour (interviews with Alexander King, Ottino Caracciolo di Forino, and Nadine Ekserdjian).

[54] PRO, CAB134/1183, T.A.(L)(54) 4th Meeting, 29.5. 1954, SCTA, "Minutes of Meeting of the Sub-Committee Held at the BOT on 10.5. 1954;" PRO, CAB134/1183, T.A.(L)(54)72, note by the BOT/SCTA, 26.5. 1954, "Policy Session of PRA Committee, 13.5.-14.5. 1954."

[55] PRO, BT64/4768, Maitland to McCann, extracts from ltr. dated 31.10. 1955.

[56] UMA, j.nr. 106.O.21, box 1, no. 3704, OEEC del (Dahlgaard) to UM, 8.8. 1957.

[57] SVUD, Afd. H, grupp 77, PP 44, ltr., CP (Iveroth and Seth) to UD, 4.5. 1956, att.: "Memo on the Future of the EPA, Submitted by the Swedish National Productivity Center;" UMA, j.nr. 106.P.11, C(56)225, 5.10. 1956, att.: CEIF, 5.9. 1956, "The Task and Structure of the EPA." For later proposals to get rid of the Advisory Board: UMA, j.nr. 106.O.21, box 2, HMPU, note, 4.5. 1959; UMA, j.nr. 106.O.21, box 3, C/WP26/W/16, 27.7. 1959, ltr., Swedish OEEC del. (Hägglöf) to Ellis-Rees, July 1959.

[58] UMA, j.nr. 106.O.21, box 2, no. 2539, OEEC del. to UM, 2.6. 1959; UMA, j.nr. 106.O.21, box 2, no. 2926, OEEC del. to UM, 20.6. 1959, "Referat af mødet d. 16.6. 1959 med Sir Hugh Ellis-Rees om rapporten fra rådets arbejdsudvalg nr. 26 vedr. EPA's fremtid."

[59] UMA, j.nr. 106.O.21, box 2, no. 2539, OEEC del. to UM, 2.6. 1959.

[60] UMA, j.nr. 106.P.11, box 5, C(57)31(2nd Revision), 28.6. 1957, Report by Working Party no. 16 of the Council, "Structure of the EPA and Related Questions;" UMA, j.nr. 106.O.21, box 1, no. 3575, OEEC del. to UM, 29.7. 1957; MAE, DE-CE, 1945-1960, vol. 357, note to Wormser, 24.4. 1956.

The relations between the new Advisory Board and the rest of the agency did not become more cordial in the aftermath of this reform. In 1955, the EPA had started its activities in favor of underdeveloped areas that required an ever greater part of the agency's resources. Later, the US proposed focusing more on science and technology. While the Advisory Board itself had advocated initiating a program in favor of underdeveloped areas, it became skeptical when it turned out that this new orientation threatened to kill off the so-called traditional activities, those concerning industry, commerce and agriculture. The Advisory Board thus increasingly came to play a "conservative" role. It fought a rearguard battle but was not able to reverse the trend.

The history of the Advisory Board is far from being the complete story of the EPA and labor-management relations in Western Europe in the 1950s. While the Advisory Board was the main channel through which labor and employers' organizations could make their influence felt in the EPA, there were other less official channels which were more important. Just like the Advisory Board, they mainly owed their existence to the Americans.

### C. "Dividing the Cake" Between Labor and Management

The EPA made it clear that "[p]roductivity can only be increased by efforts and in the firms themselves, under the leadership of management."[61] However, since the beginning of the productivity drive in the OEEC countries, it had been a recurrent trade union request that organized labor should have a say and that individual workers should have a share in the benefits deriving from increased productivity. When the EPA was created, the TUAC raised the same demands at a European level. But the non-communist trade unions suffered from the divisions between Christian and socialist unions. Thanks to the Americans and the Scandinavians they were nevertheless granted four out of sixteen places in the Advisory Board, though these members were nominated (at least in principle) in their personal capacity and not as representatives of their respective organizations. With the creation of the JTUAC in 1954, the replacement of Harten, and the backing of the Scandinavian countries and the US, they were in a much better position to make their voice heard. They were successful on several accounts.

The most obvious channel through which labor could exert its influence was the Advisory Board, which had been created with that very purpose in mind. The JTUAC continuously complained about what it considered to be an

[61] OEEC, *The European Productivity Agency. Activities and Achievements*.

underrepresentation of labor interests in this body.[62] In 1957, with the reform of the EPA, labor representation was raised to five out of thirteen members.[63] However, the Advisory Board mostly came to its decisions by consensus, so this minority status was not a fundamental problem. With the 1957 reform the previously loose link became formalized, as the trade union members were henceforth to be nominated as representatives of their organizations. The JTUAC attached great importance to its recognition as a valid and legitimate partner of the OEEC. When the OEEC was reorganized into the OECD, one of its main requests was that the new organization should be equipped with a board similar in membership and role to the Advisory Board of the EPA.[64]

Another potential channel for labor influence was the PRA Committee and later the Governing Body. Many of their members came from the NPCs. As trade unions were represented in several NPCs, they could hope to make themselves heard also in these bodies, at least in those countries where there was good cooperation between labor, employers and the government on productivity questions. The best examples of this were Denmark and Norway.[65] Supplementing these links, the TUAC had frequent bilateral meetings with representatives from the EPA and the OEEC.

The most important channel had not been foreseen by any formal arrangement. Labor managed to build a strong "empire" within the EPA. In 1955, during discussions between the TUAC and the Liaison Group of the OEEC Council (a group responsible for contacts with non-governmental organizations), it was agreed that the TUAC should be entitled to propose candidates for certain positions in the secretariat. This right was extensively used. In 1955, Edwin Fletcher, who had previously been in charge of the TUC's Production Department, became the deputy director of the EPA. Moreover, the EPA in 1955 created a Labor and Social Factors Division headed by the

[62] The trade unions regularly demanded greater access to the OEEC committees. Their request was turned down with the argument that only governmental delegates could participate. In fact, employers' representatives often took part in the work of these committees (see BRDBA, B 102/37412, ltr., Werkmeister to BWZ, 3.9. 1957).

[63] The JTUAC got five places, the CEIF four, the European Council of Crafts and Small and Medium-Sized Enterprises one, and the agricultural organizations three (one of which should represent the agricultural workers), cf. UMA, j.nr. 106.O.21, box 1, no. 3575, OEEC del. to UM, 29.7. 1957.

[64] TUAC, box "TUAC History," memo, CF/CH, JTUAC to the OEEC, 3.5. 1960, "Some Preliminary Observations on the Report of the Group of Four."

[65] UMA, j.nr. 106.P.11, box 4, no. 252, UM (Boel) to OEEC del., 21.3. 1957.

Dutch trade union leader Adrianus Vermeulen.[66] It comprised three sections: one for trade unions, one for manpower and one for social factors. Throughout the EPA's existence, the entire staff of the Trade Union Section (TUS) was made up of trade unionists and for most of the time it was headed by Robert Cottave, a leading French trade unionist.[67] The programs which it launched were subject to the endorsement of the JTUAC, which itself suggested many of its activities.[68]

Employers also exerted influence on the agency's activities. However, the situation was not balanced, since the employers' attitude towards the EPA remained distant.[69] The CEIF slowly developed an interest for the EPA's business management activities, but its strongest views were always voiced on the matter of the TUP. In fact, the CEIF acted as if its main role was to limit the damage which the EPA could do.[70] This was in contrast to the attitude of the trade unions, who saw the EPA as a way to acquire an influence as well as to gain access to means which they otherwise would not have had.

Just like the trade unions, the employers had different ways to make themselves heard. In the Advisory Board their numbers assured them the chairmanship. Further, in the NPCs they often managed to obtain a stronger representation than the trade unions. Finally, some national delegates in the PRA Committee (after 1957 the Governing Body) were employers. In 1955, the CEIF founded the so-called Pilkington Group to discuss EPA matters.[71] This group sometimes met with EPA officials. Two things were noteworthy

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[66] TUAC, f. "Rapports d'activité CSC-ERP, CSCM-OECE," JTUAC 5(57)2, JTUAC to OEEC, 3.10. 1957, "Report of Activities for the Period of March 1955 to September 1957."

[67] TUAC, box "TUAC History," TUAC/1968/8, TUAC, "Report on Activities. Twenty Years of Atlantic Cooperation."

[68] TUAC, box "TUAC History," Schevenels lecture, September 1960, "The Trade unions and European Economic Cooperation;" TUAC, f. "ORE. Lettres, circulaires 1956 à ...," ltr., Schevenels to the national centres affiliated to the European Regional Organisation (ERO), 28.2. 1957, "Employers' Campaign Against the EPA Projects;" BRDBA, B 102/37397 (1), Turowski to BMW and RKW, 4.9. 1956, "Zukunft der EPA."

[69] UMA, j.nr. 106.P.11, box 3, EPA/AB/M(56)2, 31.12. 1956.

[70] ASCONF, box 70/18.2, f. "AEP. Consiglio Consultativo," ltr., Valletta to De Micheli, 24.1. 1959; ASCONF, box 58/4.2, f. "CIFE. Gruppo di lavoro per l'attività AEP. Anno 1960-1961," "10ème session du groupe de travail institué pour suivre les travaux de l'AEP (1.2. -2.2. 1960). Compte rendu des décisions."

[71] The group was chaired by Sir Harry Pilkington from the British Employers' Confederation (cf. WNRC, RG 469, OAEO, SF, 1955-59, box 61, f. "Productivity," ecoto circ. A-21, Moore to ICA/W, 27.12. 1957).

about these meetings. Firstly, they were much less frequent than those between the JTUAC and the EPA, a sign of the lesser interest taken by the employers in the EPA. Secondly, the level of representation on the EPA side was much higher than was the case during the meetings with the JTUAC, reflecting the high priority which the agency now felt obliged to give the development of its relations with the employers. The EPA secretariat often lamented its poor relationship with the employers. One official complained that while trade unionists were constantly running around in the OEEC building, employers were never to be seen.[72] It therefore became an aim of the OEEC and EPA to establish closer links with employers' circles in Europe through its staffing policy.[73] An early result of this endeavor was the nomination of Harten as the first director of the EPA, which was no success since Harten's actions in fact estranged the employers from the agency. Other attemps were subsequently made to nominate employers for high-ranking posts (first as a replacement for Harten, later as a deputy director), but without much success.[74] Several officials from the Business Management Section (BMS) were former managers. However, this recruitment policy was handicapped by the reluctance of most managers to give up their position for an uncertain career in an experimental international organization.[75] The BMS's efforts to establish close contacts with firms were to little avail because of a widespread skepticism among European employers towards intergovernmental action in the field of management.[76] Many employers could see no use but plenty of misuses for the EPA. They suspected that the agency had a more or less hidden "dirigiste" agenda,[77] and thought that trade unionist circles used the EPA as a means to "diffuse socialist and dirigist ideas."[78] This feeling remained widespread among employers throughout the agency's lifetime. In March 1960, the EPA still complained that contacts

[72] SVAF, P0021, box "EPA, AB, Möten 1-6, 1958-61," note, 13.1. 1960.

[73] BRDBA, B 102/37397 (1), Turowski to BMW and RKW, 4.9. 1956, "Zukunft der EPA;" WNRC, RG 469, OAEO, ROS, RRt EPA, 1953-1957, EPA: Advisory Board – EPA: General, box 1, f. "EPA/General Through 1957," EPA(57)11, 3.9. 1957.

[74] BRDBA, B 102/37413, BMW (Westrick) to Hamberbacher , 25.6. 1955, "Besetzung des Postens eines Stellvertretenden Direktors der EPZ bei der OEEC."

[75] BRDBA, B 102/37397 (1), Turowski to BMW, 4.9. 1956.

[76] WNRC, RG 469, OAEO, ROS, RRt EPA, 1953-1957, EPA: Advisory Board – EPA: General, box 1, f. "EPA/General Through 1957," EPA(57)11, 3.9. 1957.

[77] ASCONF, box 58/4.2, f. "CIFE. Gruppo di lavoro per l'attività EPA. Anno 1958-59," ltr., Arnaud to Mattei, 6.2. 1959, att.: note, Angelkort, "Quelques idées sur un programme européen pour le développement de l'industrie et du commerce."

[78] ASCONF, box 58/4.2, f. "CIFE. Gruppo di lavoro per l'attività EPA. Anno 1958-59," ltr., CIFE/1103, Leali to CGII, 3.12. 1958, att.: note, "Gruppo di lavoro del CIFE sulla produttività;" BRDBA, B 102/37395 (2), note, Hinsch to Seibt and Luitjens, 12.9. 1958, "Abteilungsleiterbesprechung am 15.9. 1958."

with management associations were less developed than those existing with trade unions, universities and other educational bodies.[79] The small circles within the CEIF which dealt with productivity matters repeatedly expressed their wish to see the EPA's existence prolonged.[80] This undoubtedly was due to the fact that the agency devoted a large part of its efforts to management activities.[81] However, while the JTUAC was well organized, the CEIF was rather weak. Moreover, the Pilkington Group suffered from the lack of support given to it by the CEIF.[82]

## D. Labor and the EPA's Trade Union Policy

European labor organizations were divided in their attitude towards the productivity drive just as they were by the Marshall Plan in general. In 1949 the communist-dominated World Federation of Trade Unions was split, as the non-communist trade unions broke away and founded the ICFTU. The communist-controlled trade unions, which in some countries had previously been in the vanguard of the "battle for production," were now furiously fighting the productivity drive.[83] This could hardly have come as a surprise, since the communists and their ideology were more (in the internal American documents) or less (in the official American and in the European documents) explicit targets of this policy. The non-communist trade unions were ambivalent. The American strategy of strengthening them and of pressing employers into accepting a greater degree of cooperation with labor had an undeniable appeal in their eyes. But their practical experience with this policy and with the obstructionist attitude adopted by many employers, had been disappointing.[84] There was a strong tendency to identify the productivity

[79] UMA, j.nr. 106.O.21, box 4, OEEC/EPA, EPA/D/7450 – Sector I (1st Revision), 12.3. 1960, "Revised 1960-61 Programme for Sector I: Industry and Commerce."

[80] ASCONF, box 70/18.2, f. "AEP. Consiglio Consultativo," EPA/D/6364, 26.3. 1959. Conseil Consultatif, 4ème session, "Resumé sommaire des opinions exprimées par les organisations internationales non-gouvernementales représentées au Conseil Consultatif."

[81] See: Chapter VII.

[82] SVAF, P0021, box "EPA, Advisory Board, Möten 1-6, 1958-61," "AB, Meeting no. 2, 2.12.-3.12. 1958"; SVAF, P0021, box "EPA, AB, Möten 1-6, 1958-61," note, 13.1. 1960; Sveriges Industriförbund (SVIF), Verkställande Direktörens Arkiv (VDA) 1956-62, 54, box 39, f. "VD 54 Iveroth-Kommittén," note, CFIE, "Dix ans d'activité du Conseil des Fédérations Industrielles d'Europe (1949-1959)."

[83] August Lecoeur, "Pourquoi les travailleurs du textile connaissent-ils le chômage et la misère?," Paris, s.d. (1952); MAE, DE-CE, 1945-1960, vol. 355, note, MAE/SCE, 24.12. 1948, "Productivité."

[84] ECHA, EPA Archives, f. "RE 5/7/09 Agence. Direction Technique. PRA (A)." ltr., SCH/JC/MTV/1327, Schevenels to OEEC, 23.12. 1952, att.: "Résolution sur la

drive with rationalizing measures causing increased unemployment. This raised fears among the rank and file which trade union leaders had to take into account. Particularly in poorer OEEC countries, a policy aimed at enhancing productivity threatened to worsen an already serious unemployment problem.[85] The British trade unions were initially antagonistic to the whole concept of the EPA.[86] During the conference which the European regional organization of the ICFTU held in Lugano in October 1952, trade unions warned that their support for the productivity drive was contingent on the employers accepting a fairer deal on the distribution of the gains resulting from the increased productivity. The Moody Amendment and the creation of the EPA gave the trade unions new hope, since it promised a strong American commitment to further collective bargaining and share-out clauses. During a meeting of the TUAC, the American trade unionist Victor Reuther noted that one of the major objectives of the Moody Amendment was the strengthening of free trade unionism:

> Thus if the OEEC wanted to pursue this aim, it could not do without the fullest participation of Labor. This provided the trade unions with a strong bargaining weapon which they had never had before.[87]

Overtures made to the TUAC by Prince Colonna, the deputy secretary general of the OEEC, were also promising.[88] However, the conclusion of the bilateral Moody agreements, and the weakening of the Moody Amendment principles which they represented, caused much disappointment. When the EPA was created in 1953, the mood in the European labor movement was gloomy.[89] The trade unions were left in the dark during the initial developments within the EPA and they were shocked not to be consulted before the nomination of Harten as director of the agency.[90] During a meeting between the TUAC and the MSA in August 1953, labor representatives expressed their anger with many European governments' attitudes. They also com-

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productivité adoptée par la Conférence régionale européenne de la CISL."

[85] WNRC, RG 469, OAEO, ROS, RRt EPA, 1953-1957, EPA: Advisory Board – EPA: General, box 1, f. "EPA/General Through 1957," EPA(57)11, 3.9. 1957.

[86] PRO, CAB134/1017, MAC(53)161, note by the BOT, 7.7. 1953,"The Advisory Board of the EPA."

[87] TUAC, box "TUAC History," ERP-TUAC/Min.13, 2.4. 1953.

[88] Ibid.

[89] ASCONF, box 70/18.1, f. "EPA. Atti constitutivi. Consiglio Consultativo sull'AEP," Harten, 23.4. 1954, "Obiettivi e funzioni dell'AEP."

[90] This non-notification led the American trade unionists Georg Reuther to protest to the German Minister for Economic Cooperation, Franz Blücher, cf. BRDBA, B 146/1104, note, 10.7. 1953, "Benennung von Harten als Direktor der EPZ."

plained about the lack of support which they got from the newly elected Eisenhower administration. Walter Schevenels, secretary general of the JTUAC, stated that the ICFTU shared the US aims with respect to the European productivity program, but that he was now receiving:

> more and more bitter complaints as to the willingness of some governments and some employers to accept US aid without accepting Moody and Benton Amendment objectives. In France, Germany, Belgium and Austria the free trade unions are being kept out of effective participation in the productivity programs. Some labor unions have already pulled out of productivity centers, others are threatening to do so.[91]

During a European trade union conference on productivity organized by the ICFTU in October 1953, three different groups emerged among the participants. The first group – consisting of delegations from Scandinavia, the Netherlands, and the UK – included those countries where "free" trade unions represented the bulk of the labor force and where their political strength was such as to give them a certain leverage with both the government and the employers. These trade unions were generally positive towards the productivity drive. The second group comprised Austria, Germany and Belgium. These were countries with strong trade unions which to some extent were in conflict with their respective governments. Both the Austrian and German trade unions complained about their national Moody programs, which they found were being subverted by their respective governments and managements. The Belgian trade union skepticism was due to the high level of unemployment in their country and the fears which the productivity drive aroused among their rank and file. The third group of countries was represented by France and Italy, the two main targets of the Moody Amendment. The trade union movements in these countries were weak, both vis-à-vis their respective employers' groups and with respect to their communist rivals. They had no leverage with government and employers who were generally more conservative than their Northern European counterparts and they were moreover heavily exposed to criticisms from the left. Being too weak to make it on their own, these trade unions were calling for a more interventionist American stance. They complained that the US was being too soft in its approach to the governments and that the Americans should use their aid more aggressively as a leverage to obtain agreement on the Moody Amendment's objectives.[92]

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[91] WNRC, RG 469, USOM, MF, OD, CRU, SF (CtF), 1948-56, box 168, f. "14. Productivity: Meetings and Conferences 1953."

[92] WNRC, RG 469, USOM, MF, OD, CRU, SF (CtF), 1948-56, box 168, f. "14. Productivity: Meetings and Conferences 1953," ecoto circ. A-129, USRO Paris to

Despite their qualms, the ICFTU (during the October Conference) and the IFCTU (during a subsequent conference in Brussels) renewed their support for the productivity campaign.[93] And they hoped for good news from the EPA. However, the EPA's trade union program was slow in getting started. This was related to a more general reluctance towards accepting a European productivity drive. Euro-skepticism was common in the UK and in the Scandinavian countries. Moreover, the wish to limit the influence of trade unions was widespread among employers as well as among many conservative political leaders in Western Europe. Neither the French nor the Italian governments were keen on having an EPA trade union program, although according to the Americans they were among the potentially greatest beneficiaries, because of the weakness of their "free" trade unions. In addition, the skepticism towards governmental interference in labor-management relations was widespread among employers and among many Nordic trade unions.

The EPA secretariat showed no enthusiasm for trade union activities. However, the Scandinavian countries were strong supporters of such a program. The Danes were particularly adamant, telling Harten that no positive results would come from the productivity campaign without the active support of labor. Harten acknowledged that this question was of the utmost importance. Nevertheless, nothing much happened, except that, aware of the skepticism towards the productivity campaign among many socialist trade unions, he proposed to launch an EPA-financed press campaign in its favor.[94] As an EPA official later commented, the agency wanted to make workers "less stupid,"[95] and to bring them to an understanding of the benefits of increased productivity. However, the relations between Harten and the trade unions were consistently bad. According to Schevenels, "great difficulties were encountered because of continuous friction and conflicts with the EPA director."[96] In July 1954, the Danes criticized the inadequate effort of the agency and reiterated the need for close relations between the agency and organized labor. In April 1955, Richard and Cool, respectively French and Belgian trade union members of the Advisory Board, complained about the lack of emphasis given to the labor program of the agency. At this stage, the OEEC secretariat intervened. Already in 1954,

FOA/W, 3.11. 1953, "TU Productivity Conference 13.10.-15.10. 1953, London."

[93] UMA, j.nr. 73.C.41/19i, box 3, note, 13.11. 1953, "Samtale d. 13.11. 1953 mellem den danske OEEC del. repræsenteret ved hr. Tabor og hr. Ussing og EPA's direktør Dr. Harten angående det europæiske produktivitetscenters virksomhed."

[94] Ibid.

[95] Interview with a former EPA official.

[96] TUAC, box "TUAC history," JTUAC/Min.1, 16.5. 1955, "Summarized Minutes of the Constitutive Meeting of the JTUAC to the OEEC, Brussels, 29.3. 1955."

Robert Marjolin had stated that the improvement of relations between the OEEC and trade unions was an important task.[97] At the beginning of 1955, Colonna decided to bypass Harten. During negotiations with the JTUAC he agreed to several trade unionist demands. The appointment in April 1955 of Roger Grégoire as new director of the EPA further improved the relations between the JTUAC and the agency.[98]

At this stage, British trade unionists warned against the creation of a specific trade union domain in the EPA. Edwin Fletcher (a TUC official who would soon afterwards become deputy director of the EPA) was "most hostile to the idea – [...] mooted by some of the European trade unionists – that there should be a 'Labour Department' in the Agency."[99] Both Fletcher and Jack Crawford, the TUC's representative on the Advisory Board, thought that the trade unions should be consulted about all EPA's projects because all questions relating to productivity enhancement affected both managers and workers.[100] However, it soon became clear that trade unions would be given a division within which they would be allowed to prepare and implement their own projects. The price was of course that they should leave the rest of the agency alone.

In 1955, the EPA established a trade union program.[101] It was developed in close cooperation with the JTUAC. However, it was up against widespread skepticism among organized European labor. In November 1955, a conference of EPA officials and trade union representatives from EPA countries tried to get an overview of the situation. The complaints from trade unionists about the productivity drive were still numerous. The Belgian representative said that:

> until it received guarantees that workers would have their fair share in the benefits resulting from productivity and that those who became unemployed as a result of technological improvements would be reabsorbed, his union was not prepared to make propaganda in its press for increased productivity.[102]

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[97] UMA, j.nr. 73.C.41/19i, C(54)229, 21.7. 1954.

[98] TUAC, box "TUAC history," JTUAC/Min.1, 16.5. 1955.

[99] PRO, LAB13/713, ltr., Stewart (UK del. to OEEC) to Hancox (BOT), 26.4. 1954.

[100] Ibid; WNRC, RG 469, OAEO, SF 1955-59, box 22, f. "Technical Cooperation, April 1955," USRO Paris to FOA/W, 27.4. 1955.

[101] From 1955 till 1957 the trade union program was part of the agency's human factors program.

[102] UMA, j.nr. 106.P.11, box 1, EPA/HU/4728, 28.11. 1955, "Meeting of TU Editors and Information Officers, Minutes of Meeting Held on 9.11.-10.11. 1955."

The representative from the German DGB stated that:

> until 2 years ago the workers in Germany had been willing to cooperate in the drive for increased productivity, but when they asked for their share in the benefits this was refused. There was at present a big demand for wage increases but the Unions had been told that any increases in wages must depend upon increased productivity in the future, not on past performance, and if he pleaded the cause of productivity then he would be considered as pleading the employers' cause.[103]

According to Erik Hauerslev the problem was mainly one of information. The unions had to realize:

> that the Agency's work was not a propaganda campaign for increased productivity, but an attempt to help the Unions, by means of information and training, to cope with the problem raised by increasing productivity.[104]

The position of the JTUAC was explained by Schevenels, who stated that it:

> had always given its full support to the organization and the agency in all its efforts, provided that the workers' interest had been respected. [...] Productivity could only be 'sold' to the workers if they realised that they would benefit from it and not be the victims as had so often been the case in the past.[105]

The french trade unionist Richard, a member of the Advisory Board, still saw it as a fundamental task for the non-communist trade unions to "[help] the agency" and to launch a "counterattack against the anti-productivity campaigns which existed especially in Italy and France."[106] Fletcher, the EPA's deputy director, defined the EPA's objective in the trade union field:

> to help to create the technical, economic and social conditions necessary for a healthy economic development of industry in the member countries. Its work could only be successful in the context of a virile industrial democracy with strong and healthy trade unions; reasonable trade union pressure for increased wages was also pressure for increased productivity.[107]

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[103] Ibid.

[104] Ibid.

[105] Ibid.

[106] Ibid. Richard was a leading member of Confédération générale du travail – Force ouvrière.

[107] Ibid.

While industrial democracy still seemed a remote goal, the TUS was successful in developing its activities during the following years.[108] This aroused the suspicion of employers. In June 1956, the secretary general of the British Employers' Confederation (BEC) stated that it found that:

> the type of projects which caters primarily for the sectional interests of only certain parties engaged in industry instead of the interests of industry as such, is wrong in principle. [A]t the best the trade union training program is open to misuse for sectional interests.[109]

The BEC, among other things, disliked that trade unionists participating in the EPA's projects could have the agency pay for their travelling expenses. It indeed felt that most trade unions had the financial means required for these expenses.[110] As the JTUAC viewed it, "[e]mployers' opposition to this program is stiffening the more as the trade unions make it a full success."[111]

The employers indeed increased their pressure on the EPA to stop the TUP and lump it together with the business management program. As a second best solution they requested that the TUP be closely supervised to hinder the adoption of projects not directly linked to the furthering of productivity. In 1957, a circular letter was sent by the CEIF to its members, requesting them to approach their governments to induce them to oppose the development of the trade union activities of the agency. This campaign had some success. In the PRA Committee, several delegates protested against the financing of activities solely benefiting trade unions. It was proposed in particular that the TUS should be merged with the Business Management Section. The JTUAC immediately protested against this suggestion fearing that joint management of the employers' and trade unions' projects would mean the end of the latter. It did not oppose the business management program or scientific and technical research projects and indeed found that "too little [was] done to shake up the spirit of routine and inertia of the great majority of the employers."[112] However, it was convinced that if the consent of the employers was needed to implement projects "more specifically in the

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[108] UMA, j.nr. 106.O.21, box 5, EPA/D/8540, 20.10. 1960.

[109] WNRC, RG 469, USOM, MUK, OCM, SF of the Director, 1953-57, box 5, f. "Productivity. United Kingdom – General – 1956," ltr., Pollock to Rogers, att.: "EPA. Note Regarding Future Arrangements."

[110] Ibid.

[111] TUAC, f. "Rapports d'activité CSC-ERP, CSCM-OECE", JTUAC 5(57)2, 3.10. 1957, "Report of Activities for the Period of March 1955 to September 1957."

[112] TUAC, f. "ORE. Lettres, circulaires 1956 à ..." ltr., Schevenels, 28.2. 1957, "Employers' Campaign Against the EPA Projects."

interests of workers,"[113] then very few such projects would be adopted. The JTUAC, therefore, insisted that all trade union projects remained the exclusive province of the TUS where they would be in safe hands. As Schevenels, "the chief of this division and most of his colleagues are former militant trade unionists who have our full confidence."[114]

Quite a few governments shared the employers' skepticism towards the TUP. In some countries the EPA was confronted with more or less outright obstruction. In Germany, for instance:

> the official responsible for securing his country's participation in EPA program [was] hostile to the German Trade Union Federation (DGB) and [had] apparently succeeded in discouraging its participation by misrepresenting the nature of the EPA labor programs. When the DGB officials were approached independently by the Mission in regard to this program, they indicated considerable interest and were disappointed that their country had not participated.[115]

The Swiss representative on the Governing Board, who "intensely hated the EPA,"[116] was particularly critical of the TUP.[117] Swiss and German officials dismissed the TUP as "specialized tourism"[118] or "industrial sight-seeing."[119] The Italian government shared their skepticism, and in that respect it faithfully echoed the Confindustria's position.[120] Only a few employers would from time to time complain about the systematically negative attitude of the CEIF towards the agency's program.[121]

To ward off the campaign against the EPA's trade union projects, the JTUAC launched:

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[113] Ibid.

[114] Ibid.

[115] WNRC, RG 469, ODDTS, OIR, OD, SF 1952-56, box 2, f. "European Technical Exchange Program," memo, Meskimen (S/LAF) to Russell (DD/S), 18.10. 1954.

[116] SVUD, Afd. H, grupp 77, PP 52, ltr., Åsbrink to UD, 30.10. 1959.

[117] CHBA, 7111(B) Lf. bzw. 1972/168, box 307, f. "1960. EE. 801. AEP – programme d'action et problèmes généraux," "Notes sur la conférence du 17.10. 1959 à l'OFIAMT relative à l'avenir de l'AEP."

[118] Ibid.

[119] BRDBA, B 102/37396 (2), note, 10.7. 1959, "Notizen betr. die Organisation der AEP ab Sommer 1960."

[120] UMA, j.nr. 106.P.11, box 3, PRA(56)48/2, 31.8. 1956, "Memo by the Italian Delegation on the Aims and Action of the EPA."

[121] ASCONF, box 58/4.2, f. "CIFE. Gruppo di lavoro per l'attività AEP. Anno 1960-1961," "10ème session du groupe de travail institué pour suivre les travaux de l'AEP (1.2. -2.2. 1960). Compte rendu des décisions."

> a vigorous counteroffensive to prevent the employers' intrigues from jeopardizing the good collaboration established for the last year or two between the OEEC, the EPA and our free trade union organizations. [122]

The trade unions found an ally in the agency. When some member countries criticized the TUP for encompassing all aspects of trade union activities rather than concentrating on those strictly aimed at increasing productivity, the director of the EPA, Roger Grégoire, countered by saying that:

> since trade union suspicion of the goals of productivity were a major hindrance to their acceptance of the productivity concept, it was not sufficient to confine EPA activities in the trade union field to productivity techniques alone. It was necessary to train trade union leaders in broader economic questions so as to reach an understanding on their part of the necessity and purposes of productivity.[123]

Protected by the agency, and endowed with European and American governmental funding, the JTUAC and trade unionists in the EPA over the following years developed a wide range of activities, which went much further than what employers understood as productivity enhancement.

## E. The EPA's Trade Union Activities

The EPA's trade union activities were motivated by the perceived need to win over the trade unions to the productivity campaign.[124] The problems which the EPA wanted to address in its dealings with labor were related to competence and psychology. Trade unionists had to receive economic and technical training so that they could contribute to increasing productivity and help coping with the problems resulting from rapid technological progress. Such training presupposed overcoming the widespread psychological resistance to the productivity concept. This propaganda function was not too widely advertised. On the contrary, it was stressed that the object of the TUP was "not to influence the free trade unions but to provide them with facilities to be used on their own responsibility."[125] As an EPA document put it, the

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[122] TUAC, f. "ORE. Lettres, circulaires 1956 à ...," ltr., Schevenels, 28.2. 1957, "Employers' Campaign Against the EPA Projects."

[123] WNRC, RG 469, OAEO, SF 1955-59, box 61, f. "Productivity," ecoto A-11, Moore to ICA/W, 5.10. 1957, "Summary Report of First Meeting of GB of the EPA."

[124] BRDBA, B 102/37395 (2), note, Hinsch to Seibt and Luitjens, 12.9. 1958, "Abteilungsleiterbesprechung am 15.9. 1958."

[125] WNRC, RG 469, OAEO, ROS, RRt EPA, 1953-1957, EPA: Advisory Board – EPA: General, box 1, f. "EPA/General Through 1957," EPA(57)11, 3.9. 1957.

trade union area was "very sensitive,"[126] the program could be attacked by several groups: communists or leftist trade unionists on the one hand, employers or conservative governments on the other. The hope to avoid charges of manipulating labor was a major reason why the TUP was left in the hands of trade unionists themselves.

The EPA's trade union activities started as a series of small and rather uncoordinated projects, but from 1955 onwards they were handled as one large project. They were too numerous and the documentation available is far too lacunary to allow for any complete and detailed presentation. The following will just provide a summary overview. The TUP included five types of activities: training, research, information, intra-European missions and transatlantic missions.[127] The training program first of all aimed at assisting national efforts. A network was built up as the EPA established relations with European experts concerned with trade union training and research. The TUS helped organize courses on topics such as: the general problem of productivity, productivity in the oil industry, the textile industry, automation, work councils, the sharing of the benefits of productivity, work and time studies, collective bargaining and productivity. It also distributed documentation, prepared case studies, lent out audio-visual materials and translation aids. Within the training program, the EPA tried to keep the trade unions abreast of the latest developments in technical progress and Europe's economic growth.[128] In countries – notably France, Greece and Italy – where the non-communist trade unions were faced with particular difficulties, the agency organized special courses for instructors. In Greece, the agency's consultants organized courses and built up from scratch a trade union training system. By 1961, about 200 Greek trade union leaders had thus been trained.[129] The EPA, likewise, laid the foundations for a trade union

[126] ECHA, EPA Archives, f. "EPA, 1953-1958," report, OECD, August 1965, "Répertoire des activités de l'AEP (1953-1961)."

[127] WNRC, RG 469, OAEO, SF, 1955-59, box 64, f. "Technical Cooperation June 1957," ecoto circ. A-117, 20.6. 1957, "US Support of EPA Activities;" FFA, microfilm C-917, November 1959, "A Joint United States and European Research Program on 'The Effects of Technological Change on the Structure, Functions and Policies of Trade Unions';" WNRC, RG 469, OAEO, ROS, RRt EPA, 1953-1957, box 1, f. "EPA/General Through 1957," EPA(57)11, 3.9. 1957.

[128] The employers, however, always suspected that these courses were being used for inappropriate purposes, not directly related to the increasing of productivity, cf. ASCONF, box 58/4.2, f. "CIFE. Gruppo di lavoro per l'attività AEP. Anno 1960-1961," "10ème session du groupe de travail institué pour suivre les travaux de l'AEP (1.2. -2.2. 1960). Compte rendu des décisions."

[129] UMA, j.nr. 106.O.21, box 6, C(61)119, 10.7. 1961; UMA, j.nr. 106.O.21, box 5, EPA/D/8540, 20.10. 1960.

training system in Ireland. During the first period of activities from 1955 to 1957, more than 180 consultants were sent by the agency to visit member countries having requested such assistance.

A major failure of the labor movement in this area was the aborted plan to create a European trade union college. This was a project repeatedly advanced by the agency, supported by the unions, and which would have seemed the logical outcome of the agency's training efforts on a European level. But it was vigorously opposed by the CEIF and never came to fruition.[130]

Research-related activities were disliked by the Scandinavians who advocated their discontinuance. Research in fields of particular interest to trade unions should be ordered from outside institutions instead of being carried out by the EPA itself.[131] Nevertheless, the TUS did conduct or sponsor research about topics such as "comparisons of working times in the European cotton industry," "spreading hours of work," "the social consequences of the replacement of conventional raw materials by plastics," "international trade and the improvement of working conditions" or "agricultural working conditions."[132]

The information service of the TUP mainly consisted of the fortnightly publication of *The Trade Union Information Bulletin*, which was issued in several languages. Other publications dealt with more detailed studies of technical problems intended solely for trade union technicians. Finally, a documentation service was set up to serve as a center for the exchange of information for the benefit of "free" trade unions in the EPA countries.[133]

The intra-European missions consisted of the exchange of trade union leaders between the EPA countries. Over 100 of such team exchanges, totalling more than 1,000 participants, took place on a great variety of subjects suggested by the countries themselves. The visitors were received by the

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[130] UMA, j.nr. 106.O.21, box 6, C(61)119, 10.7. 1961; ASCONF, box 58/4.2, f. "CIFE. Gruppo di lavoro per l'attività AEP. Anno 1960-1961," "10ème session du groupe de travail institué pour suivre les travaux de l'AEP (1.2. -2.2. 1960). Compte rendu des décisions."

[131] UMA, j.nr. 106.O.21, box 1, ltr., HMPU (Rydeng) to UM (Hjorth-Nielsen), 3.10. 1958," att.: memo, 26.9. 1958, "Productivity Promoting Activities Within the OEEC after 30.6. 1960."

[132] UMA, j.nr. 106.O.21, box 5, EPA/D/8540, 20.10. 1960.

[133] ECHA, EPA Archives, f. "EPA, 1953-1958," report, OECD, August 1965, "Répertoire des activités de l'AEP (1953-1961)."

NPCs and local trade unions. In many cases the "missionaries" would be from countries with weak non-communist trade unions and they would visit (mostly Northern European) countries with strong social democratic trade unions. This program was strongly criticized by the employers who were not enthusiastic about the exchanges thus encouraged between trade union movements. Several countries shared the employers' views.[134]

In addition to the intra-European missions, the TUS conducted a program of "Atlantic Cooperation" between European and mainly American unions.[135] More than 150 American and Canadian union specialists participated in EPA seminars or wrote articles for the *The Trade Union Information Bulletin*, and served as consultants to European trade unions. The most important part of this program were the transatlantic missions. Thanks to a grant from the Ford Foundation a certain number of young European trade unionists took three-month courses at Harvard University.[136] The agency succeeded in obtaining a modification of the courses so that they increasingly became a place where the aims and methods of American and European trade unions were compared and discussed. The experience gained at Harvard led to the organization of a course at Columbia University reserved for European trade union technicians about modern business management methods. Shorter missions to the US were organized on topics such as: trade unions and collective bargaining, industrial health and safety measures, automation in commerce and industry, wage payment systems and the guaranteed annual wage. After each of these missions, reports were submitted to the agency and circulated to national trade union centers, where they were used for training courses. European and American trade unionists also met at a number of other seminars, lectures or conferences organized by the EPA, where they discussed their very different views about how best to defend workers' interests.[137]

The EPA tried to further cooperation between labor and management. It notably invited trade unionists to participate in business management programs and employers to participate in the trade union projects. This idea

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[134] WNRC, RG 469, OAEO, ROS, RRt EPA, 1953-1957, box 1, f. "EPA/General Through 1957," EPA(57)11, 3.9. 1957.

[135] FFA, microfilm C-917, November 1959, "A Joint United States and European Research Program on 'The Effects of Technological Change on the Structure, Functions and Policies of Trade Unions'."

[136] FFA, R-0068, Gf PA no. 56-51, Section 4, Press/D(56)8, Paris 23.2. 1956, "European Trade Unionists Attend Course at Harvard."

[137] WNRC, RG 469, OAEO, SF, 1955-59, box 64, f. "Technical Cooperation June 1957," ecoto circ. A-117, 20.6. 1957, "US Support of EPA Activities."

was strongly backed by the Scandinavian countries, which criticized the strict segregation between these activities. However, such exchanges hardly ever took place. In practice the TUS lived a secluded life, rather ignored by the rest of the EPA,[138] except for the employers who anxiously kept a controlling eye on everything it did. The agency, therefore, provided few opportunities for management and trade union representatives to meet. A tentative step towards a joint labor-management program was taken in June 1957 when the TUS organized a European-American trade union seminar on collective bargaining and productivity in Berlin. The employers intensely disliked the idea that the EPA should finance such activities and protested. The agency did not give in, but countered by inviting the CEIF to send an observer to the conference. The CEIF did send one, but this proved an isolated event. In general, joint labor-management activities proved few and far between. The main exception was the program called "Human sciences and their application to industry," which began in 1955.[139] The EPA tried to encourage representatives of management circles, trade unions and researchers to cooperate in a joint program. Its aim was to:

> get both sides to participate in missions, studies and discussions on concrete technical problems which can only be solved by joint efforts, to the exclusion of any discussion of the regulative aspects of law, which is the matter for the ILO, and of any conflict of economic interests (wages and auxiliary benefits).[140]

The idea was to put the emhasis on the study of problems the solution of which could promote fruitful cooperation between employers and labor. Scientific research seemed to offer a neutral ground on which management and workers' representatives could meet. The agency's interest in the human sciences was different from UNESCO's, since it did not present itself as purely scientific or cultural. The goal was to obtain better knowledge of problems concerning human relations and thus of methods to improve labor-management relations. The promotion of such applied research – and particularly the idea that the social scientists should not just be neutral observers but ought to intervene and improve labor-management relations – was to have a strong impact on European industrial sociology.[141]

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[138] Interviews with Erik Hauerslev (21.3. 1995) and Preben Hansen (5.1. 1995).

[139] WNRC, RG 469, OAEO, ROS, RRt EPA, 1953-1957, box 1, f. "EPA/General Through 1957," EPA(57)11, 3.9. 1957.

[140] UMA, j.nr. 106.O.21, box 6, C(61)119, 10.7. 1961.

[141] For the French case, cf. Michael Rose, *Servants of Post-Industrial Power? Sociologie du Travail in Modern France*, London, 1979, p. 57.

However, the promotion of human sciences was a controversial matter. Some countries (for example, the Scandinavian ones) found that the agency should stay clear from research activities of any kind, others more specifically distrusted human sciences. Nevertheless, thanks to the agency, innovative studies were carried out.[142] In order to stimulate particularly interest in industrial problems among the research institutes, it financed long-term sociological research into the attitude of workers towards technological change in the steel industry. This enquiry was carried out in six member countries by institutes specializing in industrial sociology. Two of these institutes were practically launched to participate in this project. As a pioneering effort it played an important role in the development of industrial sociology in France.[143]

The agency, moreover, financed studies on the manner in which questions connected with human factors in industry were studied and taught in European countries, and it tried to popularize some of the methods developed in US in the field of group psychology. One of the most spectacular initiatives was a series of meetings held in Italy concerning human relations. The first meeting, which mainly gathered researchers, was held in Florence in 1955. It was followed up by a very large conference held in 1956 in Rome, to which each of the member countries sent businessmen, trade union officials and research specialists. This gathering was much criticized. Representatives of countries where cooperation between management and workers' representatives was effective felt that it had contributed nothing new. Many southern Europeans found the ideas put forth at the conference too new and daring. Nevertheless, the "spirit of Rome" survived. On the initiative of the EPA, national joint committees – consisting of representatives of labor, management and research institutions – were formed to discuss labor problems and the use of social sciences applied to industry. According to the agency itself, the Rome conference fostered a general acceptance in Western Europe of "the need to carry out [such research] in close cooperation with trade union and employers circles."[144] In 1958, the agency tried to facilitate the efforts of the national committees by establishing the International Joint Committee for the Application of Human Sciences to Industry and Professional Relations. This committee was to advise the director of the

[142] UMA, j.nr. 106.O.21, box 6, C(61)119, 10.7. 1961.

[143] ASCONF, box 18.1, f. "AEP. Programmi di attività dell'AEP. Interventi della Confederazione. Interventi del CIFE. Circolari, corrispondenza. appunti," note, "Allocution de M. Grégoire à l'Assemblée générale du CIFE du 22.2. 1956;" Michael Rose, *Servants of Post-Industrial Power*, pp. 49-50.

[144] About the conference, see for example: Marcel Bolle de Bal, *Relations humaines et relations industrielles*, Bruxelles, 1969.

agency and the national institutions on programs concerning the application of the human sciences to industry.[145] The agency hoped gradually to bring about the preparation of a European research program to be divided up for implementation between the various institutes, the results of which would be put at the disposal of industry. The International Joint Committee among other things took on responsibility for the coordination of research into administrative automation, the final report on which was published in 1965 by the OECD.

In the field of adaptation of work to the worker (ergonomy) which involved many different sciences and techniques (e.g., anatomy, psychology, physiology, work medicine, design of machines and study of movements), the agency carried out "pioneering work."[146] The ILO and the WHO had been discussing questions related to work safety, hygiene and diseases, but they had not dealt with the adaptation of the places of work as advocated by the ergonomists. In 1959, the EPA's efforts led to the creation of an International Association of Ergonomics based in Zürich, and they were instrumental in promoting a spectacular development in this field. When the OECD and the new direction of Manpower and Social Affairs was created, most of these programs were maintained and redirected towards the new objectives of economic growth.[147]

The Americans were a driving force behind many of the EPA's projects. But they were less fortunate with their most ambitious ideas. Partly inspired by an agreement which Belgian labor and employers' organizations concluded in 1954, partly stimulated by the Rome conference on human relations in industry, the US suggested in 1956 that what was needed was a "Magna Charta" under which management and labor could work toward higher productivity on a European level.[148] The Americans indeed found that:

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[145] TUAC, f. "Rapports d'activité CSC-ERP, CSCM-OECE," JTUAC 9(59)3, 10.11. 1959, att.: report, 26.10. 1959, "Report of Activities, October 1957 to October 1959;" TUAC, f. "Rapports d'activité CSC-ERP, CSCM-OECE," TUAC/Conf/2, "Report on Activities, October 1959 to August 1961."

[146] ECHA, EPA Archives, f. "EPA, 1953-1958", OECD, report, August 1965, "Répertoire des activités de l'AEP (1953-1961)."

[147] Ibid.

[148] WNRC, RG 469, OAEO, ROS, RRt EPA, 1953-1957, box 1, f. "EPA Advisory Board Through 1957," ltr., MacPhail to Francis, 4.12. 1956; WNRC, RG 469, OAEO, ROS, RRt EPA, 1953-1957, box 1, f. "EPA Advisory Board through 1957," ltr., Macphail (OAEO) to Little (ICA/W), 6.12. 1956; WNRC, RG 469, DDO, OEO, OD, SF 1948-1954, box 48, f. "Productivity," ecoto circ. A-141, USRO/Paris to FOA/W, 23.12. 1954.

> [a]part from Belgium, comparatively little work [had] been done by productivity institutions in Europe to stimulate recognition on the part of management and the unions of their common economic interest in higher productivity or the benefits resulting from an expanding economy.[149]

Considering the good working relations which the EPA had developed with the JTUAC in 1955-56 and the improvement of EPA's relations with the CEIF, the Americans considered that:

> the time has now come when (under sponsorship of EPA) a top-level tripartite conference with representatives of management, labor and government could be organized to discuss basic and common management-labor interests in improving Europe's productive base and raising the level of its economies.[150]

The Americans also kept in mind the role which the EPA could play in the Cold War. They particularly favored the idea of organizing trade union conferences in West Berlin since this city was "a window to Eastern Germany and other satellite countries."[151] While the TUS did not succeed in having European employers' organizations agree on a "Magna Charta" or in organizing a big labor-management meeting,[152] it actually did hold a conference that opened in West Berlin on June 17, 1957, the anniversary of the East Berlin rising of 1953.[153]

## F. Impact of the EPA's Activities

No overall figures for the EPA's trade union projects have been found. However, they involved thousands of trade union leaders. In 1959-60 alone, the TUP included the following activities: three international seminars, three regional seminars, fifty-one national study sessions, exchange visits by 143 lecturers or experts, fifty-five intra-European missions, four international missions, three to Europe and one to the United States, the publication of six

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[149] WNRC, RG 469, OAEO, ROS, RRt EPA, 1953-1957, box 1, f. "EPA Advisory Board Through 1957," ltr., MacPhail to Francis, 4.12. 1956.

[150] Ibid.

[151] WNRC, RG 469, OAEO, ROS, RRt EPA, 1953-1957, EPA AB, box 1, f. "EPA Advisory Board Through 1957," ltr., MacPhail to Francis, 4.12. 1956.

[152] The idea that employers and labor on a European level should agree on a "Magna Charta" was clearly rejected by the CEIF, cf. ASCONF, box 58/4.2, f. "CIFE. Gruppo di lavoro per l'attività EPA. Anno 1958-59," ltr., CIFE/1103, Leali to CGII, 3.12. 1958, att.: note, "Gruppo di lavoro del CIFE sulla produttività."

[153] WNRC, RG 469, OAEO, ROS, RRt EPA, 1953-1957, EPA AB, box 1, f. "EPA Advisory Board Through 1957," ltr., MacPhail to Francis, 4.12. 1956.

issues of the *Trade Union Information* printed in four languages as well as of nine technical studies. All in all, that year some 4,000 experts or trade union leaders from the thirty-two national trade union organizations in the member countries took an active part in the program.[154]

It is impossible to quantify the impact of a conference, a seminar, a mission, a lecture, a publication. But at least one may attempt to find out what the perceived impact was, i.e., to what extent the participants in the EPA's trade union activities felt that these activities had an impact.[155] The trade union activities were generally deemed a success by the participants, and they grew more and more popular. The creation of this program met a demand from the European trade union movement, which expected to get a part of the EPA-cake. With the TUP it got it. However, in the beginning there was a certain skepticism as to its usefulness. The Danish trade unions, for example, initially appeared mistrustful but in 1956 they praised the EPA's projects as "very valuable."[156] In 1958, their attitude had become outrightly positive.[157] This reflected a general trend. The trade unions' reactions to the EPA's activities were increasingly supportive. On the opposite side, the negative reactions from the CEIF intensified from 1956 onwards.[158] The vehemence manifested by the CEIF demonstrated that these projects in the employers' eyes were not purely frivolous and had some impact, though not the one they found desirable.

There were big geographical differences, and it seems that the training courses were particularly welcomed in countries with weak non-communist trade unions, namely Italy and Greece. An American analysis concluded that "free" trade unions had been considerably strengthened by the productivity

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[154] UMA, j.nr. 106.O.21, box 5, EPA/D/8540, 20.10. 1960.

[155] A further difficulty involved in making an assessment is illustrated by the fact that the impact which the many American-inspired projects had on European trade unions was not always the one hoped for by the Americans, cf. Peter Lange, George Ross and Maurizio Vannicelli, *Unions, Change and Crisis: French and Italian Union Strategy and the Political Economy, 1945-1980*, London, 1982, p. 115.

[156] UMA, j.nr. 106.P.11, box 2, HMPU (Egholm og Fisker) to UM, 20.3. 1956; SVUD, Afd. H, grupp 77, PP 44, ltr., CP (Iveroth and Seth) to UD, att.: "Memo on the Future of the EPA, Submitted by the Swedish National Productivity Center."

[157] UMA, j.nr. 106.O.21, box 1, ltr., HMPU (Rydeng) to UM (Hjorth-Nielsen), 3.10. 1958, , att.: note, 26.9. 1958, "Productivity Promoting Activities Within OEEC after 30.6. 1960."

[158] ASCONF, box 58/4.2, f. "CIFE. Gruppo di lavoro per l'attività AEP. Anno 1960-1961," "10ème session du groupe de travail institué pour suivre les travaux de l'AEP (1.2. -2.2. 1960). Compte rendu des décisions."

and technical assistance programs in France and Italy, thereby achieving one of the main goals of the Moody program.[159] In 1961, the JTUAC stated that:

> [i]t is beyond dispute that without the financial resources of the EPA, National Trade Union centres would be very unlikely indeed to be able to finance similar international activities. Thus if the work of EPA were to be discontinued it would be a tangible loss for the trade union movement especially for less developed countries such as Greece and Italy for whom the EPA has undertaken special activities which have had the effect of greatly strengthening the trade union movements in the countries concerned.[160]

In April 1960, the Group of Four, which had been set up to make proposals for a reorganized OEEC, published its report. It proposed the winding up of the EPA and the termination of most of its traditional activities (among which were the business management program and the TUP). The reactions to this proposal were extremely negative on the part of both industry and labor. The trade unions were particularly angry and felt that they had the most to lose because they had "the greatest interest in maintaining the activities of the OEEC in the economic and social field and the trade union projects of the EPA."[161]

The CEIF's working group on the EPA shared the JTUACs attachment to the EPA. In May 1960, the Working Group of the CEIF, set up to follow the proceedings of the EPA, protested that it viewed "with the greatest alarm" the conclusions of the Report: "[t]he loss that would be suffered by the discontinuance of direct contact with the employers and the trade unions under this envisaged organisation would be incalculable."[162] But whereas the JTUAC always seems to have had the backing of the ICFTU and of the IFCTU in its statements, the CEIF working group concerning the EPA found itself contradicted by the CEIF's ensuing general assembly. The CEIF accordingly abstained from officially protesting against the winding up of the

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[159] ICA, *European Productivity.*

[160] TUAC, f. "CSC, Comité restreint, 10.4. 1961," JTUAC to the OEEC, 10.4. 1961, att.: note, 29.3. 1961, "OECD Activities in the TU, Labour and Social Fields."

[161] TUAC, f. "CSCM, Comité restreint", JTUAC Sub-Committee on Productivity, 21.6. 1960, "Summary of 6th Meeting Held on 31.5. 1960" and "Draft Resolution for EPA AB."

[162] ECHA, microfilm no. 547, OCDE 29.05.79. S.G., Conference on the Reorganisation of OEEC, Paris, 20.6. 1960, OECD/WP/26; UMA, j.nr. 106.O.21, box 5, note, att.: ltr., Arnaud (CEIF) to Hjort Nielsen, 17.6. 1960, att.: "Resolutions Adopted on 31.5. 1960 by the 12th Session of the Working Group Set Up to Follow the Proceedings of the EPA."

EPA.[163] This may have reflected the lack of real enthusiasm among the employers for the business management activities of the agency and their strong dislike of its TUP.

In the meantime, the Advisory Board, labor and management united, had adopted a resolution protesting against budgetary cuts in the agency's traditional activities and the probable dissolution of the EPA. Among its arguments were the consideration that productivity enhancement was essential in order to match the rapidly growing technology of the Eastern bloc, and was necessary in particular for the small and medium sized enterprises which did not always have the means and know-how to improve productivity.[164] This was all to no avail. The EPA was wound up and most of its activities discontinued. As a concession to organized labor, a few trade union projects were carried over in the OECD, but on a considerably reduced scale.[165]

## G. Conclusion

The EPA was not a European tripartite organization where labor, management and governments cooperated to promote productivity. The influence of the Advisory Board, which was the formal link between the European professional organizations and the agency, always remained limited. But contacts were made and, in many cases, labor and management within the Advisory Board united to defend common interests. This proved particularly true from 1957 onwards, when the EPA's secretariat and several large European countries decided to switch the emphasis of agency's program away from productivity enhancement in its most narrow sense and instead to focus on science, technology and aid to underdeveloped areas. The CEIF and the JTUAC then found a common interest in countering this threat against the traditional activities of the agency. But the agency also offered an area where European trade unions and employers' associations learned to fight each another. In this battle, labor was more successful than the employers. The trade unions got a far greater say in the EPA than could have

[163] See Chapter II, footnote 172.

[164] While the Advisory Board's resolution doubtlessly expressed its members' own viewpoints, some governments encouraged the AB and used it to further their own policy, cf: TUAC, f. "CSCM, Comité restreint," ltr., 13.5. 1960, Büttner to Mittelsten-Scheid, "Nächste Sitzung des Beirates der EPA;" ASCONF, box 58/4.2, f. "CIFE. Gruppo di lavoro per l'attività AEP. Anno 1960-1961," ltr., circ. 669, Arnaud, 21.12. 1960, "Groupe de travail institué pour suivre les travaux de l'AEP."

[165] TUAC, box "TUAC History," note, s.d., s.l., s.a., 1964.

been expected, considering their relatively weak stand and lack of governmental political support in Western Europe in the 1950s. In the area of labor-management relations, the EPA less instituted a model of cooperation than a spoils-system: business got one part of the cake, labor got another. But the system had a peculiarity: only labor was really interested in having its share. Business to a large extent let the agency run the business management part and often had to be talked into accepting the EPA's projects. This was in stark contrast to the TUP, which was worked out in close cooperation between the agency and the European trade union movement.

The interest of the trade unions in participating in the EPA's projects was not surprising. The EPA offered money as well as a psychological support which was particularly useful in those countries where the non-communist trade unions were weak. It is apparent, however, that quite a few trade unions, especially in Northern Europe, had to be convinced of the EPA's utility. One of the EPA's successes was that it actually managed to sell itself to the unions, which ended up being among the agency's fiercest defenders.

The strength of the trade union movement within the EPA was clearly not due to the fact that it had imposed itself upon the EPA or that the national trade union movements had forced their governments into pressuring the EPA to adopt such a stance. It was first of all the result of the American wish to see the EPA give high priority to trade union issues. This view seems to have been accepted by the EPA's leadership. The result was that the trade unions got the TUP as an area where they could operate more or less autonomously within the EPA. Trade unionists met, trans-European and transatlantic contacts were created, experiences made, which would play a role for several prominent labor leaders.[166]

[166] For example the future Danish social democratic prime minister Anker Jørgensen or the SPD minister of finance, Hans Matthöfer.

# VII. THE EPA AND MANAGEMENT EDUCATION[1]

Among the most important of the EPA's many activities was a regional, American-inspired attempt to develop management education in Western European countries.[2] While this policy was experimental, it probably laid a large part of the groundwork for the considerable development of management education in these countries from the 1960s onwards.

The view which the US tried to export to Western Europe through the productivity missions and its consultants' tours in Europe was that "the restrictive pattern of European industry stemmed at least in part from the desire of managers-by-inheritance rather than managers-by-ability-and-training for a protected situation where they would be untroubled by problems of competition."[3] At the end of 1951, the MSA judged that "beyond a certain point no advantage was gained by the transmission of further technological information" and that this point had probably been reached. It, therefore, decided to concentrate more of its efforts on labor relations and management education.[4] If the deficiencies of European management were to be corrected, it had to be professionalized, which meant that European management education had to be improved, through the training of teachers and the creation of new teaching institutions. This emphasis on business management remained an important feature of American aid policy during the following years. Since aid to the EPA was reduced after 1956, the Ford Foundation stepped in, and funded part of the EPA's activities to further management education. But still in 1957 and 1958, the US earmarked a sizable part of its EPA contribution to management improvement and education.[5]

Although initially the Americans sensed that their push in favor of management education found little support on the European side, things gradually

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[1] A slightly different version of this chapter has been published in: Nick Tiratsoo and Terry Gourvish (eds.), *Missionaries and Managers: United States Technical Assistance and European Management Education, 1945-1960*, Manchester, 1998.

[2] UMA, j.nr. 106.O.21, box 1, EPA(57)11, 3.9. 1957; ECHA, OECE, report, August 1965, "Répertoire des activités de l'AEP."

[3] DDE, Manuscripts, Clarence Francis Papers, box 3, f. "EPA," memo, 17.12. 1959, McCarthy to Dillon.

[4] PRO, CAB134/1181, TA(L)(52)2, 18.1. 1952.

[5] See Appendixes: Table A-5.

changed. One of the factors behind the emerging European awareness of the "management problem" was the productivity missions to the United States which demonstrated the need for a professionalization in the management field, the inadequacies of the European universities in this regard, and the fact that there were skills to be learned from the Americans. In 1951, endeavors to promote management education in different Western European countries developed both outside and inside the OEEC. Among these initiatives was the International Management Congress which was organized by the International Committee of Scientific Management in Brussels in July 1951. It was followed up by the foundation of Inter-University Contact for Management Education (IUC). At the University of Delft in June 1952, the IUC held an "education for management conference," the first international conference on management education ever to be held in Europe.[6] Another strong impetus to European endeavors in this field was given by the International Management Conference organized by the National Management Council in New York during December 1951. This was the first conference where American and European business leaders could discuss management education in Western Europe.[7] A few years later other initiatives followed, notably the creation of the Industry-University Foundation for Management Development in Belgium during 1956, and the establishment of the European Association of Management Training Centres in 1959.[8]

Even before the agency was set up, contacts between existing centers had been established under the auspices of the OEEC, and missions had been organized to the US. The PRA committee had started to discuss the European need for management education and how this need might best be met.[9] When the EPA was created it was clear that educating European managers would be among its main objectives.[10] Leaders of the agency subscribed to the American idea that deficiencies in business management were part of the reason for the relatively low European productivity. The EPA had accordingly made it an important element of its program to challenge the opinion common among European employers that leaders were "born not bred," and to convince them that management was a skill to be learned.[11] The US

[6] WNRC, Record Group 469, ODDTS, OPS, PADiv, FEEB, RRt EPA 1954-60, box 2, f. "EPA," memo, 28.5. 1954.

[7] Gemelli, "The Ford Foundation and the Foundation of Social and Political Sciences in Italy (1954-1973)," p. 79; McGlade, "The Illusion of Consensus," pp. 461-67.

[8] FFA, Richard M. Catalano, "European Management Education," report no. 010733, New York, July 1966.

[9] MBZ, DGEM-archief 66, deel 2, f. "1470," ltr., 30.9. 1952, Hummel to Smith.

[10] BRDBA, B 102/37413, note, 2.5. 1956.

[11] BRDBA, B 102/71114, King, 29.2. 1956, "Ausbildung für die Betriebsführung.

initially found it difficult to get their message through, but this changed: the EPA's business management activities, which in 1955-56 represented 13.5 percent of the agency's operational budget, two years later accounted for 26.5 percent of the funds.[12] During the three-year period of 1957-59, almost half of all transatlantic missions dealt with business management topics and about half of those concerned management education.[13] In 1956, Edwin Fletcher, deputy director of the EPA, called the Business Management Section the "most important division of the EPA."[14] Two factors fueled this expansion. First, the economic growth in Western Europe during the 1950s created a demand for a greater variety of specialized skills at the middle management level. Second, the moves taken towards integrating the economies in Western Europe were viewed with apprehension by small and medium entrepreneurs. One of the aims of the management education program was to assuage these concerns by providing firms with the tools that would enable them to confront the fiercer competition. As an EPA document put it, the objective was to create "an atmosphere in which change was welcomed as an opportunity rather than feared as a difficulty."[15]

The business management program of the EPA encompassed many different activities. The emphasis of the first projects lay on the short term. In the period 1953-57, 15,000 managers, mainly from small and medium-sized firms, took part in 340 different short training courses which were organized by the agency and which were geared to disseminate knowledge of American business management techniques.[16] While this effort was directed towards educating European managers, the EPA increasingly favored an institutional approach, encouraging other organizations to continue the various activities which it had initiated. This led to the formation of about thirty national or international associations active in the field of business management. The agency gradually became a liaison and exchange center where these bodies could work out ways to co-operate among themselves.[17] Another feature of the re-orientation of the EPA's program was the shift from short training courses towards the development of regular and comprehensive ones, which

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Tendenzen in den Vereinigten Staaten und Grossbritannien." See also: ASCONF, box 70/18.2, f. "AEP. Consiglio Consultativo," ltr., Valletta to De Micheli, 24.1. 1959.

[12] See Appendixes: Table A-8.

[13] UMA, j.nr. 106.O.21, box 4, EPA/D/7601, 17.2. 1960, "Report on the Activities of the EPA Unit of the OEEC Washington Office."

[14] BRDBA, B 102/37413, note, 2.5. 1956, betr.: "Besetzung Postens einens Leiters der Management Division der EPA in Paris."

[15] FFA, R-0527, PA 57-265, Section 3, ltr., Caracciolo to Gordon, 28.2. 1962.

[16] OEEC, *The European Productivity Agency. Activities and Achievements.*

[17] BRDBA, DT/IND/62.5, 26.2. 1962.

were thought to have a greater and more durable impact.[18] Efforts, therefore, were increasingly concentrated on improving management education in Europe on an American model.[19] After a fairly tentative period, the EPA had become "convinced that the best investment in terms of short and long range return in economic development is to build a network of competent institutions in Europe and to exploit their possibilities fully in the training of outstanding individuals." According to this view, the main brake on Western European growth was neither capital nor technology but rather "the human factor," the shortage of "individuals able to conceive, organize and execute development programs."[20] It thus became a one of the main purposes of the EPA to further management education in Europe. The objective was both to expand the body of available management teachers and encourage the growth of management training establishments which could become suppliers of European managers and centers of study and research for "the application to European countries of the general theories of Management developed in the United States."[21] A connected goal was to counter the widespread academic skepticism towards management education, and to establish higher teaching standards.[22] This program, which was started in 1954, fostered the creation of several centers for management teaching. However, these new institutions were confronted "with a serious shortage, if not total absence, of suitable professors."[23] As a consequence, it was decided that the EPA should devote more energy to developing the body of European management teachers, without interrupting the efforts to assist the creation of permanent institutions.

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[18] ASCONF, box 58/4.2, f. "CIFE. Gruppo di lavoro per l'attività EPA. Anno 1957," "2ème Réunion du Groupe de Travail institué pour suivre les travaux de l'AEP, 7.12. 1957. Compte rendu des décisions;" ASCONF, box 18.1, f. "AEP. Programmi di attività dell'AEP. Interventi della Confederazione. Interventi del CIFE. Circolari, corrispondenza. appunti," "Allocution de M. Grégoire à l'Assemblée générale du CIFE du 22.2. 1956."

[19] DDE, Manuscripts, Clarence Papers, box 3, f. "EPA," memo, McCarthy to Dillon, 17.12. 1959; ASCONF, box 18.1, f. "AEP. Programmi di attività dell'AEP. Interventi della Confederazione. Interventi del CIFE. Circolari, corrispondenza. appunti," "Allocution de Gregoire à l'Assemblée générale du CIFE du 22.2. 1956."

[20] FFA, Slater Papers, box 17, f. "181," memo, Nielsen to Stone, 27.6. 1959.

[21] FFA, R-0527, PA 57-265, Section 3, ltr., Caracciolo to Gordon, 28.2. 1962. See also: HM, j.nr. 88-5-56, no. 3255, Emb.Washington (Hoelgaard) to UM, 19.12. 1955.

[22] FFA, R-0527, PA 57-265, Section 3, DT/Pr/E/1429, report, 22.5. 1962, "American Professors of Business Management for European Universities and Training Centers."

[23] FFA, R-0527, PA 57-265, Section 3, ltr., Caracciolo to Gordon, 28.2. 1962; FFA, R-0527, PA 57-265, Section 1, ltr., Caracciolo to Carroll, 16.4. 1957.

The EPA's management education program had four salient features. First, in the field of management education, as in other fields, the EPA functioned as a vehicle for American influence. All participants in the EPA management education program paid tribute to the American model. In 1955, King told Ford Foundation representatives that an essential element in the "grand strategy" of the EPA was to train new types of managers and thereby to "skip 20 years" compared to the course that had been followed by American management education.[24] As will be shown later, most of the EPA's management education activities involved some form of American assistance. Second, the goal of the EPA management program was not only the promotion of American-inspired models but also, as the concept of management education slowly came to be accepted, a "Europeanization" of this model. It aimed through the creation of new institutions to establish a certain degree of European self-sufficiency. In 1954, Erich Mittelsten-Scheid, a prominent member of the EPA's Advisory Board, stated that the goal was to understand, not to copy, the American system, and thereby to develop not an English or a German system, but a European management education model.[25] This meant creating or improving European teaching centers, and encouraging the exchange of information and experiences among the 150 centers of teaching and advanced teaching of the member countries, as well as between these centers and those of the USA.[26] To a certain degree this "Europeanization" should rather be termed "nationalization," since emphasis was put on creating national training centers and business schools. Third, as it was continuously stressed by the EPA's secretariat, the agency's activities were experimental. European management education was still in its infancy. There were so many possible ways to encourage its development, it simply had to opt for a trial and error method. Lastly, the EPA saw itself as a catalyst of activities to be continued by others. In a broad sense this applied to all missions, seminars, courses, conferences, etc., organized by the EPA: they were supposed to serve as an inspiration to nationals of the EPA member countries who could then continue these activities in their own

[24] FFA, R-0068, PA 56-51, Section 4, memo, Harkavy to the files, 21.12. 1955.

[25] BRDBA, B 102/37220, Schöne to Groeger, 8.7. 1954.

[26] ECHA, OECE, report, August 1965, "Répertoire des activités de l'AEP." There seems to be some uncertainty as to the number of management training centers and business schools in Western Europe at the end of the 1950s. Whereas the number 150 is often cited (see for example: ASCONF, box 70/18.2, f. "AEP. Consiglio Consultativo," ltr., Valletta to De Micheli, 24.1. 1959) other sources mention the existence of 177 centers in 1957 (see: FFA, R-0527, PA 57-265, Section 4, memo, Harkavy and Slater to Central Files, 7.11. 1957) while Boltanski speaks of 150 management training centers in 1960... in France (Luc Boltanski, *Les Cadres. La formation d'un groupe social*, Paris, 1982, p. 190). This probably reflects different definitions of the term "management training center."

countries. More specifically, this led to the establishment of management teaching institutions.

The EPA started its management education activities by organizing an international conference at Henley-on-Thames in September 1953, with the purpose of establishing contacts and facilitating exchanges of viewpoints and information. This conference demonstrated that member countries were interested in receiving assistance to further their management education. The recommendations adopted encouraged the EPA to make such conferences an annual event, and inspired many of the activities which the agency launched afterwards: seminars, summer courses, missions and American lectures.[27]

The following years saw conferences devoted to management education in universities (1954) as well as training for experienced managers (1955), and conferences concerned with management as a teaching discipline and the use of quantified data and social sciences in business education (1956-60).[28] The conferences gathered representatives (at first mostly directors, after 1956 teachers were also invited) from management education centers and officials from the NPCs. Their aim was to help the participants exchange information and ideas, but often they also provided the forum where specialists could put forward proposals for new activities to be pursued by the EPA. Thus, they served to awaken the interest of government authorities, educational establishments and industry to the problems of management training. At the same time, they became one of the main driving forces behind the policy-formulation of the EPA. They proved increasingly popular, and the number of participating scholars and national representatives participating rose steadily from forty-four in 1954 to 190 in 1960. After the EPA's demise, the Business and Industry Advisory Committee of the OECD stated that they had "been exceptionally useful in that they [had] given an opportunity to the participants of becoming informed of the very latest methods and ideas in regard to management training."[29]

Another early activity of the EPA was the organization of missions of teachers or future teachers in management to the United States. They were trained mainly at the Harvard Business School, with which the agency had a close relationship, and at the University of Indiana. These courses started in 1954

[27] PRO, CAB 134/1183, TA(L)(54)59, 5.5. 1954.

[28] PRO, BT258/820, BT/EPA(57)65, 29.7. 1957.

[29] BRDBA, B 102/71115, BIAC, 26.5. 1964, "Proposals Regarding OECD Action in the Field of Management Development."

and were expanded in 1956 when two types were created. There were long ones (nine to twelve months) for prospective or junior management teachers (usually young assistant professors in economics), who would specialize in a particular area. These classes were mostly part of the International Teachers program at the Harvard Business School. For senior professors, having only little time at their disposal, there were short ones (lasting six weeks to four months). After 1958, the proportion of short-term courses was increased, because they were deemed more cost-efficient, and because it was thought that a program aimed at senior professors would have greater impact. All in all, during the period of 1954-62, there were 287 participants in the courses, half of them in the short ones, the other half in the long ones. On at least two occasions, these missions were followed up by a seminar in Paris, gathering some sixty former participants as well as directors of management training centers to discuss further ways to promote management education.[30]

The EPA courses were to a large extent influenced by the case method used at Harvard and many other American business schools. During a visit to the US in 1956, King became aware of the limits of this method. Many representatives of American business schools described to him the attempts to develop new teaching methods and new management techniques, and advised him that "particular attention should be given to the newer American experiments in this field and to the work of specialist groups on the social and industrial engineering fringe of the subject, rather than that of the traditional schools even where they are successful."[31] The conclusions which King and Grégoire drew from this visit reflected the growing feeling in Europe that a servile imitation of American teaching methods would be unsatisfactory, not least because all the cases were drawn from an American business environment.[32]

From 1956 on, several new activities were developed by the EPA in the field of management education. Summer courses for management teachers were organized from 1956 until 1961 in cooperation with local organizations to

[30] ECHA, OECE, report, August 1965, "Répertoire des Activités de l'AEP." According to Caracciolo's report, 350 European professors studied in the US under this program, 190 following the long courses, 160 following the short courses (FFA, R-0527, PA 57-265, Section 3, ltr., Caracciolo to Gordon, 28.2. 1962).

[31] UMA, j.nr. 106.P.11, box 2, C(56)40, 20.2. 1956.

[32] BRDBA, B 102/71114, King, 29.2. 1956, "Ausbildung für die Betriebsführung. Tendenzen in den Vereinigten Staaten und Grossbritannien." It is unclear to what extent this new perception altered the EPA's program, and whether the EPA actually did put European teachers into contact with the newest American management techniques.

train European management teachers. One of the main motives for this initiative was the assessment that the transatlantic location of the previous courses had prevented many from participating.[33] The interest in the summer courses was sustained throughout the period: with an average of almost thirty participants, 173 participated over the whole six-year period. Until 1959, the instructors of these courses were purely American, in 1960, it was half American and half European, and in 1961, it had been totally taken over by Europeans.[34]

The US continued to exert its influence through visits by American professors to European institutions. These professors had a dual role, since they were acting both as lecturers at and advisors for European teaching institutions. From 1957 to 1960, many visits were financed by the Ford Foundation through an exchange scheme administered through the EPA. Some participants found that this program "was having substantial impact on management education programs in Europe."[35] Proof of its success was the fact that the demand for American teachers greatly exceeded the supply, and that many requests for visits could not be met. In 1959-60, four professors were recruited for the whole year and three under a short term contract. In total, the Ford Foundation grants permitted the recruitment of twenty-five American professors. The interest in this program was strong: during the period 1958-59 alone, fifty management training institutions (more than a third of those existing at the time) expressed their interest in receiving an American guest professor. When it came to actual participation in the program, Italy initially topped the list. In 1959, most of the American guest professors went to Italy (61 percent) while the rest went to the United Kingdom (17.5 percent), the Netherlands (15.5 percent), Sweden (5.5 percent) and Belgium (0.5 percent). An EPA survey revealed that this concentration happened for three reasons: the urgent need for assistance to new management education institutions in Italy, the absence of serious language barriers in the UK, the Netherlands and Sweden, and the fact that the pattern of management education developing in Italy and in the Northern European countries was more similar to that of the US than in other European countries. Subsequently the program expanded: in the following year, eleven countries participated.[36] During the period 1956-62, an intra-

[33] FFA, R-0068, PA 56-51, Grant attachments, PRA(56)9, 14.2. 1956.

[34] ECHA, OECE, report, August 1965, "Répertoire des activités de l'AEP."

[35] FFA, R-0527, PA no. 57-265, Section 4, ltr., McMillan to Carroll, 14.10. 1959.

[36] Ibid; FFA, R-0527, PA 57-265, Section 3, ltr., Caracciolo to Gordon, 28.2. 1962; FFA, R-0527, PA 57-265, Section 1, ltr., 20.9. 1958, att.: "American Guest Professors on Business Administration."

European exchange scheme was established, allowing European instructors to visit other European management teaching centers. This scheme proved increasingly popular, and in all benefited 139 teachers.[37]

The EPA, moreover, served as a consultant for the existing training centers, giving advice and promoting contacts between them. This advisory service was mostly carried out by American experts who promoted the exchange of information between the 150 management training centers in the OEEC countries and between these centers and American schools. In some cases, this service assisted in the creation of teaching institutions.

At the beginning there was pressure on the EPA to establish a European business school. According to its first director, Harten, this was one of the important objectives of the agency.[38] In particular, the French were interested since they hoped that such a school would be located in Paris. But this plan did not materialize. Instead, in cooperation with General Doriot, the agency assisted in the creation of the European Institute of Business Administration (INSEAD) at Fontainebleau.[39] The pressure for creating a European center for management training, nevertheless, persisted and a working party was set up to examine the proposal. As the EPA was wound up, one of the few of its activities which was considered likely to be continued by the OECD was the setting-up of a research and training center for professors of management. This time it was the Dutch who pushed for the project, hoping to host it. The proposal was studied by an ad hoc working group which assessed that during the following five years a total of 500 new management teachers would have to be trained to meet the needs of the OECD countries. It concluded, however, that the best way to achieve this goal was not to set up a European center since it "would experience the greatest difficulties in carrying out its mission under satisfactory conditions." Industrial circles were also skeptical about the proposal for a European school, and it finally had to be abandoned.[40] In fact, most member countries wished to build or strengthen their own institutions, a view which the agency simply had to accept. According to one analysis, the EPA played a role,

[37] ECHA, OECE, report, August 1965, "Répertoire des activités de l'AEP."

[38] BRDBA, B 102/37220, Schöne to Groeger, 8.7. 1954.

[39] ECHA, note, King, "The Productivity Movement in Post-war Europe."

[40] BRDBA, DT/IND/62.5, 26.2. 1962. See also: ASCONF, box 58/4.2, f. "CIFE. Gruppo di lavoro per l'attività AEP. Anno 1960-1961," note, "10ème session du groupe de travail institué pour suivre les travaux de l'AEP (1.2. -2.2. 1960). Compte rendu des decisions."

directly or indirectly, in the creation of most of the perhaps 175 management institutions created during the period of 1953-61.[41]

Another institution fostered by the EPA was the European Liaison Committee for Management Education and Development (ELCMED), created in 1961. Its purpose was to stimulate the exchange of information amongst its members, which were the European Association of Management Training Centres, the European Committee of the International Committee of Scientific Management, the Inter-University Contact for Management Education, the Institute of Management Sciences and the European Federation of Management Consultants Associations. Both the International Labour Office and the European Economic Community had observers attending the ELCMED meetings. An important motive for creating this committee was the desire to pursue the management education activities of the EPA, since it was clear that most of them would not be carried on within the reorganized OECD.[42]

The advisory service also published documents, catalogues and studies about business management education in Europe. Its last study, published in 1963, was the so-called Platt report, a major survey of European requirements for management education as seen by European industrialists and academics. This report probably played an important role in subsequent efforts by the Ford Foundation to develop management education in Western Europe.[43]

It is impossible to measure the impact of the EPA's activities on the development of management education in Europe. The effect of conferences, seminars, lectures, discussions or visits cannot be quantified. Even a more modest attempt at making an estimate is problematic, since the impact may often have been very indirect. It would require detailed micro-studies of the individual teachers and school directors participating in the EPA programs as well as of the individual management training centers and business schools in the EPA countries. One of the problems in making such an evaluation is to find observers who are both well-informed and reasonably impartial. A seemingly thorough report from 1958 originating in the French Productivity Center, concerning the relations between industry and the universities and more particularly management education in France, strongly underlined the

[41] FFA, R-0527, PA 57-265, Section 3, ltr., Caracciolo to Gordon, 28.2. 1962.

[42] BRDBA, DT/IND/62.5, 26.2. 1962.

[43] BRDBA, B 102/71113, 14.11. 1963, "Zusammenfassung der Antworten der Regierungen der Mitgliedländer auf den Fragebogen zum Bericht 'Fragen der Management-Ausbildung' (Platt-Bericht)."

role played by the French Productivity Center, but forgot to mention both the EPA and the American input.[44] On the other hand, it would hardly seem surprising if former officials of the EPA thought highly of the role played by the agency. In 1962, one such source stated in a report to the Ford Foundation that "[t]he success of eight years of activities under the EPA's management education program can be measured by the fact that over 175 Schools of Management have grown up in Europe, largely under the original stimulus by the EPA."[45] While this might well be, no further details were given as to how the EPA played such a role. It is very clear that the EPA was not alone in encouraging management education in Western Europe during the 1950s. There were numerous other national initiatives, many directly or indirectly American-inspired. There were even some other international attempts through the International Committee of Scientific Management, the Inter-University Contact for Management Education, and the International Labour Office, which gave impetus to the development of management education in Yugoslavia. But the EPA certainly provided the largest organized attempt to encourage management education in Western Europe during this period. It is clear that without the EPA, management teachers would not have been trained, people would not have met, ideas would not have been fostered, and business schools would not have been created to the extent which they actually were. During the 1960s, The Ford Foundation clearly built on the experience attained through the activities of the EPA when it tried to develop management education in Western Europe.[46]

Many testimonies claim that the EPA's management education projects were successful. The former EPA deputy director, Alexander King, later deemed them "one of the most successful of EPA activities."[47] After their discontinuation, several OEEC countries mourned them.[48] According to the ELCMED, it was "[t]hanks mainly to the drive and activities of the European Productivity Agency" that European industry and universities had to a large extent recognized the need for making systematic efforts in the

[44] WNRC, Record Group 469, OLA, LPD, RRt EPA, box 1, f. "EPA – Administration – Governing Body," EPA/D/5414, 8.9. 1958. A similar Belgian report was less hesitant to acknowledge its debt, see BRDBA, B 102/11290, heft 2, EPA/D/5370, 9.8. 1958.

[45] FFA, R-0527, PA 57-265, Section 3, ltr., Caracciolo to Gordon, 28.2. 1962.

[46] Concerning the role of the Ford Foundation, see: Giuliana Gemelli, "American Influence on European Management Education: The Role of Ford Foundation," EUI Working Paper, 1994.

[47] ECHA, King, "The Productivity movement in Post-war Europe."

[48] BRDBA, B 102/71113, 14.11. 1963, "Zusammenfassung der Antworten der Regierungen der Mitgliedländer auf den Fragebogen zum Bericht 'Fragen der Management-Ausbildung' (Platt-Bericht)."

training and development of managers. Numerous initiatives and many new institutions were set up as a result of the EPA's activities.

In 1960, the US found that there was evidence that the "considerable sums of money" to further the development of management education in Europe through the EPA and certain bilateral country programs had created a "product" which "in certain instances, may be applicable to the needs in other areas of the world, as well as more acceptable because of the prestige attached to European education."[49] While it is unclear to what extent the development of European management education actually did inspire American activities in third world countries, it is noteworthy that the results of some of the EPA's activities in this field were already deemed successful enough for export by 1960.

According to an estimate by the ELCMED, in 1962 the body of European management teachers and researchers was still small, approximately 500 in total. Judging from the number of participants in the EPA's different programs (190 in the largest of the seven international conferences, 287 on a teaching mission to the US, 173 participants in the summer courses, 139 in the European Exchange program), even with some appropriate caveats,[50] it would seem that a very significant proportion of management teachers active in the 1950s were directly or indirectly affected by EPA projects.[51] On the basis of the scarce data available, the evidence indicating a powerful impact seems strong.

If it can be concluded that the EPA had a significant influence on the expansion of management education in Western Europe, the question that still remains is what kind of education was promoted. To a great extent the agency acted as a vehicle of American influence and the US experience was one of the major stimulating factors furthering the growth of management education in Europe. However, many perceived that the result was not an American product, but rather an adaptation to, and fusing with, European approaches.[52] Moreover, the influence was reciprocal. Washington University's Dean Ross Trump, president of the American Association of Collegiate

[49] WNRC, RG 469, ODDTS, OPS, PADiv, FEEB, Rrt EPA, box 1, f. "Europe. OEEC," ltr., Allen to Hall, 18.4. 1960.

[50] Some teachers may have participated in several courses, conferences or missions, not all participants were teachers, was the number of management teachers really only 500?, etc.

[51] BRDBA, DT/IND/62.5, 26.2. 1962.

[52] WNRC, RG 469, ODDTS, OPS, PADiv, FEEB, RRt EPA, box 1, f. "Europe. OEEC," ltr., Allen to Hall, 18.4. 1960.

Schools of Business, realized that Europeans were teaching decision-making by quantitative analysis techniques which the Americans did not. He thus set out to adapt this European teaching practice to American circumstances. There were other cases where American guest professors in Europe changed their teaching and research programs as a result of their observations and experiences in Europe. In particular, it seems that the encounter with Europe produced an adaptation of the Harvard-inspired use of the case method in management teaching.[53] The Americans certainly exerted a strong influence on the European scene through the EPA, but even in the 1950s US-European relations in the field of management education were not a one-way affair.

[53] UMA, j.nr. 106.O.21, box 4, EPA/D/7450, 12.3. 1960; FFA, R-0527, PA 57-265, section 3, ltr., Grégoire to Nielson, 27.10. 1959. See also: UM, j.nr. 106.O.21, box 4, EPA/D/7601, 17.2. 1960, "Report on the Activities of the EPA Unit of the OEEC Washington Office."

# VIII. THE EPA AND DEVELOPMENT AID: THE PILOT AREA IN SARDINIA

## A. The EPA's Assistance to Areas in the Process of Economic Development

The EPA's activities to assist underdeveloped areas in the member countries were only initiated in 1955-56. They were the result of a combination of external and internal pressures. Towards the middle of the 1950s it became clear that the process of decolonization had opened a new arena for the Cold War. Both the US and the Soviet Union were eager to acquire influence in the newly independent countries. In this context, US development aid was used in the hope of preventing third world countries from "going communist."[1] Such aid was seen as a countermeasure to the increased international activism of the Soviet Union and to the perceived combined threat from communism and nationalism in the third world. From the mid-fifties onwards, the US pressured its Western European allies to follow suit and increase their aid to third world countries. Endeavors to aid underdeveloped areas in Western Europe took place within this general reorientation of US policy. They aimed at achieving modernization and thereby social and political stability.[2] But the Cold War and American pressure were not the only reason why the OEEC countries redefined their priorities. Other factors were horse-trading among the member countries and empire-building on the part of the OEEC/EPA. Early on, it had become obvious that the poorer member states, namely Greece, Portugal and Turkey, were also those which participated the least in the EPA's projects.[3] They were handicapped by

[1] Kaufman, *Trade and Aid,* pp. 58-60. Robert E. Wood: *From Marshall Plan to Debt Crisis. Foreign Aid and Development Choices in the World Economy*, Berkeley, 1986, pp. 70-71.

[2] ASCONF, box 18.1, f. "AEP. Programmi di attività dell'AEP. Interventi della Confederazione. Interventi del CIFE. Circolari, corrispondenza. appunti," "Allocution de M. Grégoire à l'Assemblée générale du CIFE du 22.2. 1956."

[3] WNRC, RG 469, ODDTS, OPS, PAD, FEEB, RRt EPA 1954-60, box 1, f. "Europe. EPA Program FY 1959," ecoto circ. A-5, USRO to ICA/W, 3.4. 1959, "Orientation of EPA FY60 Program to Benefit Member LDC;" UMA, j.nr. 106.O.21, box 2, EC/M(59)2, 10.4. 1959, "Summary of the Statement Made by Grégoire, Director of the EPA at the 249th Meeting of the Economic Committee Held on 6.3. 1959." Italy's situation was special, since the Northern region was well developed and participated actively in many EPA activities, whereas the Southern regions did not take part in any projects, see: Paolo Terni, "Elementi per una storia generale del 'Progetto Sardegna' (1957-1962)," unpublished report, Oristano, November-December 1962, p. 18.

extended areas with endemic underemployment where the immediate problem was less to develop the productivity of labor than to promote general economic development.[4] They further lacked the institutional network needed if the services of the EPA were to be fully exploited.[5] Italy likewise realized that its own underdeveloped areas drew no benefit from the activities of the agency. Consequently, Southern European countries requested that special programs be implemented to benefit poor regions.[6] Their pressure was certainly welcomed by those within the OEEC who looked for a long-term *raison d'être* for the organization. As early as 1954, both King and OEEC Deputy Secretary General Colonna ventured the idea that the EPA could become responsible for intra-European help.[7] In July 1958, René Sergent, secretary general of the OEEC, proposed the transformation of the EPA into a European Development Agency.[8] The program for underdeveloped areas was "sold" to the Northern European member countries as something more than an act of humanitarianism: it was the price to pay if trade liberalization was to be furthered in Western Europe. Without a reduction in productivity differentials, resistance in poorer countries might endanger the whole liberalization process. This argument was more or less grudgingly accepted by the richer member countries.[9]

In March 1954, the Americans proposed that the EPA extend aid to the less developed countries within its ranks. This proposal was criticized by the UK and several other OEEC countries.[10] Some complained about their financial difficulties. Others argued that the EPA was the wrong forum to implement such a policy.[11] The PRA Committee was generally skeptical. It largely

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[4] UMA, j.nr. 106.O.21, box 3, OEEC, C/WP26/W/21 (1st Revision), 1.12. 1959, "Activities of the EPA for Areas in the Process of Development."

[5] ASCONF, box 18.1, f. "AEP. Programmi di attività dell'AEP. Interventi della Confederazione. Interventi del CIFE. Circolari, corrispondenza. appunti," "Allocution de M. Grégoire à l'Assemblée générale du CIFE du 22.2. 1956."

[6] SVUD, afd. H, grupp 77, PP 52, ltr., Åsbrink to UD, 30.10. 1959.

[7] See Chapter IV.

[8] UMA, j.nr. 106.O.21, box 1, no. 3899, OEEC del. to UM, 27.8. 1958, "EPA's fremtid." See also Chapter II.

[9] UMA, j.nr. 106.O.21, EPA(57)9, 23.7. 1957, "Advisory Board, Annual Report on the Activities of the EPA;" UMA, j.nr. 106.P.11, box 2, C/M(56)21(Prov.), 23.5. 1956, "Minutes of the 326th Meting Held on 11.5. 1956;" ECHA, EPA Archives, f. "AEP, Avenir de l'agence, Groupe de travail no. 26," EPA/GB/M(59)4, 9.12. 1959, "Minutes of the 11th Session Held on 26.10. and 27.10. 1959." A similar endeavor to reduce regional differences was professed by the Treaty of Rome signed in March 1957.

[10] PRO, CAB134/1183, T.A.(L)(54)48, note by the BOT, 5.4. 1954, "FOA Suggestions on the Coordination of the EPA Program With National Productivity Programmes."

[11] See for example: PRO, BT258/820, BT/EPA(57)73, 7.10. 1957, "Report of UK

consisted of representatives who were engaged in traditional productivity work in industry and commerce, and who had nothing to gain from a reorientation of the EPA's work. But the leadership of the OEEC did see opportunities in this new field. In December 1954, Colonna proposed that EPA should no longer see itself as a means of channeling American aid to Western Europe, but as a channel of Northern European aid to Southern Europe:

> The Agency came into being as a result of the contribution of American capital and represented the culmination point of the Technical Assistance which the US began to give to Europe immediately after the end of the war – a form of assistance which was on no less generous a scale than the original 'Marshall Aid.' The agency could now become the channel through which the knowledge gained by the more highly developed European countries would be directed towards the less advanced countries to help them in their economic and social recovery program.[12]

This proposal was soon taken up by the EPA. It was notably championed by the Italians, who saw a broader productivity concept as a means to alleviate their problems in the Mezzogiorno.[13] It was adopted by the Council of the OEEC in November 1955.[14]

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Members of the Governing Board on the 1st Session Held on 23.9.-24.9. 1957."

[12] UMA, j.nr. 106.P.11, box 1, EPA/ABI/36, ??.1. 1955 (mailed by OEEC del. to UM on 15.2. 1955), "Draft Minutes of the 4th Session Held in London on 3.12. 1954." Already in 1951, William H. Joyce, assistant administrator for production in the ECA and responsible for the productivity drive, had argued that the "more developed" European countries should help the "less developed" ones. In particular, he thought that the Scandinavian countries and Holland should assist France and Italy in spreading the practice of collective bargaining (AN, SC, F60 ter, box 522, f. "Assistance technique 682-683, crédits ouverts 1949-50; 684-1, 1950-54," f. "Politique de productivité," ltr., AF/1711, August 1951, "Développement de la productivité dans les pays bénéficiares de l'aide américaine.")

[13] Terni, "Elementi," pp. 3-4; UMA, j.nr. 106.P.11, box 3, PRA(56)48/2, 31.8. 1956, "Memo by the Italian Delegation on the Aims and Action of the EPA." Parenthood of the EPA's program for underdeveloped areas has several claimants. Many documents attribute it to the Advisory Board. This still leaves open the question who raised the proposal in this body. The British generally found that the Americans used the Advisory Board to push their proposals. Other candidates are Ottino Carraciolo di Forino and Alexander King. See also next footnote.

[14] UMA, j.nr. 106.O.21, EPA, box 6, C(61)119, 10.7. 1961, "Annual Report and Overall Summary of Activities of the EPA;" UMA, j.nr. 106.P.11, EPA/ABI/63, 7.9. 1955, "Bi-annual Report to the Council;" WNRC, RG 469, ODDO (1953-61), OAEO (1955-61), ROS, SF 1948-57, box 76, f. "Less Developed Areas – General/1956," memo, Kolar to Bode, 27.1. 1956, "EPA and Underdeveloped Areas;" OEEC, *Acts of the Organisation*, vol. 16, pp. 301-305. The OEEC Council was acting on a French proposal. France wanted to gain political goodwill in less developed countries and to relaunch an organization "going through a period of relative stagnation." It also hoped that such a

The program for underdeveloped areas differed from others sponsored by the EPA. It dealt with economic development in general rather than restricting itself to the narrow field of productivity enhancement. Moreover, the rules were more flexible than for other projects. Activities under this program could indeed be carried out for the benefit of a single country, whereas a normal project could not be adopted unless at least five countries took part. The five-country-rule had been agreed upon to ensure that normal agency work corresponded to a general need. But it could not be applied to activities which were explicitly intended for a small group of countries. Finally, the financial conditions of participation were favorable compared to other projects.[15]

Since the rules applying to such activities were attractive, it was necessary to specify the conditions under which a member country could participate in the new program. The definition of "underdeveloped areas" agreed by the Council was as follows:

> Geographical areas where the standard of living is abnormally low, irrespective of the reasons for this (surplus population in relation to the level of employment, inadequate exploitation of natural resources, etc.) must be considered as regions for which the agency could undertake common action. Nevertheless only countries where the areas defined in the previous para are of such importance in relation to the national economy that the general economic development is permanently compromised can be considered as countries with underdeveloped areas [...].[16]

Later the stigmatizing expression "underdeveloped areas" (UDA) was replaced by the more optimistic "areas in the process of economic development" (APED). The countries participating in this program were Italy, Greece, Turkey, Yugoslavia (from 1957), Spain (from 1960), and Iceland (from 1961).[17]

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program would offer opportunities to demonstrate modern French agricultural techniques and that it would benefit mountainous regions in central France (ECHA, EPA Archives, f. "RE 5/7/09 Agence. (D)," ltr., Lamour to Sergent, 1.2. 1956, att.: "Note relative à l'initiative française pour l'action de l'AEP dans les zones européennes sous-développées;" MAE, DE-CE, 1945-1960, vol. 357, MAE (SCE) to Lamour, ltr., no. 730, 13.3. 1956.

[15] UMA, j.nr. 106.O.21, box 3, OEEC, C/WP26/W/21 (1st Revision), 1.12. 1959, "Activities of the EPA for Areas in the Process of Development."

[16] SVUD, Afd. H, grupp 77, PP 40, C(55)261, 6.10. 1955, "Report by the PRA Committee on Countries With Underdeveloped Areas."

[17] ECHA, EPA Archives, f. "EPA, 1953-1958," OECD, August 1965, "Répertoire des activités de l'AEP (1953-1961);" UMA, j.nr. 106.O.21, box 3, OEEC, C/WP26/W/21 (1st Revision), 1.12. 1959, "Activities of the EPA for Areas in the Process of Development." After October 1957, Yugoslavia contributed to the agency and acquired the right

The US had played an important role in initiating the program, and subsequently continuously encouraged the agency to give it a high priority. A portion of the American funding to the EPA was earmarked for activities assisting underdeveloped areas. While this role inevitably caused some friction, it was decisive for the EPA's efforts in this area.[18] In 1960, US governmental support was supplemented by a grant from the Ford Foundation to assist teaching and research in the field of economic development. The US, moreover, strongly supported the OECD making aid to underdeveloped countries one of its main objectives.[19] The EPA's activities in this field thus prefigured what was to become one of the major preoccuptions of the OECD in the 1960s.[20]

The first activities were initiated in 1955 and they were subsequently greatly expanded. From a share of almost fourteen percent of the operational budget in 1956/57, they rose to over twenty percent in 1959/60.[21] The four countries benefiting from these services – and which were free to participate in other programs – subscribed less than ten percent of the annual revenue of the agency.[22] The aim of these projects was to promote economic development through the provision of technical assistance and the establishment of trial and demonstration areas.

When the agency was first set up, most of its activities were of the technical assistance type and focused on the transfer of new techniques. In 1957, such assistance had practically been abandoned. Its continuation in relation to poor regions aimed at enabling them to catch up with richer areas.[23]

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to participate in projects on equal footing with the member countries.

[18] Some European countries complained about specific American programs (particularly the Third Country Training program) or about the number of American experts used in the EPA's program for underdeveloped areas (see UMA, j.nr. 106.P.11, box 4, PRA/M(57)4, 29.5. 1957, "Minutes of the 54th Session Held on 6.5.-7.5. 1957."

[19] ECHA, EPA Archives, f. "Ré-organisation de l'OECE: Notes diverses d'information pour le Groupe des Quatre sur le travail de l'OECE," f. "Replies to Questionnaire. No. 15," memo, Black to Sergent, 1.3. 1960, att.: "Summary of Brief for US Deposition to the Four Experts."

[20] UMA, j.nr. 106.O.21, box 6, EPA/D/9550, The Director of the EPA to Members of the Governing Body, 15.6. 1961, "Report on the Work in Hand."

[21] See Appendixes: Table A-8. Concerning the operational budget (i.e., Part I of the budget) see Chapter III.

[22] This expansion took place among others at the expense of agriculture (whose share in the EPA's operational budget fell from one fourth in 1954/55 to one sixth in 1960/61) and of the research projects concernng the economic factors in productivity enhancement (see Appendixes: Table A-8 and A-9).

[23] SAEF, B 46.467; f. "A 0.01, AEP. A 0 1 Correspondance AEP," EPA/D/5400, "Rapport sur les activités de l'AEP au cours de l'exercice 1957-58."

Technical assistance involved providing experts and training of persons nominated by the requesting country in various techniques. The cost was substantial since it represented forty-two percent of the total available for the UDA program and seven percent of the agency's operational budget.[24] It is extremely difficult to evaluate the usefulness of the technical assistance given by the EPA. As stated in an EPA report:

> The answer is impossible to give by scientific proof. The effect of training takes some years to show itself, and it is impossible for a central agency to keep trace of the subsequent careers of all its trainees over such a period. The beneficiary countries, however, are better placed, and it would be very desirable if the Council would urge that eveluation of this sort should be undertaken at the national level. The general impression – shared by the US authorities with their vastly greater experience of this sort of training – is that there is on balance a very definite profit. A certain wastage is inevitable, and some trainees either fail to respond to training or subsequently change their careers so that the value of the experience is lost, but the increased value of the trained personnnel far exceeds the cost of their training.[25]

One of the problems confronted by the EPA and often discussed among the member countries, was the need to avoid duplication of other organizations' efforts. Technical assistance was a form of aid which had become widespread after World War II. It was offered by the United Nations and its specialized institutions as well as under bilateral agreements. The EPA, therefore, established contacts with organizations such as FAO, ILO, UNESCO, etc.[26]

The most original element in the agency's program was the creation of trial and demonstration areas. The idea was to create pilot zones where the agency with help from the national and local authorities would try to promote growth and test methods which might be applicable in other areas. These activities were guided by four main principles. The first was necessity made virtue. The agency, which did not have the means to finance infra-structural investments, stressed the importance of human ones which,

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[24] See Appendixes: Table A-10. See also: UMA, j.nr. 106.O.21, box 3, OEEC, C/WP26/W/21 (1st Revision), 1.12. 1959, "Activities of the EPA for Areas in the Process of Economic Development."

[25] UMA, j.nr. 106.O.21, box 3, OEEC, C/WP26/W/21 (1st Revision), 1.12. 1959, "Activities of the EPA for Areas in the Process of Development."

[26] See Richard S. Roberts, Jr., "Economic Development, Human Skills and Technical Assistance. A Study of ILO. Technical Assistance in the Field of Productivity and Management Development," Ph.D. diss., University of Geneva, 1962; SAEF, B 46.467; f. "A 0.01, AEP; A 0 1 Correspondance AEP," EPA/D/5400, "Rapport sur les activités de l'AEP au cours de l'exercice 1957-58."

conveniently, were much cheaper. The second principle was that economic development formed a whole and that progress, therefore, had to be simultaneously furthered in all sectors of society. The third principle was that development of an area could not be imposed from the outside: it could only succeed if carried out with the full consent and cooperation of the population. Lastly, the trial and demonstration area had to be limited to a well-defined and rather small geographical zone so that efforts could be concentrated.

Three criteria were important in choosing a site for a demonstration area. It should appear possible to achieve improvements with limited resources. The areas also would have to be representative so that they could serve as laboratories in which methods could be tried out before they were put to use elsewhere. And there would have to a be a national and regional plan which could serve as general framework within which the pilot area could operate.

Trial and demonstration areas were created in Italy, Greece and Turkey.[27] The Greek project initially seemed to fall victim to local political intrigues which forced the agency to choose the area of Konitza-Zagoria-Paracalamos in Epirus, which was not the one which had originally been contemplated. The zone was started in September 1958. However, the EPA appointed an independently minded expert to oversee the project, and it seems that he subsequently achieved some success.[28] Once the project had been launched, the role of the agency was limited to giving technical assistance on the request of the Greek authorities.[29] The role of the agency in the creation of the zone of Köycegiz-Dalaman-Mugla in Turkey was even more limited. It facilitated the studies necessary for the creation of a zone. But the military coup which overthrew the government in 1960 led to the abortion of the project even before it got under way. The most successful pilot area was also

[27] UMA, j.nr. 106.O.21, box 3, OEEC, C/WP26/W/21 (1st Revision), 1.12. 1959, "Activities of the EPA for Areas in the Process of Development;" UMA, j.nr. 106.O.21, box 2, C/M(58)29(Prov.); ECHA, EPA Archives, f. "EPA, 1953-1958," OECD, August 1965, "Répertoire des activités de l'AEP (1953-1961)."

[28] Philippe Lamour, *Le Cadran solaire*, Paris 1980. In an interview with the author Ottino Carraciolo di Forino was more dismissive of the project. See also Giulio Fossi, "L'expérience OECE/OCDE des 'zones pilotes' en Sardaigne et en Epire," *Développement et civilisations*, no. 21, March 1965, pp. 61-69; Maurice Domergue, "The Pilot Area in Epirus", in: *European Productivity*, no. 37, winter 1960, pp. 47-52.

[29] ECHA, EPA Archives, f. "EPA, 1953-1958," OECD, August 1965, "Répertoire des activités de l'AEP (1953-1961);" SAEF, B 46.467; f. "A 0.01, AEP; A 0 1 Correspondance AEP," EPA/D/5400, "Rapport sur les activités de l'AEP au cours de l'exercice 1957-58."

the most ambitious. This was the Sardinian zone which will be examined below.

Finally, an important element in the UDA program were the so-called Third Country Training (TCT) program.[30] It was initiated by the Americans and later taken over by the EPA. The less developed countries which received US technical assistance were known as "first countries." Some of their trainees chose to be trained in the US (the "second country"). But after the mid-fifties an increasing proportion chose to go to "third countries," i.e., countries other than the US. In many cases, the third country would be a European one which would then receive trainees or send European experts to the aid-receiving country. In 1958, at the request of the ICA, the EPA took over responsibility for the administration of the TCT program.[31] The EPA's role essentially consisted in finding member countries able and willing to give the required training, plan the itineraries of the trainees and make arrangements for their travel, reception, residence, etc.[32] Several member countries criticized the fact that the EPA took over a program which had been conceived by the US, and of which they had little control. They further disliked the administrative expenses – about fifty-five million francs a year – which it occasioned for the EPA.[33] Åsbrink, the Swedish chairman of the Governing Body, saw the agency's acceptance of the American proposal as a plot by the secretariat to perpetuate itself, since it could create a moral obligation to continue the EPA. The only acceptable reason to take over the TCT program, in his view, was to do the US a favor, since this country had done so much for the EPA.[34] The program was defended by the secretariat of the agency on several grounds. First, although only three of the seventy-

[30] UMA, j.nr. 106.O.21, box 2, OEEC del. to UM, no 337, 23.1. 1959, "EPA, revideret program og budget for 1958/59."

[31] UMA, j.nr. 106.O.21, box 1, OEEC del. to UM, no. 3899, 27.8. 1958, "EPA's fremtid;" UMA, j.nr. 106.O.21, box 1, memo, 26.9. 1958, "Productivity Promoting Activities Within the OEEC after 30.6. 1960;" UMA, j.nr. 106.O.21, box 2, OEEC del. to UM, no. 337, 23.1. 1959, "EPA, revideret program og budget for 1958/59;" UMA, j.nr. 106.O.21, box 2, OEEC del. to UM, 6.5. 1959, "EPA's fremtid. Working Party no. 26;" UMA, j.nr. 106.O.21, box 2, CES/9.055, 15.5. 1959, ltr., Danish OEEC del. (Bartels) to the Chairman of Working Party No. 26, 14.5. 1959.

[32] During the first eighteen months of the agency administration of the TCT program 1,149 trainees were placed in Europe. Subsequently, the annual rate was about 1,200, which was about the same as the number of trainees placed in OEEC countries by the US (cf. UMA, j.nr. 106.O.21, box 3, OEEC, C/WP26/W/21 (1st Revision), 1.12. 1959, "Activities of the EPA for Areas in the Process of Development").

[33] UMA, j.nr. 106.O.21, box 2, 23.1. 1959, no. 337, "EPA, revideret program og budget for 1958/59;" UMA, j.nr. 106.O.21, box 1, no. 3899, OEEC del. to UM, 27.8. 1958.

[34] SVUD, Afd. H, Grupp 77, PP 49, ltr., Åsbrink to Swärd, 11.1. 1958, "Overföring af TCT program til EPA."

three "first countries," namely Greece, Turkey and Yugoslavia, were members of the agency, more than half of all trainees came from these three countries. Taking over responsibility for the TCT program would allow the agency to considerably expand its capacity to provide technical assistance to some member countries. Such a step would also enable the OEEC countries to show their willingness to assist underdeveloped countries. Lastly, the agency was found better equipped than any non-European body to direct trainees to appropriate European institutions.[35]

## B. The Origins of the Sardinian Pilot Project[36]

After World War II, the Italian government took a series of initiatives to develop the Mezzogiorno. Two important steps in this direction were the creation of the Cassa per il Mezzogiorno in 1950 and the so-called Vanoni Plan in 1954. Italy also tried to use the OEEC to alleviate its specific development problems. It pleaded for freer movement of labor across the borders of the OEEC countries. And it requested assistance for its economic development.[37] Within the EPA, Italy was the country most active in promoting the idea of a special program for underdeveloped areas.[38] In March 1956, the Italian OEEC delegation requested that a trial and demonstration area be created on Sardinia.[39] It argued that the agency's money would be well-spent there since an economic plan was already being implemented for the whole island. Allegedly, the regional plan was part of a national one, namely the Vanoni Plan, which was implemented by the Cassa per il Mezzogiorno.[40] This soon turned out to be an embellished presentation of the facts. In fact, no plan yet existed at the regional level. It was further argued that the results obtained in Sardinia would be useful elsewhere since

[35] NARA, RG 59, 1955-1959, 840.00/12-1459, polto G-616, USRO Paris to State Dept., att.: "Help for Underdeveloped Countries;" UMA, j.nr. 106.O.21, box 3, OEEC, C/WP26/W/21 (1st Revision), 1.12. 1959, "Activities of the EPA for Areas in the Process of Development."

[36] WNRC, RG 469, OAEO, ROS, RRt EPA, 1953-1957, box 1, f. "EPA Advisory Board Through 1957," ltr., MacPhail to Francis, 4.12. 1956; SVUD, Afd. H, grupp 77, PP 51, note, June 1959?, "The Sardinian Project."

[37] Piero Barucci, *Ricostruzione, pianificazione, Mezzogiorno*, Bologna, 1978, pp. 258, 347; Klaus Künkel, "Der erste Zyklus der Mezzogiornopolitik – eine kritische Würdigung der Mezzogiornopolitik von der Cassa per il Mezzogiorno zum Vanoni-Plan," Ph.D. diss., Ludwig-Maximilians-Universität, Munich, 1964, pp. 193-95.

[38] Terni, "Elementi," p. 3; interview with Caracciolo di Forino.

[39] Terni, "Elementi," p. 10.

[40] Ibid., pp. 11-12, 19.

the island was "highly representative"[41] of other underdeveloped areas in the member countries. Outsiders were often shocked by the extreme poverty on the island. Forty percent of the adult population was illiterate. Nevertheless, things had started to change. A few years earlier a Rockefeller health campaign had wiped out malaria. Dams, irrigation, and tractors were being introduced.

In May 1956, the agency sent a group of experts to Sardinia. The report of this mission recommended the establishment of a pilot zone in a triangle formed by the towns Oristano, Bosa and Macomer.[42] This region was allegedly selected because its problems were considered to be typical of those found throughout the island. It was hoped that results could be reached within a short period.[43] The recommendation of the technical mission's report was swiftly endorsed by the OEEC Council, which in June 1956 accepted the Italian proposal and initiated the project no. 400.[44]

The energy displayed by the Council on this occasion seems to indicate that the decision was made largely on political grounds. However, it soon turned out that the speedy decision-making was based on false premises. The alleged existence of a regional plan had been a decisive argument in favor of the choice of Sardinia as the first place to create a pilot area. Unfortunately, the development program for Sardinia only materialized in September 1962 under the name of *Piano di Rinascità*. The pilot zone, therefore, had to start from scratch.[45] It was to take eighteen months of negotiations between the EPA, the Italian and the American authorities just to establish it.

## C. The Sardinian Pilot Projet, 1957-1962

### 1. Organization

The financing of the pilot zone was agreed in July 1957, during a meeting in Rome of US, Italian and EPA officials. It was decided to establish an

[41] Ibid., p. 12.

[42] Ibid., pp. 13-17, 25-26. This area was situated on the western coast of Sardinia, it covered 170,000 hectares, or about one tenth of the whole island, and had a population of 110,000 in thirty-nine villages.

[43] For a detailed study of the area, see: Anna Anfossi, *Socialità e organizzazione in Sardegna. Studio sulla Zona di Oristano-Bosa-Macomèr*, Milan, 1968.

[44] Terni, "Elementi," pp. 13-17.

[45] Ibid., pp. 18-19 and p. 22; Emma Morin, "Progetto Sardegna," unpublished report, s.l., s.d., p. 15.

International Committee to examine and approve the program and finances of the project and to supervise its implementation. The committee was to meet every three months. Philippe Lamour, director-general of the "Compagnie Nationale d'Aménagement du Bas-Rhône-Languedoc" and a member of the EPA's Advisory Board, was chosen to head it.[46] This committee did not have the technical competence required for a detailed supervision. But its existence was important because it created a formal link between the Sardinian project and the authorities financing it. Moreover, it acted as a public relations agent. This was important since no steps were taken on the Italian side to ensure any kind of agreement or formal co-operation with the pilot zone. In fact, the latter, which informally baptized itself "Progetto Sardegna," never acquired a legal status or an official name.[47]

While the International Committee's role remained modest, it was hoped that the director would provide firm and stable leadership. In November 1958, however, the director, Munir Benjenk,[48] left for Paris to take over the division for APED. His successor only stayed on for little more than a month. After a period without any leader, Benjenk was reappointed head of the project, but he stayed in Paris. Not until October 1960, was a director nominated who actually was stationed in Sardinia.[49] The effect of this lack of stable leadership was amplified by the absence of any common goals. Since there was no overall agenda, no criteria could be used to set priorities. The director's considerations, therefore, had to be mainly of a financial character. As far as the substance was concerned, he had to endorse the decisions made by the sectors themselves.[50] In 1959, five different offices had been established, namely in Oristano, Cagliari, Flussio, Ghilarza, and Seneghe. Since there was practically no coordination between these, centrifugal forces were further strengthened.[51] Given the prolonged periods without an effective directorship, an important role was played by the administrative head of the project, the Secretary General Nadine

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[46] Members of the International Committee were: the EPA, the US government (US Embassy in Rome and USRO from Paris), the Autonomous regional government of Sardinia, the Sardinian Regional Productivity Committee, the Cassa per il Mezzogiorno, the Italian government (the Ministerial Committee for the Mezzogiorno), the Italian National Productivity Committee and the Italian and International Assistance Activities (AAI), which to different degrees participated in the financing of the project (see Terni, "Elementi," p. 34).

[47] Interview with Nadine Ekserdjian; Terni, "Elementi," pp. 150, 174-76.

[48] Munir Benjenk later became vice-president of the World Bank.

[49] Terni, "Elementi," pp. 66-70, 75, 123, 127-28.

[50] Ibid., p. 92-93, 173; Morin, "Progetto Sardegna," p. 211.

[51] Ibid., pp. 76-78.

Ekserdjian.[52] In November 1959, Grégoire proposed and obtained the creation of a technical committee to provide firmer supervision. This committee consisted of the secretary general and of representatives of the Cassa per il Mezzogiorno and of the Sardinian government.[53] It proved short-lived, however, since the new director had it wound up in October 1960, probably because his ideas about how to reorient the project were not shared by the committee.[54]

A main problem for the pilot zone was that it periodically had to justify its own existence in order to retain its financing. Its position was precarious since it was a de facto organization with no legal status within the Italian political-administrative framework and which had to rely entirely on the benevolence of the Italian authorities.[55] The regional government was not always well-disposed, so times were often hard. On several occasions, the EPA was reduced to begging the Italians to pay what they had promised.[56] In the beginning of 1959, the Sardinian project was close to bankruptcy. Once again, the EPA had to exert pressure on the Italian authorities.[57] In March 1959, the International Committee decided that it should be continued for another three years as of October 1959. However, at the end of 1959, the pilot zone faced new financial problems because promised funding was not forthcoming. While an intervention by Grégoire probably helped save it, the lack of cooperation on the part of some of the local authorities remained a problem.[58]

A main handicap for the Sardinian Project was indeed that it was perceived as a foreign entity on the island. To some degree this may seem surprising. The project had been requested by the Italians who also financed more than half of its total cost:

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[52] Ibid., p. 46; UMA, j.nr. 106.O.21, box 3, OEEC, C/WP26/W/21 (1st Revision), 1.12. 1959, "Activities of the EPA for Areas in the Process of Development."

[53] Terni, "Elementi," pp. 107-111, 176. UMA, j.nr. 106.O.21, box 3, OEEC, C/WP26/W/21 (1st Revision), 1.12. 1959, "Activities of the EPA for Areas in the Process of Development."

[54] Terni, "Elementi," p. 129.

[55] Ibid., pp. 74, 86-88, 90.

[56] Interview with Nadine Ekserdjian.

[57] Terni, "Elementi," pp. 70-71.

[58] Ibid., p. 75.

Table 1: Contributions to the Progetto Sardegna during the period 1957-1962[59] (US dollars).

| | |
|---|---|
| American authorities | 120,000,000 |
| Comitato Nazionale per la Produttività | 50,500,000 |
| Regione Sarda | 254,000,000 |
| Cassa del Mezzogiorno | 147,500,000 |
| Comitato dei Ministri per il Mezzogiorno | 106,500,000 |
| OECD/AEP/OECD | 356,500,000 |
| Total | 1,035,000,000 |

However, while the Italian authorities were interested in aid, they were suspicious of the cultural and educational aspects of the Sardinian project.[60]

## 2. Programming

The ambitions of the promotors of the project were high. The aim of "the first major test area development program in the Mediterranean area" was to make "a contribution of impressive importance to a million and a half people who face severe difficulties."[61] However, no concrete plan was ever worked out to determine what steps should be taken to attain this goal. Numerous activities were initiated, but nothing was done to ensure that there would be any coordination between them.[62] Two sources of inspiration often mentioned were the New Deal's Tennessee Valley Authority project and the development project initiated by Philippe Lamour in the Bas-Rhône-Languedoc region.[63] The Sardinian project differed in several ways from these predecessors. It had no funds to invest in larger infrastructural projects and it lacked clear political support. It tried to overcome these handicaps by commissioning a plan for a territorial development in the pilot zone.[64] However, while some studies were completed in 1960, their influence was

[59] Ibid., p. 186. The cost of the locally recruited staff, offices, etc., was borne by the Italian authorities. The remaining costs were financed by the EPA and the US.

[60] See below.

[61] Terni, "Elementi," p. 27. See also: Ibid., pp. 63-64.

[62] Ibid., pp. 27-29.

[63] Ibid., p. 75. In fact, it was largely assumed that the problems of underdeveloped areas in the member countries were similar and that successful remedies in one area would also be successful in other areas, see Ibid., p. 56. For the French model see: Ibid., p. 63. For Lamour's role, see Eric Roussel, *Jean Monnet 1888-1979*, Paris, 1996, pp. 493-94 and Philippe Lamour, *Le Cadran solaire*, Paris, 1980, pp. 318-21, 340, 355-56.

[64] This work was confided to Professor Orlando of the Istituto Nazionale per l'Economia Agraria.

nil.[65] Yearly programs were prepared for 1957-58 and for 1958-59, followed by a triennial program adopted by the International Committee in July 1959. They were basically vague and general lists of activities, written separately by the different sectors.[66]

One may distinguish between different phases in the Sardinian project's life. During the period of 1957 to 1959, emphasis was on the development of the whole area. In 1959, however, a crisis took place. Funds from the Italian authorities were withheld and it appeared that the pilot area did not have means corresponding to its ambitions and that it would have to resign itself to activities of technical and social assistance.[67] During the period of July 1959 to October 1959, intense negotiations took place between heads of sections who discussed how to concentrate their activities. They were, however, unable to reach an agreement and the outlook was gloomy when Roger Grégoire intervened in November 1959. In a letter to the International Committee he proposed a concentration of the efforts in some villages and in some important sectors. The acceptance of these proposals by the International Committee amounted to a relaunching of the Sardinian project. Another change occurred in October 1960 with the appointment of a new director, who preferred a strategy "concentrated intervention." This strategy was mainly implemented in one village, Zeddiani. It was criticized by some as a step backwards into "sectorialism," since it was based on the belief that it was possible to act at a communal level without any plan for a larger territory. The Zeddiani activities did have some positive results. For the first time a mayor was involved and the population participated more actively than had been the case on occasions. But the impact outside Zeddiana was scarcely perceptible.[68]

More generally, one may say that there were two conflicts. First, there was a difference between those who mainly saw the pilot zone as an endeavor to develop the whole area and those who primarily wished to test and demonstrate methods in order to find out whether they would be applicable elsewhere. The second was between those who preferred the technical assistance aspect and those who preferred a more educational approach. The

[65] Terni, "Elementi," pp. 48, 90, 152. While the study initiated by the agency itself did not produce any useful overall plan, a commission under the name of "Rinascità" was set up for that purpose. It resulted in the *Piano di Rinascità* in 1962, three months before the Sardinian project was wound up.

[66] Ibid., pp. 23, 44, 62, 91.

[67] Ibid., p. 112.

[68] Ibid., pp. 131-37 and 145-48.

former dominated in the rural home economics and in the handicrafts service. The latter were particularly strong in the adult education service.[69]

## 3. The End

In 1959, it had been decided to continue the Sardinian project until October 1962. This decision was not based on any analysis of the time required for the project to mature but on purely financial considerations. As the end approached, two initiatives developed to prolong its activities. The first aimed at extending the trial and demonstration area to the whole island. This never succeeded. It does seem that there were attempts to find a place for the pilot zone within the *Piano di Rinascita*, but they failed. An idea to turn the whole project into a training center for specialists in development was greeted with enthusiasm within the Sardinian project. It was considered within the OECD but was never followed up. Italian authorities themselves seem to have been divided. Some were interested in having the project continued while others were more reluctant. In order to ensure financing during the following three years, the regional government of Sardinia prepared a law for submission to the local parliament, and the Committee of Ministers for the South declared that it would allocate sums allowing the activities to continue. However, none of these initiatives were followed up.[70]

The personnel observed these salvaging attempts with hope. They felt that promises had been made concerning job prospects after the winding up of the project. But as it slowly dawned on everyone that such promises would not be kept, there was a deterioration in the social climate and particularly in the feelings towards the OECD, which was seen as the main villain. A newly created trade union[71] organized a general strike which failed to convince the OEEC Council to continue the project.[72] As a result, each section of the pilot zone fought for itself, trying to ensure that at least its work would continue. However, after the winding up of the project in December 1962, it was largely forgotten by everybody except the former participants.

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[69] Ibid., p. 172.

[70] Ibid., pp. 153-56.

[71] The Sindacato Autonome degli Impiegati del Progetto Sardegna was affiliated with the Conferazione Italiana Sindacati Lavoratori.

[72] One interviewee argued that it rather had the opposite effect.

## D. Activities

The Sardinian Project consisted of different sections headed by EPA experts and manned by Italian staff. The expenses were distributed as follows:

Table 2: Expenses of the Progetto Sardegna during its period of activity, 1957-1962 (million lira)[73]

| | |
|---|---|
| Agricultural consulting | 244,000,000 |
| Rural home economics | 81,000,000 |
| Handicrafts and small industry | 144,000,000 |
| Adult education | 62,000,000 |
| Social service | 105,000,000 |
| Visual aids, press and public relations | 92,000,000 |
| Studies and documentation | 40,000,000 |
| Vocational training | 25,000,000 |
| Administration, direction or external consultancy | 242,000,000 |
| Total | 1,035,000,000 |

As far as handicrafts and small industries were concerned, the objective was to modernize and commercialize the products of traditional female domestic occupations such as weaving, carpet-making and basketry.[74] These activities, which aimed at providing very poor rural families with an additional income, resulted in a rather radical change for the women involved. They had previously worked at home, but were now organized in weaving cooperatives equipped with modern machines.[75] These cooperatives soon turned out to be commercial successes, selling luxury textile products to the rest of Italy and abroad. Basketry cooperatives were likewise established. The women received training in industrial design, marketing and management techniques and were soon exporting to the mainland. Rather quickly the previously existing unemployment among basket weavers in the area disappeared. In

[73] Terni, "Elementi," p. 187.

[74] Ibid., pp. 48-51, 78-79, 96-97.

[75] While one interviewee remembered that this had aroused some reluctance among men in the zone, all other interviewees insisted that the strong emphasis put by the project on activating women in the zone had been readily accepted by all, allegedly because of the traditionally strong position of women in Sardinian society (see also: "Il primo anno del progetto OECE per la Sardegna," in: *Produttività*, vol. 9, no. 12, December 1958, p. 1006). It is worth noting that the secretary general (Nadine Ekserdjian), the head of the Rural home economics service (Giuliana Minuti) and the head of Social service (Emma Morin) were women and that several other women played an important role in the pilot zone.

1959, more than one thousand families had been involved in the handicrafts project. All in all, fifteen centers (cooperatives or other forms of enterprises) had been created. An umbrella organization was established to sell the products.[76]

The agricultural activities were developed after the handicrafts program had been initiated. Since the dominating economic sector in the region was agriculture, this field was a prime target.[77] The service's projects were primarily educational or advisory. The very first step was to locally recruit twenty-two agricultural consultants who were then trained in agricultural techniques and in methods of adult education. The goal was to improve the selection of crops and the pastureland as well as to reforest. Endeavors were also undertaken to regroup farms, to encourage mechanization and to modernize farm buildings. Advice was given on the better use of existing agricultural credit facilities and on farm accounting and management. New crops were sown in experimental fields for demonstration. Poultry raising was introduced to supplement fruit and vegetable growing and in a few years the stock was raised from zero to 100,000.[78] Other consulting activities concerned irrigation, treatment of olive trees, the organization of agricultural cooperatives and of markets as well as the creation of a laboratory for soil analysis.[79]

The adult education element of the project were initiated by Paul Lengrand, an official who was borrowed from UNESCO, where he had played an important role.[80] According to a later report by Paolo Terni, it was rather successful. Terni primarily attributed this to the fact that its approach was acceptable to both lay and catholic environments. Its work involved the training of local teachers in the techniques of adult education. It also led to the creation of several cultural centers which in 1962 joined in a federation. Furthermore, the Sard Association for Adult Education was created, which later organized training courses, seminars and fellowships for managers.[81]

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[76] Terni, "Elementi," p. 183.

[77] Ibid., pp. 48, 51-52, 77-78, 94-95.

[78] Ibid., p. 78.

[79] Roger Marcellin, "La divulgazione agricola," in: *Ichnusa. Rivista della Sardegna*, vol. 43, 1961, pp. 20-30. See also: Roger Marcellin, "Olive Growing in Sardinia," OEEC/ EPA, July 1960.

[80] Paul Lengrand is considered the "grand old man" in the field of adult education (I would like to thank UNESCO's chief archivist, Jens Boel, for this information). See Terni, "Elementi," pp. 79, 97-104.

[81] Terni, "Elementi," pp. 181-82. See also: Elena Borghese, Antonio Cortese and Jacques Mawas, "L'educazione degli adulti," in: *Ichnusa*, vol. 43, 1961, pp. 63-77.

The activities of the social welfare service were twofold. It cooperated with other services, for example in preparing courses or encouraging the formation of groups of farmers interested in similar problems.[82] Otherwise, it focused its energy on educational institutions. Meals were introduced in all primary schools throughout the zone and proved so successful that a bill put before the Italian parliament provided for the system to be extended to the rest of Italy. At the same time, a program for the regular medical examination of school children was drawn up with the assistance of the Sardinian government. Weekly broadcasts, regular press articles and inspections led to an improvement in health, hygiene, child care and general nutrition.[83]

The section of rural home economics encouraged the creation of sixteen cooperatives of women cattle breeders, who were grouped into one single organization. The information activities involved meetings in the villages, film shows,[84] publication of a periodical bulletin[85] and relations with the local press, radio and television as well as tours for officials, teachers and visitors from abroad.[86] One of the original features of the Sardinain pilot zone was the creation of the so-called *équipes*, or groups of integrated technical assistance. The traditional practice in the Mezzogiorno had been to establish an office in town where the locals could go and request advice. Instead, the *équipes* actively sought contact with the population. They consisted of social workers, adult education teachers and audiovisual aids experts. In some villages, this interdisciplinary cooperation proved successful.[87]

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[82] Terni, "Elementi," pp. 79-82, 97-104. Among the partner organizations were: Assessorat de la Jeunesse, l'Union contre l'Analphabétisme and the Ford Foundation, UNICEF, the Foundation "Umanitaria" and UNESCO's Assessorat pour l'instruction publique.

[83] Ibid., p. 182. See also: Emma Morin, "L'assistenza sociale," in: *Ichnusa*, vol. 43, 1961, pp. 78-92.

[84] Filippo M. De Sanctis, "Gli 'audiovisivi' in un lavoro di sviluppo", in: *Ichnusa*, vol. 43, 1961, pp. 56-62. Many locals had never watched a movie before (interview with Paolo Terni, 30.7. 1995).

[85] Newsletter from Sardinia edited in Italian, French and English.

[86] Terni, "Elementi," pp. 80. 104-106, 183.

[87] Terni, "Elementi," p. 36, 62, 93; Marcellin, "La divulgazione agricola," p. 20, Morin, "Progetto Sardegna," p. 214. One of the initial central ideas of the project was that of community development. In the project's first annual program (1957-58) it was stated that one of the main aims of the project was the development of community activities which by the United Nations had been defined as a process aimed at creating conditions for economic and social progress for the whole community, with its active participation and building to the maximum extent possible on the community's own initiatives (Terni, "Elementi", p. 40.) However, the concept of community development was not taken seriously within the project. It was used as packaging but otherwise disliked as an American concept, not adapted to the Sardinian context (Ibid., pp. 23-24, 47, 55, 82,

## E. Handicaps

The main weakness of the project was political. Although it was created at the request of the Italian national authorities, there was no strong political will or commitment behind it, especially not at the regional level. Since the Sardinian project involved a very different kind of intervention from the one previously practiced by the Cassa per il Mezzogiorno, strong support would have been needed to force through the necessary changes. The Italians did want the EPA to intervene, but not too much. As a result, the project was more tolerated than welcomed by the regional authorities.[88] In the absence of a regional plan, there was no coordination between the project and the Cassa per il Mezzogiorno's infrastructural investments in Sardinia. This situation reflected differing views among Italian political and administrative authorities. In the mid-fifties public planning was not a popular concept with the governing Italian elites.[89]

Theoretically, the lack of domestic political will could at least have been partially compensated by an international one. But in fact the EPA had no clear ideas either, since the Sardinian pilot area was created at a moment when Western countries were just beginning to think about aid to underdeveloped areas.[90] This put the project in the awkward situation of having to hide its true nature. In its relations with the regional authorities it presented itself as an innocuous operation aiming at a more efficient use of existing resources. It never advocated planning or structural reforms – at the most it insisted on the need for studies. Once the contributions had been made, the project enjoyed full freedom of action.[91] However, this was far from being fully exploited. First of all, the project did encounter different forms of political resistance from local elites which feared the changes which could be induced by the pilot area. The region was a Christian Democrat stronghold and the local party bosses were not interested in awakening any activism among the population. In some cases, priests saw the project's representatives as a subversive communist threat.[92] This situation encouraged the pilot zone to project a conformist look to outsiders, despite its efforts to achieve

112-113, 157; interview with Terni).

[88] Interview with Nadine Ekserdjian. The EPA tried to overcome its handicap as an outsider by stressing that on the part of the project there was no sense of superiority vis-à-vis the assisted country or region, and emphasizing its aim of mobilizing the populations concerned (Terni, "Elementi," p. 56).

[89] Terni, "Elementi," pp. 169 and 172.

[90] Ibid., p. 168.

[91] Ibid., p. 171.

[92] Interview with Nadine Ekserdjian.

real change.[93] As a result, some local bureaucrats and politicians failed to see any use for the project and thus had an excuse not to back it. Others did see it, but disliked it and were determined to fight it.[94]

This political background explained many administrative deficiencies. The absence of an overall plan for the area was a handicap and led to improvisation and arbitrary decisions.[95] Moreover, because of the international control of the operation, the project was looked upon by some of the local notabilities as a "foreign body."[96] It constantly had to justify its own existence in the eyes of the public and of the political-administrative Italian authorities.[97] In general, one may say that there was a basic contradiction between the ambitiousness of the Sardinian project and the actual means put at its disposal.[98]

## F. Impact Outside the Pilot Area

The project aroused a great deal of enthusiasm and idealism among those active in it.[99] Many former officials still remember it as an exceptional opportunity for training and commitment. But the widespread feeling among them was that while the project did achieve important results during its existence these results were mostly forgotten after the pilot area ceased to exist.[100]

The impact outside the pilot area seems to have been limited. Hardly any account was taken of it in drawing up the *Piano di Rinascità* for the whole of Sardinia.[101] However, when the project was wound up both Giulio Pastore,

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[93] Terni, "Elementi," p. 170. One may also note that the project did not conform to the vision which the PCI had for an Italian development policy which aimed at industrializing the Mezzogiorno. Consensus among Italian economists in the 1950s was to see industrialization as the solution to the problems of Southern Italy, see Barucci, *Ricostruzione, pianificazione, Mezzogiorno*, pp. 350, 357.

[94] Terni, "Elementi," p. 171

[95] Ibid., p. 92, 173.

[96] UMA, j.nr. 106.O.21, box 3, OEEC, C/WP26/W/21 (1st Revision), 1.12. 1959, "Activities of the EPA for Areas in the Process of Development." See also: Fossi, "L'expérience OECE/OCDE des 'zones pilotes' en Sardaigne et en Epire," p. 65.

[97] Terni, "Elementi," pp. 24-25.

[98] Ibid., p. 23.

[99] It should be mentioned that locally recruited personnel did not receive salaries higher than corresponding local salaries.

[100] Interviews with Ekserdjian, Morin, Terni.

[101] The last director of the pilot area was offered an office where he could write a report about the experience of the Sardinian project. However, it does not seem that anybody

minister for the Mezzogiorno, and Gabriele Pescatore, president of the Cassa per il Mezzogiorno, praised the pilot zone and found that it had taught some important lessons concerning the role of "civic growth" and the efficiency of human investments.[102] Since its creation in 1950, the Cassa per il Mezzogiorno had almost exclusively concentrated on basic infrastructure.[103] It seems that the project's demonstration of the efficiency of human investments influenced the Cassa's policy. Moreover, the use of pluridisciplinary teams of technical assistance inspired similar actions by the Cassa per il Mezzogiorno elsewhere.[104] The pilot area prompted The Committee of Ministers for Southern Italy to allocate three billion lire for setting up three development areas in the sphere of agriculture, social welfare and education, based on the model of the Sardinian project, but to be run exclusively by the Italian authorities.

The Sardinian project achieved some degree of international fame since its reputation spread beyond the borders of Europe. The number of visitors from African territories, Israel, and other countries was "almost embarassingly high" and constituted "a real problem for the limited staff in charge."[105]

## G. Conclusion

In sum, one may say that the project did testify to the fruitfulness of its methods. These comprised adult education as well as the use of integrated technical assistance groups and they were based on a global approach which envisaged simultaneously all aspects of economic development in a geographically delimited area. The pilot zone had shown that significant results could be achieved with relatively small resources.[106] But it also illustrated the problems which could be caused by political and socio-cultural resistances to change. In particular, it demonstrated that such an endeavor could only

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took notice of this account, which I have not been able to locate (cf. Terni, "Elementi," pp. 160-61, 189).

[102] Ibid., pp. 65, 157-58, 163.

[103] Otto Mathias Bucher, "Die Ursachen der 'italienischen Südfrage' und ihr Lösungsversuch durch die Staatsintervention (Cassa per il Mezzogiorno)," Ph.D. diss., University of Freiburg, Bern 1963, pp. 75-76, 98-99, 195-96

[104] Fossi, "L'expérience OECE/OCDE des 'zones pilotes' en Sardaigne et en Epire," p. 66.

[105] UMA, j.nr. 106.O.21, box 3, OEEC, C/WP26/W/21 (1st Revision), 1.12. 1959, "Activities of the EPA for Areas in the Process of Development."

[106] SAEF, B 46.467, f. "A 0.01, AEP; A 0 1 Correspondance AEP" EPA/D/5400, "Rapport sur les activités de l'AEP au cours de l'exercice 1957-58."

succeed if there was a domestic political will to change existing conditions.[107] This could hardly come as a surprise to its promotors, who had always stressed that change could not be imposed from the outside. But in practice the project had tried to avoid politics. While occasionally cooperating with other organizations it had largely worked on its own, isolated from the administrative-political framework on the island. However, its means were not sufficient to achieve all the desired changes on its own. Therefore, the pilot area showed the need for active participation not only by individuals but also by organized social and political forces in the area. This was exactly what the "Progetto Sardegna" had tried to avoid in order not to get entangled in Italian domestic politics.

[107] Fossi, "L'expérience OECE/OCDE des 'zones pilotes' en Sardaigne et en Epire," p. 69.

# IX. IMPACT OF THE EPA'S ACTIVITIES

This chapter will briefly describe those aspects of the EPA's activities which previously have not been presented and it will more generally assess the agency's impact.

## A. The Projects[1]

The programs for management, trade unions and areas in the process of economic development have already been examined. What will be introduced below are the activities concerning the economic factors of productivity, the development of applied research and its use, the food and agriculture program and the information activities.

### 1. Economic Factors of Productivity

This part of the EPA's program dealt with the methods of measurement and with the study of the general economic factors influencing the development of productivity. The measurement of the productivity of work was a central task, since without reliable evaluations it would hardly be possible to assess methods to increase productivity. However, it was also a controversial activity. Many businessmen disliked the idea of comparing productivity and they were reluctant to disclose the relevant information. This was a problem particularly in Southern European countries.[2]

Several of the agency's activities in this field were innovative. The productivity measurement advisory service which dealt with inter-firm comparisons and more generally the use of mathematical methods in industry, was the only international service of its kind. *The Productivity Measurement Review* was widely read and highly influential among specialists.[3] The activities of the

[1] The best overviews of the agency's activities are to be found in the following two reports: WNRC, RG 469, OAEO, ROS, RRt EPA, 1953-1957, EPA: Advisory Board – EPA: General, box 1, f. "EPA/General Through 1957," EPA(57)11, 3.9. 1957; ECHA, EPA Archives, OECE, August 1965, "Répertoire des activités de l'AEP (1953-1961)." Concerning the change of emphasis in the program, see for example: UMA, j.nr. 106.O.21, box 1, OEEC del. to UM, no. 3899, 27.8. 1958.

[2] UMA, j.nr. 106.O.21, box 2, OEEC del., no. 5595, 15.12. 1958, "EPA. Governing Board. Mødet d. 4.12. og 5.12. 1958;" UMA, j.nr. 106.O.21, ltr., HMPU (Rydeng) to UM (Hjorth-Nielsen), 3.10. 1958, att.: memo, 26.9. 1958; ASCONF, box 70/14.1, f. "Indici di produttività in Francia (studia)," ltr., CNP (Lusignoli) to CGII, 23.3. 1959.

[3] At least according to the EPA's own reports, cf. *EPA Information Bulletin*, Paris,

agency – notably those conducted by experts from the US Bureau of Labor Statistics – were instrumental in introducing American measuring techniques at the firm and at the national level in several European countries in the mid-fifties. They were particularly appreciated by Germany and Sweden.[4]

The study of economic factors of productivity focused on the influence on productivity of fiscal legislation, investments, capital resources and restrictive business practices. Studies of the latter resulted from continuous US pressure upon reluctant Western Europeans.[5] During the Moody negotiations, the American request that Western Europeans commit themselves to fighting restrictive business practices had proven a major stumbling block. Since the EPA was largely financed by Moody funds, the agency had to pay lip service to this goal, but it only initiated a few activities in this field.[6] Even so, they were viewed with skepticism by the CEIF.[7] It is hard to detect their practical impact: they were generally dismissed by the member countries as window-dressing aimed at making the Americans happy.[8] But they contributed to keeping the US anti-cartel crusade going in Western Europe.

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September 1961, "Eight Years of Promoting Productivity."

[4] BRDBA, B 102/37395 (2), note, Müller, 1.8. 1958, "Arbeit der EPZ;" SVUD, Afd. H, grupp 77, PP 44, ltr., CP (Iveroth and Seth) to UD, 4.5. 1956, att.: "Memorandum on the Future of the EPA, Submitted by the Swedish National Productivity Center;" ASCONF, box 58/4.2: CIFE, f. "CIFE. Gruppo di lavoro per l'attività EPA. Anno 1957," note, "2ème réunion du groupe de travail institué pour suivre les travaux de l'AEP, 7.12. 1957. Compte rendu des décisions."

[5] See for example: NLRA, Inv.nr.: 593-601, f. "594," ltr., 24984, 8.2. 1952, de Milly to Pen, att.: note, de Milly, 7.2. 1952, "Verslag van het Technical Assistance Symposium officieel getiteld 'Symposium on Productivity Through Technical Assistance' en op verzoek van OEEC Mission 100 op 30.1.-31.1. 1952 te Parijs gehouden."

[6] UMA, j.nr. 106.O.21, ltr., HMPU (Rydeng) to UM (Hjorth-Nielsen), 3.10. 1958, att.: note, 26.9. 1958, "Productivity Promoting Activities Within the OEEC after 30.6. 1960;" UMA, j.nr. 106.O.21, box 2, OEEC del., no. 5595, 15.12. 1958, "EPA. Governing Board. Mødet d. 4.12. og 5.12. 1958;" UMA, j.nr. 106.O.21, EPA/D/6373, 13.4. 1959, "Advisory Board, 4th Session. Opinion of the CEIF on the Future of the EPA;" ASCONF, box 58/4.2: CIFE, f. "CIFE. Gruppo di lavoro per l'attività EPA. Anno 1957," note, "2ème réunion du groupe de travail institué pour suivre les travaux de l'AEP, 7.12. 1957. Compte rendu des décisions."

[7] ASCONF, box 58/4.2, f. "CIFE. Gruppo di lavoro per l'attività AEP. Anno 1960-1961," note, "10ème session du groupe de travail institué pour suivre les travaux de l'AEP (1.2. -2.2. 1960). Compte rendu des décisions."

[8] UMA, j.nr. 106.O.21, box 1, ltr. HMPU (Rydeng) to UM (Hjorth-Nielsen), 3.10. 1958, att.: memo, 26.9. 1958, "Productivity Promoting Activities Within the OEEC after 30.6. 1960." However, not all Americans were satisfied. Some of them "found that the purely symbolic activities of the EPA in the field of RBP was a violation of the agreement between OEEC and the EU in the sense that it is much too limited" (cf. ASCONF, box 58/4.2, f. "CIFE. Gruppo di lavoro per l'attività AEP. Anno 1960-1961," note, "12ème session du groupe de travail institué pour suivre les travaux de l'AEP. Réunion des 30.5.-31.5. et 1.6. 1960. Compte rendu des décisions").

## 2. Development of Applied Research and its Use

As early as 1953, Alexander King stated that the development of applied research was the most important task in Europe if productivity was to be increased.[9] However, the limited financial resources of the agency severely constrained its research efforts. Moreover, while especially France wanted the EPA to undertake research, this was strongly resisted by Germany and the Scandinavian member countries who wished to keep all activities as practical as possible.[10] Rather than attempting to undertake research on its own, the agency therefore tried to coordinate activities in the member countries and to stimulate transnational research projects.[11] In some cases the topics investigated proved too controversial. Thus, while the agency briefly devoted a great deal of attention to the process of automation, it changed its mind when it realized that there were strong disagreements in that field.[12] Instead it focused on promoting European cooperation in the field of applied research and encouraging the application of the results of such research in industry. It did so by organizing studies, publications, symposiums and courses and by forming mixed committees of parliamentarians and science administrators to discuss national science policies. The agency further assisted national institutions of applied research and helped to create national information centers. It promoted the development of international cooperative research efforts aimed at a more efficient use of existing resources of manpower, facilities and funds for scientific efforts. It notably dealt with problems such as road safety, fire fighting, air pollution, noise, fatigue failure of metals, etc. The agency also encouraged studies to improve building methods and achieved the adoption by the OEEC countries of norms to standardize construction materials.[13] As a result of its efforts, a large number of research centers in the member countries started cooperating.[14]

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[9] See Chapter II.

[10] UMA, j.nr. 106.P.11, box 3, C/M(56)27(Prov.), 18.7. 1956, "Minutes of the 332nd Meeting Held on 29.6. 1956;" UMA, j.nr. 106.P.11, box 4, PRA/M(57)4, 29.5. 1957, "Minutes of the 54th Session Held on 6.-7.5. 1957;" UMA, j.nr. 106.O.21, box 2, HMPU, note, 4.5. 1959, "OEEC doc. CES 9.047 af 23.4. 1959."

[11] ASCONF, box 18.1, f. "AEP. Programmi di attività dell'AEP. Interventi della Confederazione. Interventi del CIFE. Circolari, corrispondenza. appunti," note, "Allocution de M. Grégoire à l'Assemblée générale du CIFE du 22.2. 1956."

[12] HM, j.nr 86 (1960), 86-1-60, ltr., HMPU (Rydeng) to UM (Groot), 12.4. 1960.

[13] The construction activities were the main "vertical" activities of the agency and as such had their own chapter in the EPA's program. They were discontinued in 1959, despite vehement Danish protests.

[14] ASCONF, box 18.1, f. "AEP. Programmi di attività dell'AEP. Interventi della Confederazione. Interventi del CIFE. Circolari, corrispondenza. appunti," note,

The work in this sector was much debated among the member countries. They appreciated the increased cooperation in applied research. But quite a few countries were dissatisfied with the performance of the Committee for Applied Research which was developing the program of the agency.[15] From 1957 onwards, the US and the secretariat of the agency favored giving higher priority to the scientific activities. Northern European countries were reluctant to accept this because they feared it would happen at the expense of projects in industry and commerce.[16]

The EPA's activities in the field of research were taken over by the Direction of Scientific Affairs of the OECD in 1961. The efforts to improve the training and utilization of technical and scientific personnel were continued first by the Office for Scientific and Technical Personnel (OSTP) which was created in 1958 and after 1961 by the OECD.

### 3. Food and Agriculture

The program for the agricultural sector was prepared outside the EPA, by the OEEC's Committee of Deputies of the Ministerial Committee for Agriculture and Food, but formally adopted and implemented by the EPA.[17] It was initially given high priority, partly because of the Moody aid (the Americans had foreseen that up to thirty percent of this aid could be used for agricultural projects) and partly because OEEC countries believed that the backwardness of the agricultural sector was one of the main socio-political obstacles to the liberalization of trade in Western Europe.[18] This program aimed at promoting more efficient techniques in production, marketing and distribution, through the organization of courses, conferences, studies, missions, and pilot and demonstration projects and by providing advisory

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"Allocution de M. Grégoire à l'Assemblée générale du CIFE du 22.2. 1956**;"** UMA, j.nr. 106.O.21, box 5, EPA/D/8540, 20.10. 1960.

[15] UMA, j.nr. 106.O.21, box 2, OEEC del., no. 5595, 15.12. 1958, "EPA. GB. Mødet d 4.12. og 5.12. 1958;" UMA, j.nr. 106.O.21, box 2, HMPU, note, 4.5. 1959, "OEEC doc. CES 9.047 af 23.4. 1959."

[16] BRDBA, B 102/37395 (2), note, Müller, 1.8. 1958, "Arbeit der EPZ;" UMA, j.nr 86, 86-9-60, Sekretariatet for Danmarks Erhvervsfond, 10.2. 1961, "Skandinavisk memorandum om det fremtidige produktivitetsarbejde under OECD."

[17] UMA, j.nr. 106.O.21, box 2, HMPU, note, 4.5. 1959, "OEEC doc. CES 9.047 af 23.4. 1959;" OEEC, *Acts of the Organisation*, vol. 13, pp. 66-67.

[18] Initially this program represented twenty-five percent of the EPA's operational activities which was not far from the maximum foreseen by the US. It was down to approximately fifteen percent when the EPA was wound up in 1961 (see Appendixes: Table A-8 and A-9).

services to farmers. Steps were taken to improve the forecasting of production. Standards were agreed upon for certified seed, fruits and vegetables. A "Cold Chain" project was established to increase commercial exchanges between Northern and Southern European countries by easing the distribution of frozen fish from Iceland and Norway to Southern Europe and encouraging the export northwards of Italian, Greek and Turkish agricultural produce.[19] Training of agricultural personnel was developed and a Mediterranean Center for Post-Graduate Education in Agriculture and Food was set up. Through a bi-monthly publication, the *FATIS Review*, technical information was disseminated in all member countries.[20]

## 4. Information

Since the EPA had relatively limited funds, one of the main means at its disposal was information activities. These aimed at disseminating news concerning productivity techniques and more generally at spreading the "spirit of productivity"[21] among populations in Europe. The rationale for the agency's information activities was formulated by the Advisory Board in 1957:

> The prevailing system of western democracy and free enterprise does not permit a too centralised initiative to be taken. The approach can only be by persuasion. One of the most effective means of persuasion is the dissemination of facts and figures, which can enable the reader to compare his own productivity against the productivity of comparable enterprises, trades or groups. If these figures were clearly defined and well classified, industry and public administrations would

[19] UMA, j.nr. 106.O.21, box 4, CSA(59)45, note, 31.12. 1959, "Summary Report on the Activities of the EPA in the Agriculture and Food Sector Since its Establishment."

[20] CHBA, 7111(B) Lf. bzw. 1972/168, box 306, note, 18.7. 1959, Eidgenössisches Volkswirtschaftsdepartement (EVD) to Bundesrat, "Weitere Teilnahme der Schweiz an den Arbeiten der EPA." In 1956, de Milly found that agricultural interests and trade unions constituted "the pro-EPA lobby in Switzerland," cf. MBZ, DGES-Archief, 996.256 EPA OEEC/deel I, ltr., de Milly to Hausberger, 19.11. 1956; MBZ, DGES-Archief, 996.256 EPA OEEC/deel I, ltr., de Milly to Grégoire, 15.11. 1956.

[21] ASCONF, box 70/18.2, f. "AEP. Consiglio Consultativo," EPA/D/6364, 26.3. 1959, "Conseil Consultatif. 4ème session. Resumé sommaire des opinions exprimées par les organisations internationales non-gouvernementales representées au Conseil Consultatif." See also: ASCONF, box 58/4.2, f. "CIFE. Gruppo di Lavoro per l'attività EPA. Anno 1958-59," ltr., Morelli to Valletta, 9.12. 1958, att.: note, 9.12. 1958; ASCONF, box 70/18.1, f. "EPA. Atti constitutivi. Consiglio Consultativo sull'AEP," Karl Peter Harten, 23.4. 1954, "Obiettivi e funzioni dell'AEP;" UMA, j.nr. 106.P.11, box 3, EPA/AB/M(56)2, 31.12. 1956, "AB Minutes of the 7th Session Held in Paris on 31.5. and 1.6. 1956."

understand what could be done in their particular case – and would be encouraged to take proper action.[22]

The agency published numerous reports as well as periodical publications such as *European Productivity*, *Trade Union News*, *Productivity Measurement Review*, *FATIS Review*, *International Guide of Technical Information Sources*, and *Technical Abstracts*.[23] It made use of both radio and television and it established what was allegedly the biggest film library in Western Europe in an attempt to further a psychological climate favorable to the entire productivity campaign.[24] Moreover, it tried to provide specialized knowledge to small and medium sized firms through a "Question and Answer" service which it took over from the US.[25] It encouraged the use of Russian technical literature and in 1960 it set up a European center for the translation of this literature.[26]

## B. Assessing the Impact

It is extremely doubtful whether an overall assessment of the EPA's activities is possible. There is no way to quantify the effect of the innumerable conferences, travel missions, seminars, courses, etc., instigated by the EPA. Only through analyses of the EPA's influence in particular fields or countries will it be possible to get some idea of the agency's overall impact. But even such exercises are fraught with difficulties. A major obstacle stems from the deficiencies of the source material.[27] Furthermore, sorting out the EPA projects

[22] UMA, j.nr. 106.O.21, box 1, EPA(57)9, 23.7. 1957, "Advisory Board, Annual Report on the Activities of the EPA."

[23] The digests of technical articles prepared in English were republished in Spain, Greece, Italy, Japan and Turkey and extracts were published in technical reviews in Austria, Canada, France, Iceland, Israel, Korea, Norway, Portugal, South Africa and Yugoslavia.

[24] UMA, j.nr. 106.O.21, ltr., HMPU (Rydeng) to UM (Hjorth-Nielsen), 3.10. 1958, att.: memo, 26.9. 1958, "Productivity Promoting Activities Within the OEEC after 30.6. 1960;" UMA, j.nr. 106.P.11, no. 2790, OEEC del., 25.6. 1956, "PRA komité møde 11.-12.6. 1956;" UMA, j.nr. 106.P.11, C/M(56)27(Prov.), 18.7. 1956, "Minutes of the 332nd Meeting Held on 29.6. 1956."

[25] Concerning the Question and Answer service: UMA, j.nr. 106.O.21: EPA, ltr, HMPU (Rydeng) to UM (Hjorth-Nielsen), 3.10. 1958, att.: memo, 26.9. 1958, "Productivity Promoting Activities Within the OEEC after 30.6. 1960;" UMA, j.nr. 106.O.21, box 2, no. 5595, OEEC del., 15.12. 1958, "EPA. Governing Board. Mødet d. 4.12. og 5.12. 1958."

[26] UMA, j.nr. 106.O.21, box 4, EPA/D/7450 – Sector I (1st Revision), 12.3. 1960, "Revised 1960-61 Programme for Sector I: Industry and Commerce;" UMA, j.nr. 106.O.21, box 4, EPA/D/7952, ltr., Hall to Grégoire, 27.4. 1960.

[27] See below.

from purely national ones is difficult. In many cases the source material hardly allows such a differentiation which anyhow seems questionable: the EPA projects were chosen because they fit into a national productivity drive and they, therefore, ought to be analyzed within this national context.[28]

A list of all the projects implemented by the EPA would be daunting because of its sheer length. However, these activities have failed to impress historians. The literature concerning Europe's postwar history almost totally ignores the EPA. This silence amounts to an implicit assessment that the impact of the agency was insignificant.[29]

The question of the factors behind the economic growth in postwar Western Europe is still disputed. As far as the productivity drive is concerned, Edward Denison belittles its role, except in France and Italy.[30] Michael Postan, on the other hand, concedes a significant influence to what he terms "growthmanship," the fact that "economic growth was so powerfully propelled by public sentiments and policies." He moreover emphasizes the American roots of this "spirit" behind the growth.[31] Nicholas Crafts and Gianni Toniolo also seem to ascribe an important role to "the spread of the new productivity ideology" for the postwar economic growth in Western Europe.[32] In Barry Eichengreen's and Marc Uzan's view, improved labor-management relations after the war, and notably the willingness of labor to show wage restraint in order to achieve high investment rates, was an important factor of economic growth.[33]

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[28] Some assessments may be possible, particularly in cases where the size of a field or a country is small and good source material is available (see: Amdam and Yttri, "The European Productivity Agency, the Norwegian Productivity Institute and Management Education," pp. 120-39).

[29] It is revealing that the EPA is also ignored in a recent book about productivity policies in Western Europe: Joseph Melling and Alan McKinlay (eds.), *Management, Labour and Industrial Politics in Modern Europe. The Quest for Productivity Growth During the Twentieth Century*, Cheltenham and Brookfield, 1996.

[30] Edward F. Denison, *Why Growth Rates Differ. Postwar Experience in Nine Western Countries*, Washington DC, 1967, pp. 283-86. In the French case Denison credited the national French productivity drive with a probable positive impact on economic growth. For Denison's caveat concerning the possible delayed impact, see p. 286.

[31] Michael Postan, *An Economic History of Western Europe 1945-1964*, London, 1967, pp. 22 and 49; Ellwood, *Rebuilding Europe*, pp. 225-27.

[32] Nicholas Crafts and Gianni Toniolo, "Postwar Growth: an Overview," in: Crafts and Toniolo (eds.), *Economic Growth*, p. 23.

[33] Barry Eichengreen, Marc Uzan, "The Marshall Plan: Economic Effects and Implications for Eastern Europe and the Former USSR," in: *Economic Policy*, vol. 14, April 1992, pp. 14-75, cf. pp. 50-51. Eichengreen and Uzan give the Marshall Plan (though without alluding to the "politics of productivity") a large part of the credit for this

In 1956, *The Economist* wrote that "the evidence suggests that the Agency in its three years of life has played a part, on the whole very intelligently, in the spread of European awareness of productivity."[34] However, while raising productivity consciousness was indeed a primary goal of the EPA's efforts, to sort out the precise role played by the agency in developing such a spirit seems impossible. It is therefore not surprising that attempts at assessing the impact of the EPA have been few and far between. They have concerned specific fields or countries. Several sociologists have credited the EPA with a major impact on the discussions of the 1950s on human sciences and their application in industry.[35] In the field of management education some researchers have concluded that the EPA had a substantial influence.[36] Anthony Carew credits the EPA with a major effect on trade union training, management education and human sciences applied to industry during the 1950s.[37] Others have found that the EPA played a major role in the development of ergonomics in Western Europe,[38] of national accounting and

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improvement, which for the Netherlands is disputed by: Bart van Ark, Jakob de Haan and Herman J. de Jong, "Characteristics of Economic Growth in the Netherlands During the Postwar Period," in: Crafts and Toniolo (eds.), *Economic Growth*, p. 304; For Germany Wendy Carlin ascribes labor's wage restraint to union weakness rather than to a conversion to the "politics of productivity" (cf. Wendy Carlin, "West German Growth and Institutions, 1945-90," in: Crafts and Toniolo (eds.), *Economic Growth*, p. 467).

[34] *The Economist*, 4.8. 1956.

[35] Paul Albou, "Quelques secteurs de la recherche sociale dans l'industrie," in: *Bulletin de psychologie, vol.* 12, nos. 6-9, 1958, pp. 290-99, see pp. 290-91 and 295. See also: Marcel Bolle de Bal, *Relations humaines et relations industrielles*, Bruxelles, 1969, p. 57.

[36] See: Amdam and Yttri, "The European Productivity;" Giuliana Gemelli, "American Influence on European Management Education. The Role of the Ford Foundation," in: Rolv Petter Amdam, *Management Education and Competitiveness: Europe, Japan and the United States*, London and New York, 1996, pp. 43-45, 48-49; Bent Boel, "The European Productivity Agency and the Development of Management Education in Western Europe in the 1950s," in: Tiratsoo and Gourvish (eds.), *Missionaries and Managers*, pp. 34-49. See also: Luc Boltanski, *Les Cadres. La formation d'un groupe social*, Paris, 1982, p. 193. Hubert Bonin credits the EPA with a role in conceiving new methods of management training (see Hubert Bonin, *Histoire économique de la IVe République*, Paris, 1987).

[37] Anthony Carew: *Labour under the Marshall Plan. The politics of Productivity and the Marketing of Management Science*, Detroit, 1987, pp. 189-93, 222, 249-50.

[38] André Lucas in: Alain Drouard (ed.), *Le développement des sciences sociales en France au tournant des années soixante*, Paris, 1983, p. 89. See also contributions of Ilkka Kuorinka ("Founding of the International Ergonomics Association: A Great Narrative"), Denise Lecoultre ("The European Productivity Agency and Ergonomics"), W.T. Singleton (The EPA Period of the IEA), Frederik Bonjer ("The EPA and Contacts With Human Factors"), Bernard Metz ("Recollections From the Early Days of the IEA") and Thomas J. Smith ("Emergence of Ergonomics/Human Factors Science and the International Ergonomics Association – Concepts, Perspectives and Debate") to Ilkka Kuorinka (ed.), *History of the International Ergonomics Association: The First Quarter of a Century*, International Ergonomics Association Press, 2000.

of trade unionism.[39] Investigating the role of the EPA in specific countries, Nick Tiratsoo judges that the impact in the UK was insignificant,[40] while Gunnar Yttri and Rolv Petter Amdam reach the opposite conclusion with regard to Norway.[41] Giuliana Gemelli stresses the strong impact which the EPA had in Italy during the 1950s.[42]

Partial assessments may be feasible, but the general significance of the EPA seems highly elusive. One way to appraise it is to focus on the agency's perceived impact. Though this is a less ambitious exercise, it remains a difficult one. Tens of thousands of Europeans used the EPA's services, but very little material exists to document their assessments. The following will focus on the perceptions of governmental authorities, of national professional organizations and of EPA officials.

One of the most striking facts with which one is confronted in analyzing the EPA is how little the agency knew about its own impact. Alexander King emphasized from the very beginning that:

> we should not give any impression that the Agency would yield spectacular results by the end of three years. Indeed the main benefits of the work would be indirect and not always recognizable as products of EPA activity. I felt however that if the program were developed slowly and carefully a great deal of value would accrue which although difficult to evaluate in concrete terms, should justify the expenditure.[43]

However, in the EPA's meetings it was a recurrent theme that several member countries wanted some kind of formalized procedure to evaluate the projects implemented by the EPA.[44] In 1954, the Advisory Board called for

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[39] Jean-Jacques Salomon, Seminar held on May 14, 1994 at European University Institute, Florence.

[40] Nick Tiratsoo, "British Business, Management Education and the American Model," paper presented at the seminar "The Development of Business schools in Europe. The Impact of the European Productivity Agency and its 'Satellites' on Management Education in Europe," Bertinoro, 2.6.-3.6. 1995. See also: Charles Bean and Nicholas Crafts, "British Economic Growth since 1945: Relative Economic Decline... and Renaissance?," in: Crafts and Toniolo (eds.), *Economic Growth*, p. 142.

[41] Amdam and Yttri: "European Productivity Agency."

[42] Giuliana Gemelli: "International Strategies and National Issues: CNP and its Networks," paper presented at the seminar "The Development of Business Schools in Europe, Bertinoro," 2.6.-3.6. 1995.

[43] MBZ, DGEM-Archief 66/PRA Algemeen deel 5, f. "1473," note, King, 2.12. 1953, "Notes on a Conversation Between Marjolin and King on 26.11. 1953."

[44] ASCONF, f. "CIFE. Gruppo di lavoro per l'attività AEP. Anno 1960-1961," note, "11ème session du groupe de travail institué pour suivre les travaux de l'AEP, 11.3. 1960,

the development of methods to "[measure] the results of the Agency's work." It conceded that it was:

> doubtful that ordinary productivity statistics could be used as a direct measure of the effect of this work, considering the many other factors which influence the development of productivity, such as capital investment, level of utilization of existing production capacity, and the movements of manpower between different fields of economic activity.[45]

However, it insisted that:

> [m]ore direct measures must undoubtedly be found for this purpose, which have as specific a bearing as possible on the Agency's main fields of endeavour. Such indications might be for instance EPA engendered increases in the training facilities available and in the number of people of different categories trained in modern management and its various techniques; the use of technical exchange services; the reach of information and other means of dissemination; and last but not least case histories of productivity programs – directly or indirectly inspired by EPA – in individual enterprises or economic sectors. The best means therefore of judging the effect of the Agency's efforts would seem to be a follow-up and critical evaluation of the specific results of important projects and activities undertaken.[46]

Just as calls for an evaluation of the EPA's achievements acquired a ritualistic quality, so did the reactions of those member countries who argued that a judgment was too difficult or cumbersome and that in any case the best criteria for the EPA's value or lack of the same was whether the member countries went on using its services and backing its continued existence.[47]

In 1956, the PRA Committee stated that the results achieved by the agency:

> cannot indeed by expressed statistically; the changes in outlook which must be the aim of missions, training sessions, exchanges of views, etc., cannot be converted into figures. Moreover, many projects only gradually made their influence felt.[48]

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Procès-verbal."

[45] UMA, j.nr. 106.P.11, box 1, EPA/ABI/63, 7.9. 1955, "Advisory Board, Bi-annual Report to the Council."

[46] Ibid.

[47] UMA, j.nr. 106.P.11, box 1, OEEC del. to UM, 4.11. 1955, "Referat af møde i PRA Committee, 3.10.-5.10. 1955;" UMA, j.nr. 106.O.21, box 1, no. 4651, OEEC del. to UM, 16.10. 1958, "EPA. GB. Mødet d 9.10. og 10.10. 1958;" UMA, j.nr. 106.O.21, box 3, EPA/D/7000, 1.9. 1959, "Report on the Activities of the EPA for the Fiscal Year 1958-59."

[48] UMA, j.nr. 106.P.11, box 3, PRA(56)68, 20.11. 1956, "Draft Report by the Committee on the Objectives and Methods of Work of the EPA."

The Committee's report, nevertheless, concluded that "a considerable proportion of the agency's activities have led to positive results." It found that "the satisfaction expressed by the experts and the action taken at national level to follow up the Agency's work, are very clear indications of the value of the results obtained."[49]

As a result, the timid moves which the EPA made to evaluate its projects, were few.[50] It might seem surprising that the agency did not more vigorously attempt to document its own effectiveness. While its annual reports of activities were rich in descriptions and examples, they were not able to silence those who questioned the agency's legitimacy. The EPA indeed had plenty of enemies and could thus have benefited from some supportive data. Many macro economists were extremely doubtful that the agency was of any use, and these experts were often placed in key decision-making posts. This in particular accounted for the near-universal skepticism in the ministries of finance.[51] As G.L.G. de Milly[52] pointed out in 1954, "[i]n circles not familiar with [the agency's] work, and this is still the case with the Council, change of attitude, world reform and unpractical idealism are very closely associated."[53] Two years later, these same circles still did not take the EPA seriously:

> We are all still suffering from the great handicap that economic policy-makers are used to consider us, productivity people, as an idealistic group of socio-psycho-technical world reformers equipped with stop-watches who catch olive and warble flies during weekends or, even worse, when serious people work.[54]

While a report by the PRA Committee in 1956 concluded that although the efforts deployed by the EPA had been successful in "gaining wider acceptance for the principles and methods of productivity by management, labor, and governments," it conceded that "they have not yet succeeded in establishing productivity as a fundamental problem in long-range European economic

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[49] Ibid.

[50] UMA, j.nr. 106.O.21, box 1, ltr., 4651, OEEC del. to UM, 16.10. 1958, "EPA. GB. Mødet d 9.10. og 10.10. 1958."

[51] MBZ, box 345, DGES-Archief, 996.256 EPA OEEC/deel I, note, de Milly to Grégoire, Fletcher and King, 15.2. 1956; UMA, j.nr. 106.O.21, box 4, note, Friis, 6.1. 1960, "Samtale d. 22.12. 1959 med EPA's vicedirektør King."

[52] G.L.G. de Milly was at that time vice-chairman of the PRA Committee.

[53] MBZ, DGEM-Archief 663/EPA Algemeen, f. "1477," ltr., de Milly to King, 12.7. 1954.

[54] MBZ, 996.26, EPA/Algemeen, deel II, ltr., de Milly to King, 22.2. 1956. See also: MBZ, 996.26, EPA/Algemeen, deel I, 6.1. 1955 – 31.12. 1955," note, no. 652, van Blokland to van der Beugel, 19.3. 1955.

policy, as EPU policy has been established."[55] When de Milly in 1995 looked back at the EPA's history, he concluded that the EPA had been "killed" by the macro economists.[56]

Faced with this mistrust on the part of the prime dispensers of national funds, the EPA had a powerful interest in presenting its achievements in as rosy a light as possible and it did so in many reports.[57] This positive view was to some extent shared by the American authorities[58] and by former EPA officials. While these assessments cannot be dismissed as pure propaganda or self-deception, they must obviously be supplemented by the perceptions of users of the EPA's services, who had less at stake. Studying the perception of individual member countries is a perilous exercise though. It is rare to find a detailed official evaluation of the EPA. Detailed analyses were mostly written by experts, while governmental institutions contented themselves with brief and general statements. Moreover, within each member country there were often highly diverging views on the EPA's impact. While ministries of finance were skeptical, the ministries of foreign affairs and the ministries for economic affairs (or ministries of commerce or industry) were often more positive.[59] There were also differences between trade unions and industrial federations, the former being generally more more appreciative than the latter.

While the extreme diversity of the EPA's interventions is hardly propitious to any generalization about the perception of its impact, one may pinpoint some general tendencies. The groupings which can be made of different countries within the EPA depend very much on the criteria used. As far as

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[55] UMA, j.nr. 106.O.21, box 1, EPA(57)9, 23.7. 1957, "Advisory Board, Annual Report on the Activities of the EPA."

[56] Ltr., G.L.G. de Milly to Richard T. Griffiths, 10.5. 1995 (copy sent by de Milly to the author).

[57] While Grégoire was rather demure in his presentation of the agency's achievements in 1955 and in 1956, the tone became more outrightly positive later on (cf. HM, j.nr. 88-5-56, note, no. 3255, Hoelgaard, 19.12. 1955; ASCONF, box 18.1, f. "AEP. Programmi di attività dell'AEP. Interventi della Confederazione. Interventi del CIFE. Circolari, corrispondenza. appunti," note, "Allocution de M. Grégoire à l'Assemblée générale du CIFE du 22.2. 1956;" UMA, j.nr. 106.O.21, box 1, EPA(57)9, 23.7. 1957, "AB, Annual Report on the Activities of the EPA;" UMA, j.nr. 106.O.21, box 4, EPA/D/7450, 12.1. 1960, "1960-61 Programme of the 'New Agency', First Draft for a General Introduction;" SVUD, Afd. H, grupp 77, PP 5, Åsbrink to UD, 5.7. 1961, "Rapport ang. sammentråda med EPA's GB i Paris den 29.6. og 30.6. 1961."

[58] See ICA: *European Productivity*.

[59] SVUD, Afd. H, grupp 77, PP 52, ltr., Finansdepartementet (Wickman) to UD (Swärd), 28.9. 1959.

the EPA's role is concerned there existed a North/South divide. Most Northern European countries expressed their preference for practical projects, and favored the EPA's sticking to the traditional productivity enhancing projects, those concerning industry, commerce, agriculture and distribution. Southern European countries favored a broad productivity concept – involving aid to underdeveloped areas and later also the training of scientific and technical personnel – and were to some extent more interested in having the EPA initiate study projects.[60] But when it came to appraising the agency, the categories were quite different. For instance, while the Scandinavian countries had rather similar views on what role should be performed by the EPA, they disagreed about the agency's effectiveness.

One may, with a certain number of caveats,[61] distinguish between four groups of countries: the skeptics (UK, Sweden and Switzerland), the supporters (Italy, Greece, Turkey, Germany and Norway), the moderates (a rather heterogeneous group consisting of Denmark, France, Belgium, the Netherlands and Austria), and the "ghosts" whose participation in the EPA's activities was close to nil (Portugal, Iceland, Ireland and Luxembourg).

## C. The Countries' Perceptions

### 1. The Skeptics

The three EPA-bashers (the UK, Sweden and Switzerland), were from the outset rather hostile to the creation of the EPA.[62] They shared a basic distrust of too great an entanglement in European cooperative efforts. They particularly disliked having an international organization dealing with such intimate domestic affairs as those relating to productivity questions. In their view, such an enterprise was doomed to produce sterile academic discussions rather than anything of practical utility.[63] Moreover, they shared the feeling that no national, state-inspired productivity campaign was needed in their

[60] See UMA, j.nr. 106.O.21, box 1, 20.10. 1958, ltr., no. 4712, OEEC del. to UM, "EPA, Governing Board, Mødet d. 9.10. og 10.10. 1958;" UMA, j.nr. 106.O.21, HMPU, note, 4.5. 1959, "OEEC doc. CES 9.047 af 23.4. 1959."

[61] Notably, the difficulties involved in assessing the national perceptions and the differences within each group.

[62] MBZ, box 345, 996.26, DGEM-Archief 66/PRA Algemeen deel 3, f. "1471," 4.2. 1953, "Verslag van de vergadering van het PRA Committee op 25.1.-26.1. 1953."

[63] SVUD, Afd. H, grupp 77, PP 43, Embassy Washington (von Sydow) to OEEC Del. (Swärd), 8.3. 1956; CHBA, 7111(A) Lf. bzw. 1, box 16, f. "1952/54 (Jan.-Sept. 1952), EE.20.90.," ltr., SCEE (Kilchmann) to OEEC del., 10.9. 1952.

country. Given their comparatively high technological and economic standard, they thought that nothing much was to be learnt from their European partners.[64] In the Swedish case, this was explained by the fact that

> Sweden has a comparatively high technological, economic and social standard, and we had no reconstruction problem after the war. It is possible that in our relations with EPA we are more demanding than countries with great reconstruction tasks.[65]

The Swiss position (which to a certain extent was shared by the British and the Swedes) was that productivity enhancement was not a task for a governmental or an intergovernmental organization. It was a matter to be taken care of by the private firms themselves.[66]

To some extent, this view functioned as a self-fulfilling prophecy, particularly in the case of Switzerland which participated only modestly in the EPA's activities. This of course hardly gave the agency a chance to produce results. Moreover, neither the UK, Switzerland nor Sweden lived up to the Americans' and the EPA's expectations of how their NPC should work. The UK had originally been a groundbreaker in the European productivity drive with the creation in 1948 of the AACP and with sending the first missions to the US. But the AACP had been wound up in 1952. Its successor, the British Productivity Council was a purely private organization with no ambition to initiate a national productivity drive. A Committee on EPA affairs was created under the Board of Trade, but it was a low-status body, without decision-making powers. The Swiss NPC was wound up already in July 1955 for lack of support from private firms and from the government.[67] In 1956,

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[64] SVUD, Afd. H, grupp 77, PP 44, ltr., CP (Iveroth and Seth) to UD, 4.5. 1956, att.: "Memorandum on the Future of the EPA, Submitted by the Swedish National Productivity Center."

[65] Ibid. In 1950, Sweden had the second highest productivity level of all European countries, cf. Magnus Henrekson, Lars Jonung and Joakim Stymne, "Economic Growth and the Swedish Model," in: Crafts and Toniolo (eds.), *Economic Growth*, p. 257. See also Appendixes: Table A-13.

[66] CHBA, E 2200 Paris (OECD), Lf. bzw. 1972/159, box 39, f. "PRA. Participation suisse," SCEE to OEEC del., 1.6. 1956; CHBA, 7111(A) Lf. bzw. 1, box 17, f. "1953/1954. EE.20.90.1.," ltr., OFIAMT (Kaufman) to SCEE, 10.7. 1954, "Programm der AEP für 1954/55;" CHBA, 7111(A) Lf. bzw. 1, box 17, f. "1er semestre 1954. EE.20.90.4.," OEEC del. to OFIAMT, 8.3. 1954, "AEP;" CHBA, 7111(A) Lf. bzw. 1, box 16, f. "1er semestre 1953. EE-20.90," note, SCEE (Kilchmann), 22.1. 1953, "Notiz über die Sitzung der Ständigen Verhandlungsdelegation mit den Interessiereten Stellen zur Behandlung von Produktivitätsfragen der OEEC, abgehalten im Büro von Hotz 15.1. 1953;" UMA, j.nr. 106.P.11, box 3, PRA(56)48/4, 19.10. 1956, "Memo by the Swiss Delegation on the Objectives and Activities of the EPA."

[67] CHBA, E 2200 Paris (OECD), Lf. bzw. 1972/159, box 39, f. "Centre national suisse

the latter confirmed its view about the EPA, namely that "the whole conception had been fundamentally wrong from the beginning."[68] The Swedish NPC remained confined in the modest role of transmitting information from the EPA to potentially interested parties in Sweden and never came to play any independent role worth mentioning.[69] In none of the three countries did the government encourage firms to take an interest in the European productivity drive. They agreed that the EPA was not the answer to any general spontaneous demand originating from firms and that it was not a governmental task to foster such a demand.[70] It may be that their preconceived negative position played a role in their subsequent dismissive assessments. However, the three countries themselves found that their low expectations were confirmed by experience. The British view, as expressed by the Board of Trade in February 1956 was that:

> [i]t is probably fair to say that the UK has in general much more to give than to receive from the Agency's activities, as compared with other member countries, and that our contributions to its funds could almost certainly be used more profitably on productivity activities in the UK.[71]

Nevertheless, both the UK and Sweden participated rather actively in the EPA's projects. In the UK's case, the sheer size of the country may account for its high degree of participation. The Swedish productivity committee seems to have been quite efficient in diffusing information about the agency's activites.

Towards the end of the 1950s, a change occurred in the position of the three EPA-skeptical countries. It was almost imperceptible in the Swedish case. While this country remained skeptical as to the overall usefulness of the EPA,[72] it came to accept the view that some activities had merits. In the

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de la productivité," ltr., Verein Schweizerischer Machinen-Industrieller to Sekretariat der Handelsabteilung des EVD, 9.8. 1955.

[68] UMA, j.nr. 106.P.11, box 2, C/M(56)21(Prov.), 23.5. 1956, "Minutes of the 326th Meeting Held on 11.5. 1956."

[69] SVUD, Afd. H, grupp 77, PP 44, ltr., CP (Iveroth and Seth) to UD, 4.5. 1956, att.: "Memorandum on the Future of the EPA, Submitted by the Swedish National Productivity Center."

[70] CHBA, 7111(A) Lf. bzw. 1, box 17, f. "2ème semestre 1954. EE.20.90.4.," ltr., OEEC del. to SCEE, 10.11. 1954.

[71] PRO, CAB134/1283. MAC(56)31, 16.2. 1956, note by the BOT, "The Future of the EPA." It should be noted that the UK remained throughout the EPA's existence the biggest contributer to the OEEC budget and thereby also to that of the EPA (since the same scale of contributions applied, see OEEC, *Acts of the Organisation*, vol. 20, p. 351).

[72] SVUD, Afd. H, grupp 77, PP 54, note, Åsbrink, 28.9. 1960, att.: note, 25.9. 1960.

British and in the Swiss case, the motivations behind this change was largely, but far from exclusively, political. From 1958 onwards, both countries felt a powerful interest in maintaining a strong OEEC as a link between the Six and the Seven.[73] In the UK, while the Federation of British Industries (FBI) and the British Employers' Confederation (BEC) found the EPA useless,[74] the Trades Union Congress (TUC) evolved towards a somewhat more positive view.[75] The change was more pronounced in the case of Switzerland. In 1956-57, the Swiss had been very close to killing the EPA, which they considered a waste of money. From 1958 onwards, their view gradually altered. Switzerland feared the division of Western Europe between the Six and the Seven, and wished to maintain an active OEEC as a common forum for all Western European countries.[76] The change also reflected a growing interest on the part of Swiss organizations in the agency's programs for trade unions and agriculture,[77] as well as in those relating to business management.[78]

## 2. The "Supporters"

The EPA might not have survived for long if the feeling that it was mainly an irritant had been predominant. After 1956, the OEEC countries had even less reason to condone the EPA's deficiencies since they bore an increasing share of the financial burden of the agency's operations. Throughout the years, the attitude of quite a few member countries became more, rather than less, appreciative. Several member countries indeed found that the EPA played a positive role in an accountant's understanding of that word: they got more out of the agency than they put into it. Political motives played an important role in the establishment of the EPA, but the agency would not

[73] See chapter II.

[74] ASCONF, box 58/4.2, f. "CIFE, Gruppo di lavoro per l'attività EPA. Anno 1957," report no. 11, 23.8. 1956, "Compiti e struttura dell'AEP."

[75] PRO, CAB134/1283MAC(56)31, 16.2. 1956, note by the BOT, "The Future of the EPA;" UMA, j.nr. 106.O.21, box 4, OEEC del. (Friis) to UM, 6.1. 1960, "Samtale d. 22.12. 1959 med EPA's vicedirektør King."

[76] See chapter I.

[77] As early as 1956 a Dutch official said about Swiss trade unions and farmers organizations that they were the EPA's "fifth column lobbyists in Switzerland (see MBZ, DGES-Archief, 996.256 EPA OEEC/deel I, ltr., de Milly to Grégoire, 15.11. 1956).

[78] CHBA, 7111(B) Lf. bzw. 1972/168, box 307. f. "1960. EE. 801. AEP, programme d'action et problèmes généraux," ltr. circ., OFIAMT, 26.9. 1960; CHBA, 7111(B) Lf. bzw. 1972/168, box 306, ltr., EVD to Bundesrat, 18.7. 1959; CHBA, 7111(B) Lf. bzw. 1972/168, box 307, f. "EE. 801. 1958. AEP – Programme d'action et problèmes généraux," EVD to Bundesrat, 9.6. 1958.

have survived if the member countries had not seen some practical advantage for themselves in maintaining it. They generally tried to direct its activities towards the fields where they could benefit most, but some member countries were more successful in their endeavors than others. This role diminished the status of the EPA in the view of some who dismissed it as a cheap travel agency. Others, however, saw it as an asset. In any case, it was clear that the less the EPA was seen as an intellectual guide for the productivity movement in Europe and the more it was perceived merely as a provider of services, the more it was vulnerable to accountants' appraisal of its economic value to the member countries.

The supporters constituted a very heterogeneous group since the warmth of their feelings towards the EPA varied greatly just as did their motives. Most grateful were the member countries having areas in the process of economic development. But the interest of Greece and Turkey was rather unidimensional: both countries focused on securing as much funding as feasible for assisting areas in the process of economic development. Their own national productivity machinery was extremely weak or non-existent.[79] It is rather difficult to make any estimate of the impact of the EPA's activities in these two countries. The enthusiasm displayed by both for receiving assistance is no evidence that the aid did any good. While the impact in Turkey was probably next to nil, the opinions concerning the Greek case are more divergent, some dismissing the EPA's pilot area as a failure, others seeing it as a success.[80]

Germany was among the most consistent supporters of the EPA, while being simultaneously highly critical of some aspects of its administration. Despite initial doubts about the EPA's usefulness,[81] Germany became a very active member. At least until 1956, it was the country which participated in most of the agency's projects. This high level of participation was seen by the German authorities as an expression of the strong interest among professional associations for the EPA's activities. Germany clearly thought that these activities had an impact and more particularly praised the so-called traditional activities – namely those in the fields of industry, commerce,

[79] UMA, j.nr. 106.O.21, box 2, C/M(58)29(Prov.), November 1958; SVUD, Afd. H, grupp 77, PP 52, ltr., Åsbrink to UD, 30.10. 1959; UMA, j.nr. 106.P.11, box 4, PRA/M(56)10, 30.1 1957, "Minutes of the 50th Session Held on 3.-5.12. 1956;" UMA, j.nr. 106.P.11, box 2, C/M(56)21(Prov.), 23.5. 1956, "Minutes of the 326th Meeting Held on 11.5. 1956."

[80] Interview with Caracciolo di Forino; Philippe Lamour, *Le cadran solaire*, Paris, 1980, pp. 358-60.

[81] BRDBA, B 102/37052, note, Esche, 28.1. 1954.

agriculture and distribution – while being more skeptical towards the new ones concerning science and technology as well as aid to areas in the process of economic development.[82] In internal governmental notes as well as in official declarations it was repeatedly stated that the EPA had a beneficial impact on productivity in the member countries in general and Germany in particular, and numerous examples of this positive influence were given. Basically it was felt that the Federal Republic did have things to learn from abroad and that the EPA was a useful instrument in transferring such knowledge.[83] The agency was also found to play a politically important role in promoting cooperation among Western European countries. In 1956, the ministry for economic cooperation even called the EPA "one of the best instruments to further European integration."[84] In stating its support for the continuation of the EPA, Germany found "that the activity of the Agency was of major importance to increased productivity in each country and therefore to a higher standard of living."[85] This positive assessment of the practical value of the EPA's work was repeated on many other occasions.[86] Fom 1958 onwards, the EPA was also appreciated as a valuable link between the Six and the Seven, a bridge deemed indispensable as long as no common economic organization had been created.[87] It was further viewed as a useful means in the social-economic competition with the Soviet Bloc countries.[88] These views prevailed in the ministry for economic cooperation and in the ministry for foreign affairs as well as in the trade unions.[89] But there were

[82] BRDBA, B 102/37413, BMW (Westrick) to Hamberbacher, "Besetzung des Postens eines Stellvertretenden Direktors der EPZ bei der OEEC," 25.6. 1955; BRDAA, PA, BR 401, box 91 AZ: 88.129, note, 1.6. 1959, "Besuch von Wilgress;" BRDAA, PA, BR 401, box 357 88.129, OEEC del. (Werkmeister) to van Scherpenberg and Müller-Armack, 16.5. 1960; BRDBA, B 102/37396 (1), note to Hinsch, "10-Punkteprogram für die Aufgaben der Produktivitätsförderung und ihre Institutionen in der künftigen OECD."

[83] BRDAA, PA, BR 401, Bd. 91 AZ: 88.129, ltr., BMW (Müller-Armack) to Bundesministerium der Finanzen (BMF), 6.11. 1959; BRDAA, PA, BR 401, Bd. 91 AZ: 88.129, BWZ (Dahlgrün) to AA, 9.4. 1956; BRDBA, B 102/37395 (2), Hinsch to Seibt and Luitjens, 12.9. 1958; BRDBA, B 102/37396 (1), note, "12 Thesen zur Notwendigkeit der EPA in der neuen OECD," September 1961.

[84] BRDAA, PA, BR 401, box 91 AZ: 88.129, BWZ (Dahlgrün) to AA, 9.4. 1956, "Zukunft der EPA." See also: BRDBA, B 102/37395 (2), Hinsch to Seibt and Luitjens, 12.9. 1958.

[85] UMA, j.nr. 106.P.11, box 2, C/M(56)21(Prov.), "Minutes of the 326th Meeting Held on 11.5. 1956."

[86] See for example: BRDBA, B 102/37395 (2), Hinsch to Seibt and Luitjens, 12.9. 1958.

[87] BRDBA, B 102/37396 (1), note, September 1961, "12 Thesen zur Notwendigkeit der EPA in der neuen OECD."

[88] BRDAA, PA, BR 401, Bd. 91 AZ: 88.129, BWZ (Dahlgrün) to AA, 9.4. 1956.

[89] Ibid.; BRDBA, B 102/70843, box 1, note, 22.10. 1959, "Ergebnisbericht über die Besprechung vom 22.10. 1959 zur Vorbereitung der 11. GB meeting am 26.10. -27.10.

dissenters. The German Industrial Federation (BDI) was ambivalent in its attitude towards the EPA, where it disapproved the dominating role of the Americans and disliked the close links established between the agency and the trade unions.[90] The ministry of finances considered the EPA a waste of money. In October 1959, it proposed that the Federal Republic simply leave the EPA.[91] Though the ministry of finance was powerful, and blocked acceptance of a new EPA budget for several months, it was isolated. In the end it had to give in. Ludwig Erhard, minister for economic affairs, personally intervened in favor of the EPA. In this action he was strongly backed by the US and apparently also by the President of the Federal Republic, Heinrich Lübke, who had a keen interest in scientific issues.[92]

Italy's productivity campaign was started somewhat reluctantly under American pressure. A productivity center was only created in 1951 and very few initiatives developed.[93] Italy considered that its problem was less to increase productivity than to achieve economic development. Many Southern Italian regions were indeed plagued by endemic unemployment, and in these places increasing productivity of labor was not perceived as a primary objective.[94] The Italian government was clearly more preoccupied with its fundamental macro economic problems than with the "luxury" of increasing productivity. In July 1954, Italy tried to convince the other member countries that the EPA should deal with methods to increase mobility of labor on an

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1959."

[90] BRDBA, B 102/37395 (2), no. 1149, OEEC del. (Werkmeister) , 1.8. 1958; BRDBA, B 102/37395 (2), Hinsch to Seibt und Luitjens, 12.9. 1958. The BDI was dominated by the more conservative German employers (see Volker R. Berghahn, "Technology and the Export of Industrial Culture: Problems of the German-American Relationship 1900-19060," in: Peter Mathias and John A. Davis (eds.), *Innovation and Technology in Europe – From the Eighteenth Century to the Present Day*, Oxford, 1991, p. 160).

[91] BRDAA, PA, BR 401, box 91 AZ: 88.129, ltr., Müller-Armack (BMW) to BMF, 6.11. 1959; BRDAA, PA, BR 401, box 91 AZ: 88.129, note, 22.12. 1959, "Verlängerung des Tätigkeit der EPZ in der OEEC."

[92] PRO, FO371/150115, M557/19, ltr., CB/EPA, Crawford (UK del. OEEC) to Holliday (FO), 7.5. 1960.

[93] ASCONF, box 70/19.1, f. "Assistenza tecnica. Parte generale. Elaborazione dei programmi di assistenza tecnica. Corrispondenza con le amministrazioni. Appunti. Circolari," ltr., Presidenza del consiglio dei ministri (Comitato ministeriale per la Ricostruzione), to CGII, 17.3. 1952.

[94] UMA, j.nr. 106.P.11, box 3, OEEC del., no. 4502, 6.10. 1956, "PRA Committee. mødet d. 1.10.-4.10. 1956, EPA's fremtidige aktivitet;" UMA, j.nr. 106.P.11, box 3, no. 4046, OEEC del., 11.9. 1956, "EPA's fremtidige program;" ACS, Inv. 29/1, box 7, f. "1," note, SG/10, Bardoscia to Marinone, 18.6. 1952, att.: note s.l., s.d., s.a.; ASCONF, box 58/4.2, f. "CIFE. Gruppo di lavoro per l'attività EPA. Anno 1957," ltr., Valletta to Morelli, 7.7. 1955, att.: note, 8.7. 1955, "Nota su alcuni aspetti della produttività."

international level. The proposal was thought to be so farfetched that nobody took it seriously.[95] Both government and firms at first seemed uneasy with the EPA.[96] But a few years later, in August 1956, a memorandum defined Italy as "one of the countries which in general have derived the greatest benefit from the services and activities of the EPA."[97] At this stage, what Italy mostly appreciated about the EPA was its role as a link between NPCs as well as its business management program. However, Italian employers and government alike were mistrustful towards the EPA's trade union projects. A similar attitude was adopted towards activities in the retail sector and notably towards the development of supermarkets, which were viewed as inadequate for Italian needs.[98]

From 1957 onwards, a split occurred in the Italian position. The government and Fiat's president Vittorio Valletta backed the EPA's new orientation, which gave increased priority to larger economic problems not connected with a narrow productivity concept, namely activities to assist areas in the process of economic development and the training of scientific and technical personnel. The Italian Federation of Industries, Confindustria, on the other hand, backed the Council of European Industrial Federations (CEIF), which tried to defend the traditional productivity activities benefiting industry and commerce.[99]

The EPA's best friend was Norway. Though far from uncritical, Norway seems to have been the country which mostly adhered to the concept of the

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[95] UMA, j.nr. 73.C.41/19i, box 4, OEEC del., "Referat af møder 7.7. og 8.7. 1954 i OEEC's PRA Committee."

[96] ASCONF, box 58/4.2, f. "CIFE. Gruppo di lavoro per l'attività EPA. Anno 1957," ltr., Mattei to Delfini, 5.12. 1957, att.: memo, 5.12. 1957, "Memo per la riunione del 'Gruppo di lavoro sulla produttività' operante presso il CIFE."

[97] UMA, j.nr. 106.P.11, box 3, PRA(56)48/2, 31.8. 1956, "Memo by the Italian Delegation on the Aims and Action of the EPA." This memo was largely based on a note written by the Confindustria, cf. ASCONF, box 58/4.2, f. "CIFE. Gruppo di lavoro per l'attività EPA, CGII, Considerazioni sull'attività dell'AEP", note, 24.8. 1956.

[98] ASCONF, box 58/4.2, f. "CIFE. Gruppo di lavoro per l'attività EPA," ltr., Mattei to Delfini, 5.12. 1957, att.: "Memo per la riunione del 'Gruppo di lavoro sulla produttività' operante presso il CIFE."

[99] ASCONF, box 58/4.2, f. "CIFE. Gruppo di Lavoro per l'attività EPA," ltr., Leali to CGII, CIFE/1103, 3.12. 1958, att.: note, "Gruppo di lavoro del CIFE sulla produttività;" ASCONF, box 70/18.2, f. "AEP, Consiglio Consultativo," ltr., Valletta to Arnaud, 8.4. 1959; ASCONF, box 58/4.2, f. "CIFE. Gruppo di lavoro per l'attività AEP. Anno 1960-1961," ltr., Valletta to De Micheli, 15.12. 1959; ASCONF, box 70/18.2, f. "AEP. Consiglio Consultativo," ltr., 29.1. 1960, Priore to Delfini, note, no. 4, 9.1. 1960; ASCONF, box 58/4.2, f. "CIFE. Gruppo di lavoro per l'attività EPA. Anno 1958-59," ltr., CIFE/1125, Leali to CGII, 10.12. 1958.

agency as originally conceived. It was interested in maintaining a strong OEEC and this was certainly a stimulus for acting to keep the EPA.[100] But the Norwegians also liked the agency for its own sake and sincerely found that many of its projects were beneficial.[101] They were mainly interested in the traditional activities in industry and commerce. Norway launched a very important national productivity drive and about half of all projects were EPA ones. Some data indicate that Norway was by and large the country which participated in most EPA projects per inhabitant. This among other things seems to have reflected a strong feeling in Norway that it had been held back during the war and that there was much to learn from abroad, in particular from the Anglo-Saxon countries.[102]

### 3. The Moderates

The moderate group, which consisted of Belgium, the Netherlands, France, Denmark, and Austria, was even more heterogeneous than the others. These countries neither hated nor loved the EPA, but often had mixed feelings.

Belgium had a very active productivity center, the Office Belge pour l'Accroissement de la Productivité (OBAP), which seems to have had great success in promoting a Belgian productivity drive. Initially, the Belgians mistrusted the EPA, especially during the Harten years, mainly because of its alleged administrative flaws.[103] However, their attitude changed. In 1956, Belgium found that the EPA was a useful forum for European cooperation in the productivity field and they praised the EPA's projects concerning information, education, cooperation in research, and trade unions.[104] A few

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[100] BRDAA, PA, BR 401, box 91 AZ: 88.129, note, 1.6. 1959, "Besuch von Wilgress."

[101] NORA, box 122, f. "3," note, Juel, 21.2. 1956, "Det europeiske produktivitetsorgans fremtid."

[102] NOUD, 44.25/1, box 12, note, 9.8. 1958, Norsk Produktivitetsinstitutt (Skogen), "Spørsmålet om EPA's eksistens efter 30.6. 1960;" UMA, j.nr. 106.O.21, box 1, ltr., HMPU (Rydeng) to UM (Hjorth-Nielsen), 3.10. 1958, att.: memo, 26.9. 1958, "Productivity Promoting Activities Within the OEEC after 30.6. 1960."

[103] ASCONF, box: 18.1, f. "AEP. Programmi di attività dell'AEP. Interventi della Confederazione. Interventi del CIFE. Circolari, corrispondenza. appunti.," note, Arnaud, "Structure et rôle de l'AEP. Synthèse des avis formulés par les Fédérations industrielles;" MBZ, 996.26, EPA/Algemeen, deel II, DEA/TP, Inv.nr. 411," note, no. 1584, de Milly to DGEM, "Conferentie CEIF inzake EPA, 24.8. 1956."

[104] MBZ, DGES-Archief, 996.256 EPA OEEC/ deel I, ltr., Hendrickx (OBAP) to de Milly, 24.2. 1956, att.: note, OBAP, 24.2. 1956, "Note concernant l'avenir de l'AEP;" NORA, HD, Avd. for Utenrikshandel 1948-1961 II, box 122, f. "4," C/M(57)22(Prov.)Part I, "Minutes of the 372nd Meeting Held on 12.7. 1957."

years later, it seems that the Belgian assessment was more outrightly positive, in particular towards the traditional activities of the agency.[105] In February 1960, the Belgian OEEC delegate thought that the success of the Belgian productivity center "was very largely due to the role of the American authorities and of the EPA."[106]

Denmark was slow in initiating its own productivity policy and did so mainly because of American prompting. A productivity committee was created as early as 1949, but it only initiated a few projects. The decisive impetus was given by the Moody aid in 1953. Subsequently, the Danish national productivity program, measured in US technical assistance per capita, evolved into the most important one in Western Europe. The Danes clearly preferred cooperating with like-minded countries, notably the UK and the other Scandinavian countries and saw no need for a European productivity organization. However, they gradually came to see many of the EPA's activities as useful, especially the more practical ones.[107] Towards the end of the EPA's existence, Denmark fought a stubborn but hopeless battle to have the OECD continue the traditional productivity enhancing activities of the EPA.[108] Denmark had a strong national productivity program which may explain why it could make such good use of the EPA's activities and, therefore, favored the agency's continuance. But it might also be the reason why at least some believed that the EPA's contribution to the Danish productivity campaign was marginal. The Danes felt more indebted to the US than to the EPA. However, much of the American aid after 1955 was received through the agency.

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[105] UMA, j.nr. 106.O.21, box nr. 4, OEEC del. (Riis) to UM, 21.3. 1960, "Notat vedr. delegationschefmødet d. 18.3. 1960 om EPA's fremtid."

[106] ECHA, EPA Archives, f. "Ré-organisation de l'OECE: Notes diverses d'information pour le Groupe des Quatre sur le travail de l'OECE", f. "23: Mr. Sergent (Work of the OEEC) OEEC – Record of Discussions With GOFEO. Meeting No. 8: Activities of EPA and OSTP, Grégoire, 22.2. 1960."

[107] UMA, j.nr. 106.O.21, box 3, no. 4697, OEEC del. to UM, 21.10. 1959; UMA, j.nr. 106.O.21, box 2, note, HMPU, 4.5. 1959, "OEEC doc. CES 9.047 af 23.4. 1959;" UMA, j.nr. 106.O.21, box 2, no. 2926, OEEC del., 20.6. 1959, "Referat af mødet d. 16.6. 1959 med Sir Hugh Ellis-Rees om rapporten fra rådets arbejdsudvalg nr. 26 vedr. EPA's fremtid;" UMA, j.nr. 106.O.21, box 3, ltr., HMPU to UM, 25.9. 1959.

[108] UMA, j.nr. 106.O.21, box. 6, Sekretariatet for Danmarks Erhvervsfond to UM, February 1962, "OECD's produktivitetsarbejde."

France was quick at developing its own productivity drive.[109] An official French report from 1962 acknowledged the decisive role played by the US in this campaign and stated that the "discovery of America" was an important factor in French economic recovery after World War II.[110] But while France played an important role in energetically supporting the American proposal to create the EPA (and was rewarded with influential posts in the agency), French assessments of the impact of the agency were rare. The above-mentioned report stated that the EPA had played an essential role during the "second phase" of the European productivity movement, in furthering exchanges between the European countries and between the US and Western Europe.[111] In 1956, France expressed its satisfaction with the performance of the EPA which had "been most useful" in many areas.[112] However, it suggested that the agency expand the scope of its interest, linking problems of productivity to wider technical, economic and social problems and giving higher priority to its function as a study center.[113] In October 1959, France went one step further arguing that the EPA should now concentrate on scientific and technical personnel and assistance to areas in the process of economic development.[114] The traditional productivity projects should be discarded because it was "impossible to ask from ministers of finance considerable sums for activities only interesting a small number of specialists, the usefulness of which at the actual stage nobody has been able to prove."[115] The only EPA related activities which were worth continuing were the agricultural program, the Productivity Committee, the OSTP (which was called "the best placement") and aid to

[109] AN, F60 bis, box 518, f. "Assistance technique. Productivité. 6812. 1949-1950-1951 – CGP, Comité provisoire de la productivité, commission restreinte, Séance du mercredi 5.10. 1949," ltr., Donn (Washington) to Fourastié, 22.9. 1949; SAEF, 5 A 156, f. "IV Plan," AFAP, November 1962, "Rapport d'activités 1961-1962."

[110] SAEF, 5 A 156, f. "IV Plan," AFAP, November 1962, "Rapport d'activités 1961-1962."

[111] Ibid.

[112] UMA, j.nr. 106.P.11, box 3, PRA(56)48/1, 2.8. 1956, "Memo from the French Delegation on the Lines of Action of the EPA."

[113] Ibid.; UMA, j.nr. 106.P.11, box 3, no. 3721, OEEC del. (Hjort-Nielsen) to UM, 28.8. 1956; UMA, j.nr. 106.P.11, box 3, no. 4502, OEEC del. to UM, 6.10. 1956.

[114] UMA, j.nr. 106.O.21, box 3, no. 4697, OEEC del. to UM, 21.10. 1959.

[115] CHBA, E 2200 Paris (OECD), Lf. bzw. 1975/90, box 17, f. "1957/59. B.23.3. Avenir de l'AEP," note, OEEC del., 1.10. 1959, "Entretien avec un haut fonctionnaire français. ('M. X.')." It does seem that the French ministry of finance, like many other European ministries of finance was very doubtful of the usefulness of the EPA (see for example MAE, DE-CE, 1945-1960, vol. 356, f. 167-168, SCE (MAE) to ministère des affaires économiques et financières, 11.9. 1953, "Contribution de la France au budget de l'AEP").

areas in the process of economic development (labelled "a duty").[116] While Wormser speaking to the Group of Four in February 1960 did not rule out keeping the EPA as a purely European organization if the Americans refused to join it,[117] this open door was soon shut. Indeed, during the following negotiations the French did not hide their intention to get rid of the EPA.[118] But even at this stage the French found many of the agency's activities useful. During the period 1960-61, the EPA accounted for almost half of all French productivity missions abroad. The French also appreciated the EPA's role as a clearing house for the NPCs and insisted that the OECD create a committee performing a liaison task similar to the one played by the Productivity Committee of the EPA.[119]

The Dutch policy varied, which may to some extent be explained by disagreements among those who were in charge.[120] Initially the Netherlands feared the over-expansionist ambitions of the agency and professed their preference for a down-to-earth and practical program.[121] However, they found that the situation improved after Harten's departure and in 1956, they backed many EPA projects.[122] According to the Dutch official de Milly, "collective thinking in Paris" had influenced several high Dutch officials.[123] And the leading Dutch personalities in matters of productivity enhancement

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[116] CHBA, E 2200 Paris (OECD), Lf. bzw. 1975/90, box 17, f. "1957/59. B.23.3. Avenir de l'AEP," note, OEEC del., 1.10. 1959, "Entretien avec un haut fonctionnaire français. ('M. X.')"

[117] PRO, BT11/5574, GF/CR/12, "12th Meeting Held on 8.12. 1960."

[118] UMA, j.nr. 106.O.21, box nr. 4, note, OEEC del (Riis) to UM, 21.3. 1960, "Notat vedr delegationschefmødet d. 18.3. 1960 om EPA's fremtid;" SVUD, Afd. H, grupp 77, PP 55, tel. no. 167, OEEC del. (Hägglöff) to UD, 3.7. 1961; SVUD, Afd. H, grupp 77, PP 54, desp. no. 179, OEEC del. (Hägglöff) to UD, 20.3. 1961.

[119] SAEF, 5 A 156, f. "IV Plan," AFAP, November 1962, "Rapport d'activités 1961-1962;" SVUD, Afd. H, grupp 77, PP 55, desp. no. 167, OEEC del. (Hägglöff) to UD, 3.7. 1961.

[120] The Netherlands were plagued by frequent conflicts of competence and policy between the COP and the different ministries involved, cf. MBZ, box 050820, f. "996.26, EPA/Algemeen, deel I," note no. 652, 19.3. 1955, van Blokland to van der Beugel. See also: MBZ, box 050820, f. "996.26, EPA/Algemeen, deel I," note no. 1454, de Milly to van der Beugel, 13.7. 1955.

[121] NLRA, 2.06.061, MEZ, AP, Inv.nr. 587, note, MBZ, DGEM, 21.5. 1953, "Het Europese Productiviteitscentrum;" MBZ, DGEM-Archief 663/EPA Algemeen, f. "1477," note, van der Beugel to Kruisheer, 26.4. 1954, "EPA;" MBZ, 996.26, EPA/Algemeen, deel I, DEA/T.P., note no. 111501, 25.11. 1954, "Enige Aspecten van de EPA."

[122] MBZ, box 345, DGES-Archief, 996.256 EPA OEEC/deel I, ltr., de Milly to Grégoire, 15.11. 1956; MBZ, 996.26, EPA/Algemeen, deel I, EPA Algemeen, note no. 1454, 13.7. 1955, de Milly to van der Beugel.

[123] MBZ, box 345, DGES-Archief, 996.256 EPA OEEC/deel I, ltr., de Milly to Grégoire, 15.11. 1956.

found the EPA useful.[124] The Dutch, furthermore, found that the EPA played an important psychological role for all NPCs. If the agency was wound up they would lose a major *raison d'être*.[125] Lastly, the EPA was seen as contributing to European cooperation in fields such as research, industrial organizations, trade unions, and universities.[126] However, the Dutch remained ambivalent. This was clearly expressed by a note in January 1957 which stated that "perhaps the most important lesson of the past" was that "a central productivity organisation can carry out many useful activities successfully without ever contributing to any degree of adequacy to the solution of the basic productivity problem within its competence."[127] Consequently, they opted for a containment policy and tried to keep the EPA's activities within limits.[128] In this field the attitude of the government differed from that of the employers. While the latter backed the June 1960 CEIF resolution which favored continuing all the classical EPA activities, the former preferred a slim cure.[129]

Finally, one should mention the "ghosts," i.e., four countries which only rarely participated in the EPA's activities and hardly ever expressed any opinions about its work. They were Iceland, Ireland, Luxembourg and Portugal. Switzerland shared the low degree of participation in the EPA's projects, but it often forcefully voiced opinions concerning what the agency ought to do.

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[124] MBZ, box 345, DGES-Archief, 996.256 EPA OEEC/deel I, note no. 1506, de Milly, 9.8. 1956, att.: note, "Beland van de EPA van de OEEC voor Nederland." See also: MBZ, DGES-Archief, 996.256 EPA OEEC/deel I, ltr., no. 18617, van Blokland to Cottam, 10.2. 1956, att.: note, no. 133596, 7.2. 1956.

[125] MBZ, DGES-Archief, 996.256 EPA OEEC/deel I, note, de Milly to Grégoire, Fletcher and King, 15.2. 1956.

[126] MBZ, DGES-Archief, 996.256 EPA OEEC/deel I, note no. 1506, 9.8. 1956, de Milly, att.: note, "Beland van de EPA van de OEEC voor Nederland." See also: MBZ, DGES-Archief, 996.256 EPA OEEC/deel I, ltr., no. 18617, van Blokland to Cottam, 10.2. 1956, att.: note, no. 133596, 7.2. 1956.

[127] UMA, j.nr. 106.P.11, box 3, PRA(56)48/6, 9.1. 1957, "Memo by the Netherlands Delegation on the Objectives and Methods of Work of the EPA."

[128] NLRA, 2.06.061, Inv.nr. 590, note, Berger 8.9. 1960, "Bespreking bij Buitenlandse Zaken."

[129] Ibid. Cf. also: NLRA, 2.06.061, Inv.nr. 590, note, 8.8. 1959, "Eindrapport over de toekomst van de EPA van Werkgrop no. 26 van de Raad."

## D. Conclusion

The wide gap between the views of the skeptics and those of the supporters illustrates how varied the EPA's impact was perceived to be in different countries and in different fields. While the above analysis does confirm that the EPA in some quarters was seen as a failure, it also shows that this judgment was far from universally shared. Quite a few member countries found that the EPA was not only of political convenience, but also of practical use. In some cases they even judged its projects very valuable. While outright positive views on the EPA were mainly to be found in the Southern European countries, as well as in Germany and Norway, a rather large number – namely Belgium, the Netherlands, France, Denmark and Austria – were at least in some respects equally positive in their assessment of the EPA. The ILO in 1956 was "highly satisfied with their collaboration with EPA, whose work is of the highest quality."[130] While the US was all too aware of the need to "sell" the EPA to the Europeans in 1953, seven years later quite a few countries had bought into the idea. In 1960, both the trade unions and the CEIF protested vehemently against the decision to wind up the EPA.[131]

Finally, some more general remarks about the impact of the EPA may be put forth.[132] The agency was involved in the creation of a large number of institutions. In the business management sector alone it contributed to the creation of about thirty national or international organizations as well as a large number of business schools. It played a similar role in many other fields. It was, moreover, the *raison d'être* of several NPCs which in turn often established other organizations.[133] Generally, the existence of a European productivity organization within the OEEC encouraged all kinds of productivity promoting activities during the 1950s.[134] While some of the organizations created on the EPA's initiative can be named, many of them cannot. For the

[130] UNESCO Archives, 3 A 5, f. "Socio-Cultural Factors Affecting Productivity. SS/Survey. Part I Up to 31.12. 1957," note, 17.1. 1956, Berkeley to the Director General, "European Productivity Agency." This ILO assessment was conveyed informally to officials from the UNESCO.

[131] See Chapter VI.

[132] The following is partly inspired by the conclusions reached by the EPA's Governing Board in its final report on the activities of the Agency, cf. UMA, j.nr. 106.O.21, box 6, C(61)119, 10.7. 1961, "Annual Report and Overall Summary of Activities of the EPA."

[133] UMA, j.nr. 106.P.11, box 3, PRA(56)68, 20.11. 1956, "Draft Report by the Committee on the Objectives and Methods of Work of the EPA."

[134] UMA, j.nr. 106.O.21, box 1, ltr., HMPU (Rydeng) to UM (Hjorth-Nielsen), 3.10. 1958, att.: note, 26.9. 1958, "Productivity Promoting Activities Within the OEEC after 30.6. 1960."

former, it is often quite impossible to assess the exact contribution of the EPA.[135]

More informally, the EPA promoted exchanges and fostered various networks. A large number of business executives, trade unionists, technicians, university teachers and researchers were brought into contact with each other through the agency. To assess the exact number of such networks and exchanges is obviously impossible, just as it is impossible in most cases to assess the exact role of the EPA in their creation. But, clearly, they were numerous.[136]

The propaganda effort of the EPA was deployed in a large number of fields. The EPA's contacts with a large number of non-governmental organizations, particularly the trade unions must also have had some kind of impact. Most of the EPA's projects aimed at provoking mental changes which must have occurred in a certain number of cases.[137]

As far as fostering European integration is concerned, the EPA certainly contributed to intra-European exchanges between individuals and organizations. Ideas circulated and contacts were created. Such exchanges cannot be dismissed as mere "tourism" since many of them involved continued working relations. The EPA further contributed to the reinforcement of transatlantic ties. Institutionally, it created or encouraged links between different kinds of European and American institutions, notably between universities. It also did so at a more informal level, through the numerous exchanges of ideas and individuals that it organized between the two continents. However, one cannot assume that such contacts inevitably foster mutual understanding and thereby social and cultural integration.[138]

Lastly, the EPA's activities were an inspiration for other organizations. Most obviously, the EPA helped foster the creation of other international

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[135] See SAEF, B 26.567, f. "Prêts productivité," f. "Divers – 1953-1966," *L'Européen*, October 1961.

[136] Ibid, 2 articles about the EPA, one unsigned and one by Roger Grégoire: "8 années de batailles pour l'expansion européenne."

[137] This was certainly the opinion within the EPA itself, cf. UMA, j.nr. 106.P.11, box 3, PRA(56)68, 20.11. 1956, "Draft Report by the Committee on the Objectives and Methods of Work of the EPA." See also: UMA, j.nr. 106.O.21, box 1, EPA(57)9, 23.7. 1957, "Advisory Board, Annual Report on the Activities of the EPA."

[138] For the view that the EPA did foster European integration, see: UMA, j.nr. 106.O.21, box 1, EPA(57)9, 23.7. 1957, "Advisory Board, Annual Report on the Activities of the EPA."

productivity institutions, such as the Asian and Latin-American Productivity Institutes. The former acknowledged the EPA's experience as being crucial for its own creation.[139] The agency was probably also an inspiration for many of the NPCs created throughout the world during the 1950s. All in all, sixty such centers existed in November 1960.[140] Furthermore, the EPA's endeavors were a major inspiration for the Ford Foundation which promoted management education during the 1960s. In addition, the EPA took the initial steps in the fields of science and technology and assistance to underdeveloped areas, which were later continued by the OECD.

[139] UMA, j.nr. 106.O.21, box 6, C(61)128, 21.7. 1961, att.: memo, secretary general of the Asian Productivity Organization (Oshikawa) to the secretary general of the OEEC (Kristensen), 14.7. 1961.

[140] SAEF, 5 A 156, f. "IV Plan," AFAP, November 1962, "Rapport d'activités 1961-1962."

# CONCLUSION

This book has shown that the EPA's history is worth telling for a number of reasons. The EPA was the first intergovernmental organization ever created to promote productivity in its member countries. It was also an important aspect of European cooperation in the 1950s since it embodied the high ambitions of some of its promoters and since its yearly budget represented on average forty percent of the OEEC's total expenditures. Moreover, despite numerous shortcomings, the EPA achieved a good deal of success. Institutions were created which otherwise might not have been created, ideas and techniques were introduced which otherwise might only have been known in Europe at a later stage. In some countries and in some fields, the agency's activities had a strong impact.

The history of the EPA sheds light on several important issues of Western European early postwar history. First of all, it was an aspect of US-European relations during the 1950s. Although it was not a central issue, it was a revealing one. The EPA was the result of the merging of two major US policies in postwar Western Europe: the productivity drive and the promotion of European integration. It was an American success because the agency was created at US prompting despite considerable European reluctance. The latter accepted the idea out of regard for the US and for its economic aid. But, as the Americans well knew, there was no ready-made market for EPA, it had to be sold. In this respect one may speak about a success since the Americans actually did manage to "sell" the EPA to the Europeans and to convince many of them of its usefulness. When the EPA was finally wound up, the decision was made because of US pressure despite some European protests. However, the success should not be overstated. The EPA never played the leading role in a truly European productivity drive which the Americans had hoped for. This failure was mainly due to European resistance. But it was also caused by the fact that the EPA was never given high priority in Washington. The agency expressed "high politics" concerns but it acted in the sphere of "low politics." While some of its promoters hoped that it would have high politics effects, this ambition was not widely shared among leading decision-makers. Therefore, the agency was never given the financial or political means to live up to its role of promoting a truly European productivity campaign, European integration and labor-management cooperation.

The EPA was an agent of "Americanization" understood as a conveyer of American ideas and techniques to Western Europe. It was also a forum within which Europeans increasingly became self-confident and themselves defined their own goals and the means to achieve them. It was in particular a place where Europeans realized that European (or national) problems called for European (or national) solutions. The EPA was thus both an agent of "Americanization" and of "Europeanization," It illustrated the strengths and weaknesses of the US position in Europe as well as the awakening sense of confidence of the Europeans. The lack of American coherence in backing the agency with adequate financial and political means demonstrates that while the "politics of productivity" is a useful concept in understanding the US policy in postwar Europe, it would be problematic to overstate its importance. Furthermore, it may be argued that in the case of the EPA the process of "Americanization" was facilitated rather than handicapped by the Cold War. The agency was indeed a product of the East-West conflict. While its ambition was to contribute to the economic, social and cultural modernization of Western Europe, it would not have been created without the Moody amendment which reflected the US Congress' wish to reform European societies and thereby vaccinate them against communism.

The EPA, moreover, sheds some light on the history of postwar European cooperation, since it was an important part of the OEEC. The relation between these institutions was complicated. To a large extent, the EPA was dependent on the OEEC's evolution. Its creation within the OEEC demonstrated a desire to strengthen this organization, its survival was linked to a wish to keep the OEEC as a forum for an all-Western European cooperation. Its final winding up was the price to be paid to the Americans and the French for keeping them within the new OECD. However, the influence was reciprocal. Towards the end of the 1950s, the EPA gave substance to the OEEC which badly needed it since it did not have many other tasks left. The EPA, moreover, cleared new ground which was later to be covered by the OECD, such as aid to less developed areas and the promotion of science and technology. Much of the OECD's expertise in these fields had its roots in the EPA. The history of the EPA, moreover, confirms the views of those historians who emphasize the role of the member countries' perceived national interest in the process of European integration. It is indeed striking how strong national feelings were even in a low politics area such as the one in which the EPA acted. This study also provides an illustration of the conflicts among existing between Western Europeans. The main division within the EPA was one between the most developed and the less developed OEEC countries, i.e., between Northern and Southern

Europe, rather than between the Six and the rest. This reflected the fact that integration was not a key concern of the EPA and that questions of economic policy to a large extent determined national policies in this area. Only during the reorganization discussions did the split between the Six and the Seven play an important role, since most OEEC countries wished to keep a strong OEEC as a link between the two Western European blocs and therefore wanted as many OEEC activities as possible to be continued within the OECD.

The EPA achieved many results. They were recognized by a certain number of countries, individuals, organizations. They were followed up either by the creation of organizations inspired by the EPA or by institutions which continued the work initiated by the EPA. However, it was later forgotten. This was due to several reasons. First of all, the failures of the agency rightly or wrongly have overshadowed its accomplishments. The administrative deficiencies were a turn-off for quite a few of those who came into contact with it. Worse, throughout its existence it had powerful enemies who in the end got the upperhand. Ministries of finance disliked the agency, since many of them did not believe that technical assistance projects could do much to close the productivity gap between Western Europe and the US. The deficiencies of the agency gave these enemies additional arguments when it lost the support of the Americans and the French in 1959/60. It may thus be argued that the EPA was "killed" by macroeconomists and that the historical literature has simply accepted the view of the winners. However, one may also argue that the very success of the EPA explained its oblivion. The EPA's aim was not to be a permanent organization but to start activities and promote ideas and methods to be used, spread and continued by others. In that sense its purpose was to make itself superfluous. The agency largely managed to do so since it created a number of national and international institutions which took over its own work. Its projects aimed at helping less developed areas and promoting science and technology were continued by the OECD. The first tentative steps in this direction were subsequently forgotten.

Three general lessons may be drawn concerning technical assistance activities. First of all, technical assistance can have a substantial impact. The EPA did achieve much in many different fields and it did so with very modest means. A second lesson is that an all-encompassing project like the EPA will involve much wastage in the absence of careful planning. If one likens the EPA to a shot-gun then one may say that it had surprisingly many hits but inevitably also quite a few misses. The EPA's projects were often not-related

to each other or to activities undertaken by the member countries. The high level of ambition thus became a problem since it resulted in a dispersal of effort. Thirdly, the history of the EPA illustrates the problems which the absence of a clear political will may cause. The EPA was indeed handicapped by an original sin, namely its American origins. Although many European countries did accept the EPA, the fact remained that the whole concept was an imported one which, throughout the years 1953-61, encountered resistance in national bureaucracies and often also among different professional organizations. The agency, therefore, had a permanent problem of legitimacy, which was worsened by the uncertainty surrounding its future. This weak political basis gave the EPA little authority to act and resulted in much energy being invested in keeping the agency alive and devising new strategies to attain that goal.

The first point, namely the usefulness of technical assistance activities, still needs to be taken up by the historical literature. Its dominant implicit assumption is that the EPA was a failure. As suggested earlier, this may be an overly simplistic view. The story of the agency consists of failures and successes. Since the former are being taken for granted by much of the literature, the latter are the more noteworthy. They suggest that the EPA was an integral part of the history of European cooperation and of the transatlantic relationship which deserves more than a footnote in Western Europe's postwar history.

## LIST OF ABBREVIATIONS AND ACRONYMS

AA: Auswärtiges Amt
AACP: Anglo-American Council on Productivity
AAP: Assistant Administrator for Production
AB: Advisory Board
ABA: Arbejderbevægelsens Bibliotek og Arkiv
ACS: Archivo Centrale dello Stato
ADDP: Assistant Deputy Director for Planning
AEA: African and European Area
AEAA: African and European Area Advisor
AEAB: African and European Area Branch
AEP: Agence Européenne de Productivité
A&F: Agriculture and Food
AFAP: Association française pour l'accroissement de la productivité
Afd.: Afdeling
AFL: American Federation of Labor
AGEP: US Advisory Group on European Productivity
AGP: Agriculture Program Division
AmEmb: American Embassy
AN: Archives nationales
AP: Annual Programme
AP: Afdeling Produktiviteitsbevordering
APD: Areas in the Process of Development
APED: Areas in the Process of Economic Development
APDiv: Agricultural Programs Division
AR: Applied Research
ASCONF: Archivi Storici della Confindustria
BA: Bundesarchiv
BAEAA: Branch for Agriculture and European Area Advisor
BDI: Bundesverband der Deutschen Industrie
BDA: Bundesvereinigung Deutscher Arbeitgeberverbände
BEC: British Employers' Confederation
betr.: betreffend
BMF: Bundesministerium der Finanzen
BMW: Bundesministerium für Wirtschaft
BOT: Board of Trade
BPC: British Productivity Council
BPST: Bureau du personnel scientifique et technique
BR: Bestand Referat
BRD: Bundesrepublik Deutschland
BRDAA: Archives of the Ministry of foreign affairs of the German Federal Republic.
BRDBA: National Archives of the German Federal Republic.
BT: Board of Trade papers
BWZ: Bundesministerium für Wirtschaftliche Zussammenarbeit
CAB: Cabinet Papers
CAF: Central Archives Facility (OECD Archives concerning the EPA)

CAR: The Committee for Applied Research
CEE: Communauté Economique Européenne
CEGOS: Centre d'études générales d'organisation scientifique
CEIF/CFIE/CIFE: Council of European Industrial Federations
CF: Country Files
CGC: Confédération générale des cadres
CHBA: Swiss National Archives
CIA: Central Intelligence Agency
CIO: Congress of Industrial Organizations
circ.: circular
CISC: Confédération internationale des syndicats chrétiens
CISL: Confédération internationale des syndicats libres
CKFP: Centralkomitén för Produktivitetsfrågor
CLM: Cables, Letters and Memoranda
CNOF: Comité national de l'organisation française
CNP: Comitato Nazionale per la Produttività
CNP: Comité national de la productivité
CNPF: Centre national du patronat français
CNSOS: Comité National Suisse d'Organisation Scientifique
Confindustria: Confederazione Generale della Industria Italiana
COP: Contactgroep Opvoering Productiviteit
CRU: Communications & Records Unit
CSCM: Comité syndical consultatif mixte
CSP: Centre Suisse de la Productivité
CSTM: Committee for Scientific and Technical Matters
CtF: Central files
DA: Deputy Administrator
DA: Dansk Arbejdsgiverforening
DB: Document Brief
DD: Deputy Director
DDE: Dwight D. Eisenhower Library
DDO: Deputy Director for Operations
DDPP: Deputy Director for Program and Planning
DDTS: Deputy Director of Technical Services
Dept.: Department
Del.: Delegation
Dept.: Department
DES: Deputy Executive Secretary
DF: Document File
DGAEF: Direction générale des affaires économiques et financières
DGB: Deutsche Gewerkschaftsbund
DI: Dansk Industri
DO: Director's Office
DPB: Defense Production Board
DPD: Defense Production Division
DPS: Defense Production Staff
DRP: Declassification Review Project

ECA: Economic Cooperation Administration
ECCSMSE: European Council of Crafts and Small and Medium-Sized Enterprises
ECD: Economic Capabilities Division
ECE: UN Economic Commission for Europe
ECHA: European Community Historical Archives
ECRA: European College of Research Administration
ECSC: European Coal and Steel Community
EEC: European Economic Community
EFTA: European Free Trade Association
ENEA: European Nuclear Energy Agency
EO: Executive Office
EPA: European Productivity Agency
EPU: European Payments Union
EPZ: Europäische Produktivitätszentrale
ERO/ORE: European Regional Organisation of the ICFTU
ERP: European Recovery Programme
EVD: Eidgenössisches Volkswirtschaftsdepartement
f.: folder
ES: Executive Secretariat
EUI: European University Institute in Florence
FAO: Food and Agriculture Organization
FATIS: Food and Agriculture Technical Information Service
F&A: Food and Agriculture
FBI: Federation of British Industries
FEEB: Far East and European Branch
FFA: Ford Foundation Archives
FOA: Foreign Operations Administration
FOA/W: Foreign Operations Administration in Washington
FrEmb: French Embassy in Washington DC
FRUS: Foreign Relations of the United States
FTA: Free Trade Area
FY: financial year
GB: Governing Body
GF: Geographic files
Gf: Grant file
GOFEO: The Group of Four on Economic Organisation
GSF: General Subject files
HD: Handelsdepartementet
hdq: headquarters
HM: Handelsministeriet
HMG: Her/His Majesty's Government
HMPU: Handelsministeriets Produktivitetsudvalg
HSTL: Harry S. Truman Library
I&C: Industry & Commerce
ICA: International Cooperation Administration
ICFTU: International Confederation of Free Trade Unions
IF: Industriförbundet

IFCTU: International Federation of Christian Trade Unions
ILO: International Labour Office
IMA: Industrial Management Advisor
IPD: Industrial Procurement Division
IRD: Industrial Resources division
j.nr.: journalnummer
JTUAC: Joint Trade Union Advisory Committee
LAB: Labour (Ministry of Labour and National Service)
LO: Landsorganisationen
LPD: Labor Programs Division
ltr.: letter
MAAC: Mutual Assistance Advisory Committee
MAC: Mutual Aid Committee
MAE: Ministère des Affaires étrangères
MBZ: Ministerie van Buitenlandse Zaken
MCC: Mission Chiefs Conference
MCM: Mission Chiefs Meeting
memo: Memorandum
MEZ: Ministerie van Economische Zaken
MF: Mission to France
MFAE: Ministère des finances et des affaires économiques
MN: Mission to Norway
MP: Marshall Plan
MSA: Mutual Security Agency
MSA/W: Mutual Security Agency in Washington
MSP: Mutual security program
MUK: Mission to the United Kingdom
NARA: National Archives and Records Administration
NLRA: Dutch National Archives
NORA: Norwegian National Archives
NOUD: Norwegian foreign ministry
NPACI: National Production Advisory Council on Industry
NPC: National Productivity Center
NPI: Norsk Produktivitetsinstitutt
NSC: National Security Council
NSDAP: Nationalsozialistische Deutsche Arbeiterpartei
NVV: Nederlands Verbond van Vakverenigingen
OA: Office of the Administrator
OADDP: Office of the Assistant Deputy Director for Planning
OAEA: Office of African and European Affairs
OAEO: Office of African and European Operations
OBAP: Office Belge pour l'Accroissement de la Productivité
OCB: Operations Coordinating Board
OCDE: Organisation de coopération et de développement économiques
OCM: Office of the Chief of Mission
OD: Office of the Director
ODA: Office of the Director of Administration

ODD: Office of the Deputy Director
ODDA: Office of the Deputy for Defense Affairs
ODDO: Office of the Deputy Director for Operations
ODDPP: Office of the Deputy Director for Program and Planning
ODDTS: Office of the Deputy Director for Technical Services
ODEA: Office of the Deputy for Economic Affairs
OEA: Office of Economic Affairs
OECD: Organisation for Economic Cooperation and Development
OECE: Organisation européenne de coopération économique
OEEC: Organisation for European Economic Cooperation
OEO: Office of European Operations
OES: Office of the Executive Secretariat
OF: Office Files
OFA: Office for Food and Agriculture
OFD: Office Files of the Director
OFIAMT: Office Fédéral de l'Industrie, des Arts et Métiers et du Travail
OGC: Office of the General Counsel
OIR: Office of Industrial Resources
OLA: Office of Labor Affairs
OPPIPTA: Official Policy, Position and Information Papers on Technical Assistance
OPS: Office of Public Services
ORE: Organisation Régionale Européenne de la CISL
OSR: Office of the Special Representative
OSTM: Office of Scientific and Technical Manpower
OSTP: Office for Scientific and Technical Personnel
PA: Politisches Archiv
PAB: Public Advisory Board
PAD: Production Assistance Drive
PADiv: Public Administration Division
PAP: Production Assistance Program
PCI: Partito Communista Italiano
PDS: Program Development Staff
PF: Project Files
PIS: Policy information staff
PO: Program Office
PPP: Productivity Program Policy
PRA: Productivity and Applied Research
PRO: Public Records Office
PS: Program Staff
PTAD: Productivity and Technical Assistance Division
PTAP: Productivity and Technical Assistance Program
PTED: Productivity and Technical Exchange Division
PU: Produktivitetsudvalget
Q&A: Question and Answer
RA: Rijksarchief/Riksarkivet/Rigsarkivet
RD: Records of the Directors
RDP: Regional Development Programs

RG: Record Group
RG 469: Records of the US Foreign Assistance Agencies, 1948-1961
RKW: Rationalisierungs-Kuratorium der Wirtschaft
ROS: Regional Organizations Staff
RRt: Records Relating to
Rt: Relating to
SA: Special Assistant
SAEF: Service des archives économiques et financières
SCTA: Sub-Committee on Technical Assistance
SecState: Secretary of State
SF: Subject Files
SG: Secretary General/Secrétaire Général
SPD: Sozialdemokratische Partei Deutschlands
SRE: Special Representative in Europe
STP: Scientific and Technical Personnel
SVAF: Svenska Arbetsgivareföreningen
SVIF: Sveriges Industriförbund
SVUD: Swedish foreign ministry
TA: Technical Assistance
TAC: Technical Assistance Committee
TAG: Technical Assistance Group
TAP: Technical Assistance Program
TAPS: Technical Assistance and Productivity Section
TCA: Technical Cooperation Administration
TCD: Technical Cooperation Division
TCT: Third Country Training
TDA: Trial and Demonstration Areas
TE: Technical Exchange
tel.: telegram
TU: Trade Union
TUAC: Trade Union Advisory Council
TUC: Trades Union Congress
TUP: Trade Union Program
TUS: Trade Union Section
TWI: Training Within Industry
UAW: United Automobile Workers of America
UD: Utenriksdepartement (Norway)/Utrikesdepartement (Sweden)
UDA: Underdeveloped Areas
UK: United Kingdom
UM: Udenrigsministeriet
UMA: Udenrigsministeriets arkiver
UN: United Nations
UNESCO: United Nations Educational, Scientific and Cultural Organization
UNICEF: United Nations International Children's Emergency Fund
US: United States
USA: United States of America
USOM: United States Operating Missions

USRO: United States Mission to the North Atlantic Treaty Organization and European Regional Organizations
VDA: Verkställande Direktörens Arkiv
vedr.: vedrørende
W: Washington
WFTU: World Federation of Trade Unions
WHO: World Health Organisation.
WNRC: Washington National Records Center
wp: working party

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## APPENDICES

Table A-1. The Uses of the Moody and Moody-related Aid in the OEEC Countries as of the Beginning of 1958 (Million US Dollars).

| Country | Productivity Grant programs | Productivity loan programs | EPA Capital contributions | Total |
|---|---|---|---|---|
| Austria | 4.74 | 6.73 | 0.80 | 12.27 |
| Belgium | 3.52 | – | 0.08 | 3.60 |
| Denmark | 8.18 | 0.59 | 0.24 | 9.01 |
| France | 26.10 | – | 2.40 | 28.50 |
| Germany | 3.62 | 23.80 | 0.80 | 28.22 |
| Greece | 0.14 | 1.18 | 0.08 | 1.40 |
| Italy | 13.81 | 10.52 | 1.76 | 26.09 |
| Netherlands | 10.63 | 0.41 | 0.24 | 11.28 |
| Norway | 4.26 | 1.52 | 0.32 | 6.10 |
| Turkey | 0.82 | – | 0.08 | 0.90 |
| UK | 5.48 | 2.80 | 0.72 | 9.00 |
| TOTAL | 81.30 | 47.55 | 7.52 | 136.37 |

Source: ICA, *European Productivity*, p. 27.

Table A-2: Allocation of 115k and Related Productivity Counterpart, 1953-57 (Million US Dollars).

| | | Counterpart funds provided | | | |
|---|---|---|---|---|---|
| Country | 115k dollar aid | 90% 115k | Other 90% under 115k | Other 90% | Total counterpart |
| Austria | 10 | 9.0 | – | 3.27 | 12.27 |
| Belgium | 1 | 0.9 | – | 2.70 | 3.60 |
| Denmark | 3 | 2.7 | 1.89 | 4.42 | 9.01 |
| France | 30 | 27.0 | – | 1.50 | 28.50 |
| Germany | 10 | 9.0 | 19.22 | – | 28.22 |
| Greece | 1 | 0.9 | 0.50 | – | 1.40 |
| Italy | 22 | 19.8 | 0.84 | 5.45 | 26.09 |
| Netherlands | 3 | 2.7 | 0.29 | 8.29 | 11.28 |
| Norway | 4 | 3.6 | 0.40 | 2.10 | 6.10 |
| Turkey | 1 | 0.9 | – | – | 0.90 |
| UK | 9 | 8.1 | 0.90 | – | 9.00 |
| TOTAL | 94 | 84.6 | 24.04 | 27.73 | 136.37 |

Source: ICA, *European Productivity*, p. 26.

Table A-3. Budget: EPA and OEEC (Million French Francs).

| Organization/Year | 53/54 | 54/55 | 55/56 | 56/57 | 57/58 | 58/59 | 59/60 | 60/61 | 61/62 |
|---|---|---|---|---|---|---|---|---|---|
| 1. EPA/I* | 0,6 | 0,8 | 0,6 | 1,3 | 1,1 | 1,4 | 8 | 8,9 | n.a. |
| 2. EPA/II** | 0,2 | 0,6 | 0,4 | 0,4 | 0,4 | 0,3 | 7 | 7,5 | n.a. |
| 3. 1+2: EPA total | 0,8 | 1,4 | 1,0 | 1,7 | 1,5 | 1,7 | 15 | 16,4 | 1,9 |
| 4. OSTP | – | – | – | – | – | 0,1 | 2,2 | 6,2 | 0,4 |
| 5. 3.+4.: EPA+OSTP | 0,8 | 1,4 | 1,0 | 1,7 | 1,5 | 1,8 | 17,2 | 22,6 | 2,3 |
| 6. ENEA | – | – | – | – | – | 0,2 | 1,8 | 2,1 | 0,6 |
| 7. OEEC/General budget | 1,3 | 1,3 | 1,5 | 1,6 | 1,6 | 2,0 | 24,0 | 22,5 | 6,0 |
| 8. 5.+6.+7.: OEEC total | 2,1 | 2,7 | 2,5 | 3,3 | 3,1 | 4,0 | 43,0 | 47,2 | 8,9 |
| 9. %EPA (3.x100/8.) | 38,1% | 51,8% | 40,0% | 51,5% | 48,4% | 42,5% | 34,8% | 34,7% | 21,3% |
| 10. %EPA+OSTP (5.x100/8.) | 38,1% | 51,8% | 40.0% | 51,5% | 48,4% | 45% | 40,0% | 47,9% | 25,8% |

* EPA/I: Operational expenses.
** EPA/II Non-operational expenses (see chapter III, footnote 69).

Sources: OEEC, *Acts of the Organisation*, vols. 12-21.

Table A-4. US Assistance to the EPA, 1953-1961 (Million US Dollars).

| | *Capitalisation grant-in-aid | Project-type assistance | Grant-in-aid | Ford Foundation |
|---|---|---|---|---|
| 1953 | 2,5 | | | |
| 53/54 | | approx. 1.8 | | |
| 54/55 | | approx. 1.8 | | |
| 55/56 | | approx. 1.8 | | |
| 56/57 | | | 1.5 | |
| 57/58 | | | 1.1 | |
| 58/59 | | | 1.0 | |
| 59/60 | | | 0.5 | |
| 60/61 | | | 0.7 | 0.2 |

Table A-5. American Contributions to Specific EPA Programs, 1956-58: Earmarking per Category of Projects (Thousand US Dollars).

| Activity | 1956/57 | 1957/58 |
|---|---|---|
| Management, marketing & distribution | 325 | 300 |
| APED | 150 | 300 |
| Free trade unions | 150 | 175 |
| Agriculture | 150 | 100 |
| Labor-management relations | – | 50 |
| Other | 150 | 50 |
| General contribution | 400 | 125 |
| | --- | --- |
| Total | 1,500 | 1,100 |

Sources: OEEC, *Acts of the Organisation*, vols. 12-21; WNRC, RG 469, OAEO, SF 1955-59, box 61, f. "Productivity," ecoto A-523, 13.11. 1957, "Letter to OEEC on US FY 58 Grant to EPA;" WNRC, RG 469, OLA, LPD, RRt EPA Programs 1955-59, box 1, f. "EPA – Administration – Governing Body," ecoto circ. A-4, 20.12. 1958, "Summary Report on 7th Meeting of the Governing Board of the EPA."

Table A-6. EPA Sources of Income (Million US Dollars., Estimated).

| | 53 | 53/54 | 54/55 | 55/56 | 56/57 | 57/58 | 58/59 | 59/60 | 60/61 | total |
|---|---|---|---|---|---|---|---|---|---|---|
| OEEC countries | | 0.4 | 0.4 | 0.4 | 0.4 | 1.7 | 1,5 | 1,8 | 1.5 | 8.1 |
| US | | 1.8 | 1.8 | 1.8 | 1.5 | 1.1 | 1.0 | 0.5 | 0.7 | 10.2 |
| FF | | | | | | | | | 0.2 | 0.2 |
| initial capital | | 10,0 | | | | | | | | 10.0 |
| interests | | | | | 0.4* | n.a. | 0.2 | 0.2 | 0.1 | 0.9 |
| TOTAL | | | | | | | | | | 29.4 |

* interests for the first 4 years (1953-57).
Source: OEEC, *Acts of the Organisation*.

Table A-7. Allocations to the Different Chapters of the EPA Programme, 1954-61 (Million French Francs).

| FY: Chapter | 54/55 | 55/56 | 56/57 | 57/58 | 58/59 | 59/60 | 60/61]** |
|---|---|---|---|---|---|---|---|
| Business management | 115 | 86 | 246 | 299 | 344 | 260 | |
| Human factors | – | – | – | – | 72 | 75 | |
| Social factors | 120 | 110 | 205 | 195[141] | – | – | |
| Trade union program | – | – | – | – | 174 | 141 | |
| Applied research | 90 | 32 | 56 | 74 | 91 | 39 | |
| Building | 80 | 55 | 114 | 39 | – | – | |
| Agriculture | 200 | 158 | 231 | 179 | 226 | 190 | |
| Economic factors | 40 | 33 | 40 | 47 | – | – | |
| Distribution | 80 | 45 | 166 | – | – | – | |
| Combined actions | 5 | 20 | – | – | – | – | |
| UDA/APED | – | – | 180 | 213 | 260 | 230 | |
| Information | 35 | 30 | 28 | 50 | – | – | |
| NAT*** | – | – | – | – | 165 | 142 | |
| Audio visual aids | 35 | 66 | 38 | 33 | – | – | |
| MOT**** | – | – | – | – | 51 | 48 | |
| Total | 800 | 635 | 1,304 | 1,129 | 1,383 | 1,125[142] | |

* From 57/58: 1 and 9 fusioned (cf OEEC, *Acts of the Organisation*, vol. 17, p. 59)
** For 1960/61 see table A-9.
*** National activities and information
**** Miscellaneous operational activities

Data in this table have been compiled from different sources: OEEC, *Acts of the Organisation*, vols. 12-21; AEP, *Deuxième programme d'action, 1954-1955*, Paris, September 1954; UMA, j.nr. 106.P.11, box 1, EPA/D/340, 29.4. 1955, "Draft, Annual Report 1954-55 and Programme for 1955-56;" UMA, j.nr. 106.O.21, box 1, CE/M(58)19(Prov.), 18.7. 1958, "Compte rendu succint de la 414ème séance tenue le 8.7. 1958;" UMA. j.nr. 106.O.21, box 2, note, 18.11. 1958, "GB møde d. 4.12.-5.12. 1958;" UMA, j.nr. 106.P.11, box 1, C(55)141(Final), "Annual programme of the EPA for 1955-56;" UMA, j.nr. 106.P.11, box 3, C(56)175(Final), "Annual Programme of the EPA for 1956-57;" UMA, j.nr. 106.P.11, box 4, C(57)41(Final), 4.4. 1957; UMA, j.nr. 106.O.21, box 1, C(58)8(Final) and C(57)253(Final), "Annual programme of the EPA

[141] During the financial years 1955/56, 1956/57 and 1957/58 approximately one third of the "Social Factors" activities were considered "human factors" activities while about two thirds were "trade union" activities, see UM, j.nr. 106.O.21, box 1, CE/M(58)19(Prov.), 18.7. 1958, Compte rendu succint de la 414ème séance tenue le 8.7. 1958; UM. j.nr. 106.O.21, box 2, 18.11. 1958, Notits vedr. GB møde d. 4.12.-5.12. 1958.

[142] These totals do not always originate from the same sources as those indicated in Table A-9. The two tables are thus not immediately comparable.

for 1957-58;" UMA, j.nr. 106.O.21, box 2, EPA/D/6621, 3.6. 1959; UMA, j.nr. 106.O.21, box 3, EPA/D/7000, 1.9. 1959; UMA, j.nr. 106.O.21, box 2, EPA/D/5750(Final), 14.4. 1959; UMA, j.nr. 106.O.21, box 4, CES/60.26, 16.3. 1960; UMA, j.nr. 106.O.21, box 4, C(59)284(Final), 19.1. 1960; UMA, j.nr. 106.O.21, box 4, EPA/D/8079, 31.5. 1960; UMA, j.nr. 106.O.21, box 5, EPA/D/8340, 3.11. 1960; UMA, j.nr. 106.O.21, EPA/D/9550, 15.6. 1961; WNRC, RG 469, OAEO, SF 1955-59, box 61, f. "Productivity," ecoto A-523, Paris to ICA/W, 13.11. 1957. The nomenclature used by the EPA for its budget varied over the years. Thus the same activities would be labelled differently one year from another and sometimes even during the same year. Moreover, the French franc was devaluated several times during this period. This makes comparisons difficult and calls for caution when evaluating the evolution of the agency's program.

Table A-8. Allocation to the Different Chapters of the EPA Programme, 1954-61 (in percentage).

| FY: | 54/55 | 55/56 | 56/57 | 57/58 | 58/59 | 59/60 | 60/61]** |
|---|---|---|---|---|---|---|---|
| Chapter | | | | | | | |
| Business management | 14.4 | 13,5 | 18.9 | 26.5 | 24.9 | 23.1 | |
| Human factors | – | 5.7 | 5.2 | 5.7 | 5.2 | 6.7 | |
| Social factors | 15.0 | – | – | – | – | – | |
| Trade union program | – | 11.6 | 10.6 | 11.6 | 12.6 | 12.5 | |
| Applied research | 11.2 | 5.1 | 4.3 | 6.5 | 6.6 | 3.5 | |
| Building | 10.0 | 8.8 | 8.7 | 3.5 | – | – | |
| Agriculture | 25.0 | 24.9 | 17.7 | 15.9 | 16.3 | 16.9 | |
| Economic factors | 5.0 | 5.2 | 3.0 | 4.1 | – | – | |
| Distribution | 10.0 | 7.0 | 12.7 | – | – | – | |
| Combined actions | 0.6 | 3.1 | – | – | – | – | |
| UDA/APED | – | – | 13.8 | 18.9 | 18.8 | 20.4 | |
| Information | 4.4 | 4.7 | 2.2 | 4.4 | – | – | |
| NAT*** | – | – | – | – | 11.9 | 12.6 | |
| Audio visual aids | 4.4 | 10.4 | 2.9 | 2.9 | – | – | |
| MOT**** | – | – | – | – | 3.7 | 4.3 | |
| Total | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | |

* From 57/58 the business management and distribution sectors were fusioned (cf. OEEC, *Acts of the Organisation, Paris*, 1958, p. 59)
** For 1960/61 see table A-9
*** National activities and information
**** Miscellaneous operational activities

Table A-9. Operational Budget, 1958-61 (Million French Francs).

| Financial Year | 58/59 | 59/60 | 60/61 |
|---|---|---|---|
| Chapters | | | |
| Industry and commerce | 5,215 | 4,600 | 2,600 |
| Agriculture | 1,715 | 2,000 | 1,370 |
| APED | 2,500 | 2,100 | 3,410 |
| Applied research | 0,869 | 0,250 | 1,261 |
| Common services projects | 0,616 | 1,000 | 280 |
| Total | 10,915 | 9,950 | 8,921 |

In percentage:

| | 58/59 | 59/60 | 60/61 |
|---|---|---|---|
| Chapters | | | |
| Industry and commerce | 47.7 | 46.2 | 29.1 |
| Agriculture | 15.7 | 20.1 | 15.4 |
| APED | 22.9 | 21.1 | 38.2 |
| Applied research | 8.0 | 2.5 | 14.1 |
| Common services projects | 5.7 | 10.1 | 3.2 |
| Total | 100.0 | 100.0 | 100.0 |

Sources: OEEC, *Acts of the Organisation*; UMA, j.nr. 106.O.21, box 4, OEEC, CES/ 0.26, 16.3. 1960, "Finance of EPA and OSTP 1960/61."

Table A-10. Allocation of Funds for Specific Technical Assistance Activities (Thousand French Francs, Adjusted for Devaluation).

| Country | 1956-57 | 1957-58 | 1958-59 | 1959-60 |
|---|---|---|---|---|
| Greece | 130 | 380 | 264 | 313 |
| Italy | 208 | 199 | 279 | - |
| Turkey | 130 | 222 | 314 | 305 |
| Yugoslavia | – | 245 | 352 | 260 |
| Total TA requests | 468 | 1,046 | 1,209 | 878 |
| Total APED | 1,395 | 2,530 | 2,600 | 2,250 |
| EPA operational budget | 10,810 | 12,770 | 13,830 | 11,251 |

Source: UMA, j.nr. 106.O.21, box 5, OEEC, 18.6. 1960, C(60)115, "Draft EPA Programme for 1960-1961, Areas in the Process of Economic Development." Concerning comparisons between Tables A-7, A-8, A-9 and A-10 see Table A-7 and Chapter III, footnote 69.

Table A-11. Participants in Technical Assistance Teams.

| Fiscal Year | Europeans to US* | Americans to Europe |
|---|---|---|
| 1949 | 164 | n.a. |
| 1950 | 1,452 | n.a. |
| 1951 | 2,785 | 498 |
| 1952 | 4,498 | n.a. |
| 1953 | 3,056 | 172 |
| 1954 | 2,141 | 220 |
| 1955 | 2,083** | 165 |
| 1956 | 1,406** | 273 |
| 1957 (through March) | 1,157** | 141 |

* Including Spain and Yugoslavia and OEEC/EPA projects
** Excluding Greece and Turkey

Source: ICA, *European Productivity*, p. 6.

Table A-12. Marshall Aid: Shipments and Services, April 1948 – December 1951
(Million Dollars)

| | |
|---|---|
| Food/feed/fertilizer | 3,209 |
| Coal | 344 |
| Petroleum | 1,208 |
| Raw cotton | 1,398 |
| Other raw materials | 1,883 |
| Machines/vehicles | 1,428 |
| Tobacco | 444 |
| Other commodities | 89 |
| Miscellaneous | 778 |
| Total commodities | 10,782 |
| EPU capital and aid | 545 |
| Ocean freight | 902 |
| Technical services | 53 |
| Total | 12,281 |

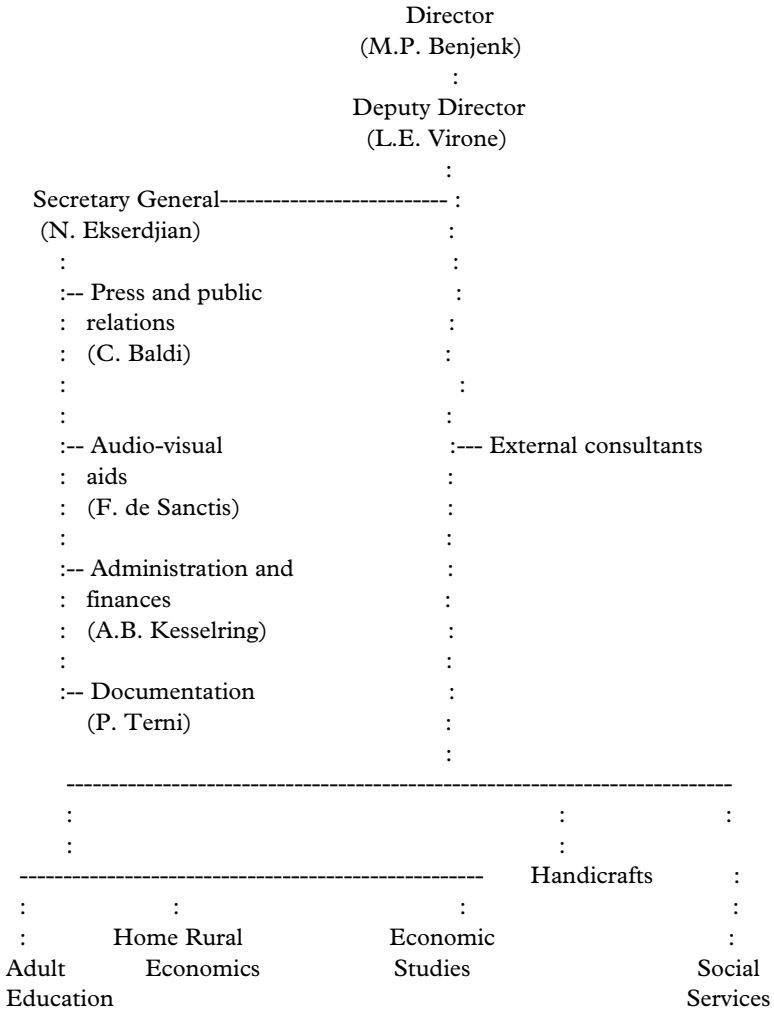
Source: John Killick, *The United States and European Reconstruction 1945-1960*, Edinburgh, 1997, p. 91.

Table A-13. Relative Levels of Labor Productivity in 1950 (US Level = 100).

| | |
|---|---|
| Belgium | 48 |
| France | 45 |
| Germany | 35 |
| Ireland | 30 |
| Italy | 34 |
| Netherlands | 51 |
| Portugal | 20 |
| Spain | 21 |
| Sweden | 56 |
| UK | 62 |
| European average | 40 |

Source: Angus Maddison, "Macroeconomic Accounts for European Countries," in: Bart van Ark and Nicholas Crafts, *Quantitative Aspects of Postwar European Economic Growth*, Cambridge, 1996, p. 45.

Appendix B-1. Organizational Chart of the Sardinian Project[143]




[143] Terni, "Elementi," p. 83.