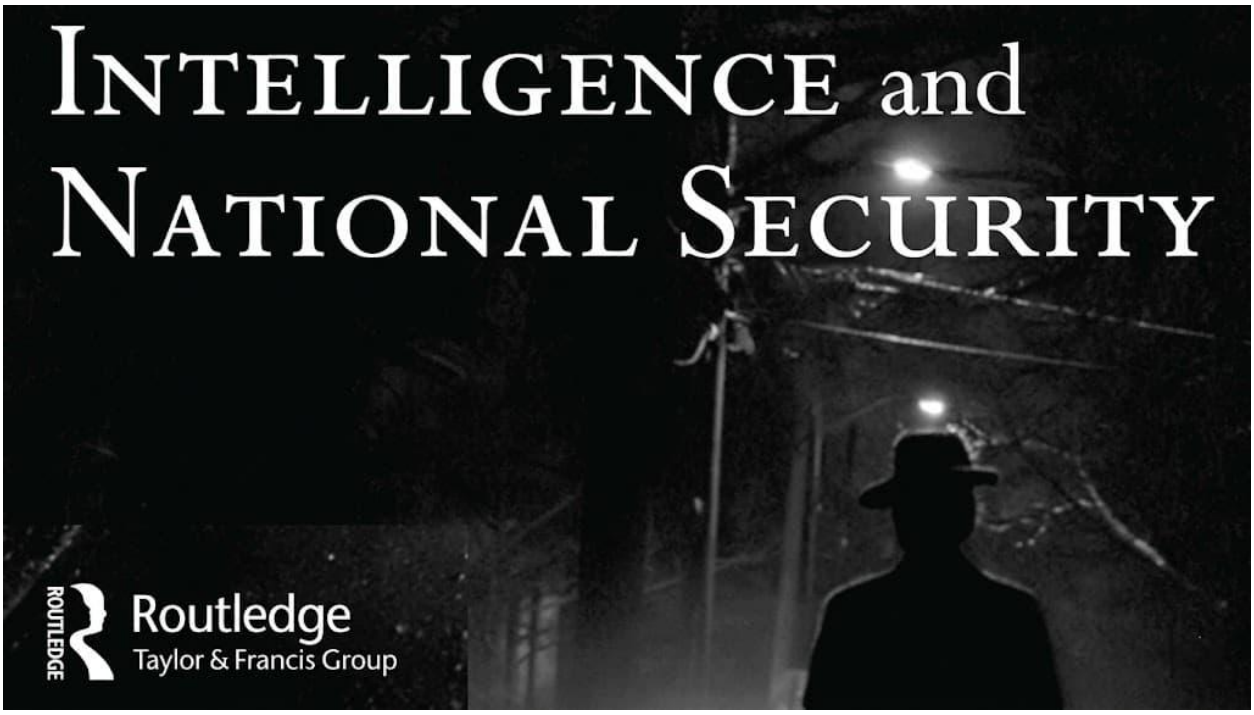

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The Politics of Productivity and the Politics of Anti-Communism:

American and European Labour in the Cold War

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Endless efforts have been made to increase productivity without coming to grips with this problem [i.e. the role of organized labour]. Foremen have watched workers. Engineers have measured workers. Personnel technicians have cajoled workers. Industrial psychologists have tested workers. And the

latest group, the psychiatric sociologists have brought psychoanalytic techniques to the workbench and, where others have failed, they now offer to mesmerize workers."[1]

In this contribution I want to discuss the 'politics of productivity' within the Marshall Plan and to locate it within the wider politics of anti-communism as it affected the labour movement during this early phase of the Cold War. It involves looking at the American agenda for Europe and the European reaction to this. It also means examining the differences within the American labour movement over how communism should best be fought.

Historians have constructed various over-arching concepts to explain the forces at work in the Cold War, the 'politics of productivity' being one such. The expression was coined by Charles Maier to describe America's attempt to shape the post-war international economic order in such a way that political issues were transformed into problems of output. It would result in a political settlement with an emphasis on subordinating class conflict to consensus around the pursuit of economic growth through productivity, a state of affairs characterized by 'consensual American hegemony'.[2] In the field of labour it meant that economies were more likely to succeed if class- based labour relations were abandoned, with employers and workers becoming partners in the non-ideological pursuit of technical efficiency. Maier describes an approach that was plainly visible within the Marshall Plan and its successor aid programmes which ran throughout the years 1948-60.[3] Organized labour was, of course, a key player in this phase of the Cold War, sometimes as an agent of change, often as the object of other people's programmes and strategies.

POLITICS OF PRODUCTIVITY

A programme focusing on productivity issues appeared first in Britain in **the** early months of the Marshall Plan with the creation of the tripartite Anglo- American Productivity Council (AAPC). Its initial emphasis was on sharing technical know-how in the interests of efficiency, though it was to become much more than this. But it was in the second half of the Marshall Plan, with rearmament following the

start of the Korean War in 1950, that an increase in productivity throughout Europe became a general objective. Productivity in Europe had been on an upward trend between 1947 and 1950, largely as a result of the re-imposition of managerial discipline that was made possible by conservative financial disciplines. Now a more concerted approach was needed, one that would involve the active support of workers. It was no longer good enough simply to increase production, it was essential to produce more with greater efficiency. A new productivity and technical assistance department (PTAD) was created within the Marshall Plan with a budget rising from four million dollars in 1949 to 43 million in 1952 and earmarked for technical assistance the transfer of technology and know-how. Americans saw themselves as the fount of knowledge in this area: they would be the disseminators of 'the truth'. This was the period when American productivity consultants and efficiency experts began to descend on Europe in numbers, 900 of them by 1954. It was also the period when study visits to America by European workers and managers moved into high gear, with 7,000 people crossing to the United States over the next three years.

The productivity programme that ran for most of the next decade had a variety of elements that could be broadly grouped into three categories. At the forefront were schemes intended to increase the productivity of labour through the reorganization of the labour process and the wage system. Central to these were campaigns to spread the use of work study. Marshall Plan officials would later describe the Work Study Training programme as 'the number one technical assistance programme of all time'. It aimed to bring 2,000 young European workers to the United States for a year's training while instructing many more at home. Secondly there were programmes to raise more generally the professionalism of management in all areas on the basis of ideas deriving from the notion of 'scientific' management. Thirdly there was a broad education and information programme with a highly ideological thrust involving study visits, publications, films, and training courses designed to instil into Europeans an awareness of the virtues of a consumer oriented, mass production, managerially driven free enterprise system on the American model.

For the Americans the productivity programme was about more than imparting an awareness of some common-sense facts of economic life: it was about wrenching Europeans away from their traditional values and convincing them of the virtues of a world of market-led growth, competition and unceasing change - the 'growth society' as Raymond Aron termed it.[4] Recognizing that organized labour in Europe had always strongly adhered to socialist ideas, the Marshall Plan strategy was that 'with increased wages... resulting from the Production Assistance Drive, labour should see that its best future is with private capitalism and a free enterprise economic system.'[5]

Following the model of the AAPC, from mid-1951 each Marshall Plan country came under pressure to establish a National Productivity Centre (NPC). The driving force behind the launch of the NPCs was the Benton-Moody programme under the Mutual Security Act, commonly known as Conditional Aid, which earmarked 100 million dollars for purposes of nurturing in Europe American concepts of free enterprise. Funded largely by Marshall Plan counterpart funds, these centres were the partner bodies of the US aid agency and had responsibility for organizing study visits of workers, managers and technical staff to America, and within their own territory publishing literature on productivity while conducting training and education programmes in a variety of subjects under the general rubric of management science.

In Britain, there was no great difficulty in the transformation of the AAPC into the British Productivity Council (BPC), and here the productivity programme proceeded reasonably smoothly across the full range of activities. They included a productivity advisory service; a factory visits programme to spread information of best practice that would organize 10,000 inter-factory visits for the workers and managers of 500 firms; a publicity programme with a budget of $500,000 which allowed the production of a monthly productivity bulletin, tens of thousands of copies of occasional pamphlets and financing of nine television films on productivity; a loan facility to help small businesses to re-equip and re- organize, and a three million dollar fund for the promotion of training and research on productivity. Most important of all was the BPC's Work Study Unit which

organized large conferences throughout the country. Much of the teaching material used was straight from the work study courses developed by ICI, a firm not noted for its embrace of trade unions. On the one occasion when the Trade Union Congress (TUC) did put forward a nominee to join the panel of lecturers, he was rejected for being 'too political'. Even so, the TUC continued to support this programme and only drew the line when the BPC proposed to introduce a work study advisory service for individual firms.

Americans working on the aid programme were critical of the Trades Union Congress for not publicizing more vigorously its own positive report on American industrial practices and productivity achievements. They recognized that British union leaders did not want to appear to their members to be under undue American influence. But Marshall Plan staff believed that the British labour leaders were privately more enthusiastic about the campaign than they dared admit in public. Clearly the hope of the TUC leaders was that the beneficial effects of increased productivity would outweigh undesirable aspects such as the spread of unilaterally imposed work-study programmes. But they could not escape the fact that at rank and file level there was often great suspicion of the campaign and at best a weariness born of constant exhortation to do better. The day when workers would enjoy the pay-off for greater productivity always seemed as far away as ever. And as long as unions feared the effects of the Conservative government's labour policies, they were unlikely to advocate an end to restrictive practices. The mounting press campaign from the mid-1950s highlighting restrictive practices of workers and their general restrictive spirit may be taken as evidence of the limited appeal of the productivity propaganda during this decade.

In other European countries it proved more difficult to establish effective national productivity centres. Governments were not overly enthusiastic about the initiative and often responded by simply going through the motions. Employers were wary of this new, intensified phase of interest in productivity. In a sense they were taking their cue from American businessmen associated with the National Association of Manufacturers who feared that the productivity programme in Europe would only intensify European union calls for 'co-determination'. The *Patronat* in France were extremely doubtful about the

American approach and felt they were being pressured into a scheme they did not want. Jean Monnet too had misgivings about the programme's emphasis on labour productivity as opposed to the productivity of capital.

A similar lack of enthusiasm was evident in Italy. The NPC, established as part of the prime minister's office, was a weak body, lacking dynamism and in reality little more than a glorified management consulting agency. It met formally only twice a year and signally failed to give the impression that it saw a long-term role for itself. From the outset, manufacturing employers in Confindustria and the management association CITA considered that the establishment of a national productivity centre was unnecessary.

West Germany was the last of the major countries to establish an NPC under the auspices of the economics ministry. There was considerable confusion about its role and how it would relate to the already existing *Rationalisierungs kuratorium der Deutschen Wirtschaft* (RKW). German unions believed that the extension of co-determination represented a sounder approach to industrial efficiency and feared that American-style productivity would simply add to the unemployment rolls. An initial productivity scheme proposed for the railways would have led to the loss of 50,000 jobs. For these reasons, in the early years German unions remained aloof from the American-led initiative. By spring 1953 the NPC was still barely operational. When launched it was subject to close monitoring by the US aid agency and an American seat on the governing body allowed it a veto over policy. As late as 1955 the Americans considered the NPC to be 'on trial'.

In each of these countries as well as in Belgium and Austria, organized labour complained of being granted only a minority voice in the affairs of the NPC and the elaboration of productivity programmes. This was a fundamental problem that was never rectified.[6] In Germany the *Deutsche Gewerkschaftsbund* (DGB) protested that the two seats allocated to them out of nine did not amount to co-determination. Trade union representatives on the Italian national productivity centre were greatly outnumbered by businessmen and productivity 'experts', and

it was a reflection of the low priority granted to the interests of workers that the labour division was the last element in the NPC administrative structure to be established. In France even the non-communist unions were kept at arm's length from the NPC and given only the right to advise on proposed team visits to the USA through a body subordinate to the NPC.[7] The French unions would later acquire a dedicated research centre, *Centre Intersyndical d'Etudes et de Recherche de Productivité* (CIERP), to service them on questions of productivity, staffed by experts and financed by the Americans. But within this organization deference to the American paymaster on the part of the French technical staff was evident and their advocacy of policies not approved of by the unions led to internal friction. Within two years there would be a parting of the ways with *Force Ouvrière* (FO) cutting its ties with the CIERP.

The head of the Marshall Plan Labour Division in France viewed the early phase of the productivity programme with concern and warned his superiors: 'I personally believe that the differences...are so strong that they compel the consideration of whether the programme is worth anything at all.' At a similar stage in the German programme his counterpart in Bonn echoed these sentiments: 'Some time ago I wrote ... recommending that... the money should be put back in the till, and the intensive and comprehensive productivity programme abandoned.'[8]

THE PILOT PLANT PROGRAMME

Inevitably the programmes of the NPCs were of particular concern to organized labour. Emphasis on the productivity of labour often simply meant pressure on employees to work harder: at best it tended to mean working differently.[9] However, if trade unions were to go along with this in the national interest the whole programme would need to be opened up to the principles of collective bargaining. There might well be scope for improving the organization of work, but the manner of doing so and the objectives for which the improvements were sought needed to be jointly agreed. As a trade union consultant on productivity for the Marshall Plan, William Gomberg believed that his role was to take the techniques of scientific management and convert them from substitutes for

collective bargaining into tools of collective bargaining. This was where a major battle would have to be waged.

Despite the scepticism of the Europeans, to American labour officials working independently of the Marshall programme in Europe the productivity focus did seem to open up new possibilities. Hitherto the Marshall Plan had not benefited workers directly, living standards had not improved, and full employment was not a high priority. Within the US labour movement there was growing disquiet over this record. In France and Italy, the two countries where Marshall Aid (and thus economic recovery) were most strongly challenged by the communist-dominated labour movements, collective bargaining was a frail institution little in evidence below national level. The communist-led unions were essentially vehicles for political mobilization - up to 1947 championing the battle for production; after 1947 sabotaging recovery on Cominform instructions. The minority unions that had broken away from the communist fold were weak and no match for the communists when it came to political mobilization. Meanwhile workers were being exploited as productivity rose.[10] But some American trade unionists believed that if the French non-communist unions could be encouraged to engage in detailed negotiation within industries and enterprises over the content of productivity programmes they could prove their worth, gain greater support among workers and thereby increase membership. According to this scenario, successful productivity bargaining would be the arena within which communism would be defeated.

As represented particularly by the CIO wing of the American labour movement, the aim was to foster a form of trade unionism that was militant in its approach to collective bargaining, strongly organized at the base, vigorous in its defence of workers' interests and with a particular focus on the enterprise. The communists could be left to indulge in sloganeering about the class war, but militant non-communist unions would achieve tangible benefits for their members in the here and now. It was not a question of seeking to build a non-political labour movement - the link between politics and trade unionism in Europe was recognized to be too strong for that - but it was a matter of making workers

collectively more self-sufficient in their place of work and so less reliant on political mobilization. This was US labour's approach within the productivity programme. In part its point of reference was the hard-nosed bargaining practices of American trade unionists in industries such as automobile manufacturing, but it also borrowed from the unique experience of the US clothing industry where trade union industrial engineers had applied pressure on employers to raise efficiency and so improve wages and job security.

This model of trade unionism was embraced by Marshall Plan labour staff when in 1951 the Americans called for the establishment of a 'pilot plant' programme as a central element of Conditional Aid. Under this, particular industries or enterprises in selected locations were to benefit from American investment and concerted technical assistance in an effort to drive up productivity.[11] For the Americans it was an attempt to effect a cultural change in Europe by challenging the restrictive mentality that impeded the free flow of market forces, whether in the shape of employer cartels, patterns of national collective bargaining and wage uniformity, or worker suspicion of new technology. The hope was to encourage 'maverick' businesses to jettison past practices and explore new ways. If as a consequence they suffered ostracism by employers' associations, the Americans would step in and ensure that they were not disadvantaged in terms of access to supplies and markets. But it would prove to be difficult to break down the sense of collective identity of European employers. As an example, virtually all the men's clothing firms in France offered themselves as pilot plants rather than have to compete with one another.[12]

The main focus of the pilot plant programme was France and Italy. In France such plants were designated in over 100 steel enterprises and were widespread in the clothing and footwear industries. In Italy the 'demonstration areas', as they were called, were proposed for 15 districts with as many as 200 firms involved. In practice only two schemes materialized covering some 50 firms, the main location being Vicenza. Germany's pilot plant scheme was later in preparation and hardly got past the drawing board stage.

The idea of the Marshall Plan labour staff was that collective bargaining would take place between the local employers in the pilot schemes and the non-communist unions especially over the equitable share-out of gains from any increased productivity. In practice from the start of the Conditional Aid programme this issue became a fundamental cause of dispute. It ranged Marshall Plan administrators against European governments, Labor Division staff against PTAD staff and national trade union federations against governments and employers. In the event, European governments balked at the idea of incorporating into their agreements with the Americans on the use of Conditional Aid any specific reference as to how productivity gains. should be apportioned. And employers subsequently rejected the trade union claim that gains from increased productivity should be shared on an equal basis by business, workers and consumers. Employers were adamantly opposed to writing such a formula into collective agreements. At best, as in Italy, they were only prepared to exchange with the unions non-binding letters of intent. Many employers made it clear to the Americans that they would abandon the scheme if they were pressed any further on this issue.

Within the aid agency, business interests proved to be more influential than organized labour, and the Americans backed away from insisting that collective bargaining be part and parcel of the pilot schemes, in other words a condition of Conditional Aid. In the absence of such insistence as a condition of participation in the scheme, the French and Italian unions were generally too weak to drive a hard bargain with their employers in the pilot plants. What had therefore been intended as a programme to demonstrate the virtues of collective bargaining within a regime calculated to increase productivity and prosperity went disastrously awry. The correspondence of the Marshall Plan labour staff reveals their anguish and frustration at this turn of events. The Chief of the Labor Division became embroiled in an intense conflict with his superior, the Special Representative in Europe, over their failure to demand fair treatment of workers whose productivity had increased. He argued that there could be 'no appropriate role for the Labor Division in an agency that confesses it has no means available of assuming that a proper share of the benefits of its major industrial programme

will accrue to workers.' With the matter unresolved a year later a new Acting Director of the Labor Division was told that if he resisted established policy he would be dismissed forthwith. It was one of the big battles fought within the Marshall Plan administration, and it was one that the labour staff lost.[13]

Marshall Plan officials could never comprehend why, in the case of the French employers, they refused to enter into a bargaining relationship with non-communist unions that might have seen the communists outflanked. Instead industrialists seemed to prefer existing industrial relations practice characterized by periodic CGT-staged insurrectionary strikes and demonstrations. No doubt the employers recognized that the CGT spoke for the greater proportion of organized workers and could not be ignored. Arguably another consideration was that following its syndicalist tradition, the CGT also avoided any collective bargaining entanglements, conveniently leaving managerial prerogative unchallenged. In Italy the employers' organization *Confindustria* had its own criticisms of the American approach to productivity, claiming with some logic that it was misplaced in a country with a surfeit of cheap labour.[14] In the demonstration areas benefits accruing to workers were minor and the employment situation continued to be characterized by low wages, bonuses fixed unilaterally by management, non-recognition of unions and discipline maintained by the fear of unemployment.

Despite these problems, the Americans persevered with the pilot plants in the hope that something good would come out of the programme. The attitude seemed to be that any programme was better than no programme. But for the Congress of Industrial Organizations (CIO), the main labour advocate of productivity bargaining, the scheme's failure insupportable. It therefore called on its trade union allies in France and Italy to withdraw from the programme. The French FO and the Italian UIL did exactly that. At that point, what had been intended to be the centrepiece of the French and Italian productivity programmes effectively died.

The CIO's assessment of this phase of the programme was scathing: 'In France and Italy, and in the rest of Europe to somewhat lesser extent, the productivity

programme was implemented with none of the elementary safeguards that American unions would insist on for their own members. It was policed in an inadequate and shoddy way that amounted to nothing less than a speed-up programme that undermined jobs and bolstered...prices.' The American Federation of Labor (AFL)'s representative in Italy judged that the productivity programme was 'a snare and a delusion, a complete waste of time, energy, money and personnel and adds up in my opinion to an A1 scandal. '[15]

From 1953 the physical presence of Americans in Europe began to wane as a process of Europeanization of the aid programme commenced. In 1955 executive control of the programme passed to the European Productivity Agency (EPA). Its ten million dollar budget was still mostly funded by the United States and many American technical staff continued to work for it, but formal administration was in the hands of Europeans within the framework of the OEEC. Under the EPA there was a partial shift in emphasis in that Europeans were now expected to learn from each other about productivity, exchanging team visits in order to disseminate best practice. Yet the United States was still held to be the Mecca for up-to-date management thinking, Europeans continued to cross the Atlantic in large numbers on study visits, many to attend courses at the business schools of Harvard and Columbia University, and consultants from such establishments figured prominently in EPA programmes. It would be fair to say that the spiritual force behind the EPA still remained in America.

During the first two years of the EPA's existence there was no union role in policy making. The programme for labour continued the fixation with work study while promoting 'human relations' techniques, the latest managerial fad for breaking down worker resistance to management.[16] However, by 1956 the position of EPA Deputy Director was awarded to a senior union official and thereafter there was a stronger union voice in the shaping of programmes, with greater stress on the need for agreement between the two sides of industry on the means and ends of sponsored projects. Towards the end of the 1950s European trade unionists associated with the EPA belatedly felt that they were beginning to gain some purchase on projects and were having some influence on the way productivity was approached. However, the frenetic pace of the productivity campaign never

let up and even in 1959, the EPA's last full year of operation, its programme for trade unionists enrolled 4,000 trade union officers on 51 national-level training courses and 400 on inter- European study visits.[17] And right until the programme was finally wound up in 1960, there remained in much of the European labour movement a feeling that the productivity drive was something that had been imposed on them by the United States and that all too often it amounted to little more than a vehicle for management propaganda.

Overall one can hazard some generalizations about American policy in Europe. By the late 1950s, assisted by American aid and the growing integration of national economies, Western Europe had largely recovered. What contribution had been made by the productivity programme addressed to labour is harder to tell. The sheer weight and volume of propaganda in favour of ever-greater effort meant that people throughout Western Europe were now familiar with the concept of higher productivity as a 'good thing'. To question the logic of this, for whatever reason, was to go against a tidal wave of received wisdom: doubters left themselves open to charges of 'Luddism'. Because of the managerial slant in the productivity programme, workers found themselves having to debate the issue in terms that supported the agenda of business. The politics of productivity made it easier for management to justify their efforts to control the labour process since the 'science' of industrial efficiency was largely the preserve of capital. The emphasis on the human factor in achieving higher levels of efficiency made it easier to blame the lack of worker effort for inadequate productivity growth, even when, as in Britain, low capital investment was a major culprit.

The 1950s saw the start of the long post-war boom and the spread of a Fordist system that nowadays conjures up for some in the labour movement nostalgia for days when unions were powerful. But if productivity was rising as a consequence of the American-backed campaign, it was certainly not universally a product of a routinized system of harmonious industrial relations based on shared values. Indeed collective bargaining practice in countries such as France and Italy still fell far short of what the Americans had hoped to create. There were labour-management battles here that remained to be fought in the 1960s. It is hard, therefore, to see how, in any direct way, the politics of productivity had much

impact in strengthening non-communist unions in these countries. They may have chipped away at communist trade union strength, but they had certainly not dislodged it.

THE POLITICS OF ANTI-COMMUNISM

As this overview of the American productivity programme for Europe reveals, in terms of the involvement of the American labour movement the main player was the CIO. But there is another dimension to the productivity programme which brings into the spotlight the AFL, the other main organization in the US labour movement, indeed the senior body. This constitutes a coda to the history of the productivity campaign and reveals a great deal about American differences over how to fight communism during the Cold War. The AFL remained largely aloof from the productivity programme, sceptical as to its chances of succeeding and sometimes openly hostile to the role played in it by the CIO. What were the issues at work here?

The AFL and the CIO had a very uneasy relationship rooted in the labour history of the 1930s and 1940s. During the Marshall Plan years, there remained deep personal animosities at leadership level and the memory of significant ideological differences. The AFL had always been deeply anti-communist whereas the CIO had included leading communists among its first generation of leaders. The CIO had also spent four years from 1945 to 1949 as a partner of the USSR's trade union federation inside the World Federation of Trade Unions (WFTU), whereas the AFL had adamantly refused to join that body precisely because of Soviet trade union membership. With the Marshall Plan up and running, the CIO had withdrawn from the WFTU by 1949 and in the same year it purged the bulk of its communist leadership. This allowed new scope for the AFL and CIO to participate jointly in the anti-communist International Confederation of Free Trade Unions (ICFTU) and to liaise on aspects of international policy including the Marshall Plan. But there was still considerable mistrust on the part of the AFL, especially over the question of anti-communist policy and practice. Simply stated, the AFL did not

believe that CIO leaders had a sufficiently clear understanding of the nature of the problem posed by communism within the labour movement, nor did they believe that they had a real commitment to fighting it. At best they regarded the CIO leadership as woolly and confused and therefore unreliable allies in the anti-communist crusade.

The productivity programme of the Marshall Plan served to highlight the differences in emphasis between the two organizations. The CIO believed, as did many in the Marshall Plan, that economic and social want opened the doors to communism and therefore to resist it meant creating healthy economies, progressive social policies and a socio-economic regime in which democratic trade unions played an integral part. As CIO President Walter Reuther argued: 'There is a revolution going on... of hungry men to get the wrinkles out of their bellies...The communists didn't start it. They are riding its back... The communists would have people trade freedom for bread ... In the world that we are trying to help build, people can have both bread and freedom.'[18] The productivity programme fitted neatly into this framework.

Yet to the AFL leaders this was a simple-minded approach, one they dismissed as 'belly communism'. Workers, they insisted, were more interested in 'freedom' than bread and butter issues. They saw communism as a much more virile and dangerous force, not confined to areas of economic hardship.[19] It had to be challenged directly in every conceivable theatre and by every possible means, economic, political, military and cultural. There could be no compromises. What was needed was an unremitting struggle, not simply to contain communism but to roll it back and defeat it. Those who did not share the AFL's uncompromising position were themselves regarded with suspicion, even when they were explicitly anti-communist in their own day-to-day practice. Likewise there was no tolerating those who espoused neutralist sentiments in the Cold War: every organization had to choose which side it was on. Above all there was no room for notions of peaceful co-existence with any brand of communism, even if it did project a 'new look' as in the USSR after Stalin's death.[20]

This perspective within the AFL reflected the thinking of a small group of union leaders who comprised the Federation's Free Trade Union Committee (FTUC). The FTUC's Executive Secretary was Jay Lovestone, one time Secretary of the American Communist Party. With a small field staff, most prominent of whom was his protégé Irving Brown, Lovestone ran the FTUC as an agency dedicated to fighting communism in the international labour movement around the world. In doing so he utilized similar clandestine techniques to those that were the stock-in-trade of the Cominform. In effect it amounted to communist practice in reverse. While the CIO focused their efforts on strengthening collective bargaining machinery in France and Italy, the FTUC conducted a range of international operations from support for strong-arm gangs in Marseilles and Genoa to break up communist-led dock strikes, through to financial support for anti- communist publications; material support for non-communist trade unions in Finland in the ferocious fight with the communists for control of the Finnish national trade union centre SAK; systematic attempts to woo dissident communist Party members in France and Italy; organizational assistance and courier services for the Congress for Cultural Freedom; a network of spies and undercover agents operating in Eastern Europe; material assistance to non-communist trade unionists in Berlin. And beyond Europe the FTUC mounted expensive anti-communist programmes targeted on the labour movement in India, Indonesia and Taiwan.[21] Most of these activities were well hidden from view. The more conventional, open trade union aspects of the AFL's work overseas were left to the far less important International Affairs Committee.

What is important about Lovestone's FTUC operation is that it was generously funded from CIA sources, especially in the early 1950s, and much of the CIA's funding of covert labour programmes was channelled through Marshall Plan counterpart funds. However, Lovestone had a fraught relationship with his CIA paymasters, some of whom he considered too liberal in their politics.[22] As with the leadership of the CIO, he regarded such CIA types as innocents abroad when it came to fighting communism. In this game of cat and mouse between the FTUC and the CIA it was never really clear who was using who, and certainly both were trying to gain the upper hand. Crucially the relationship really began to sour in

1950 when the CIO first sought American government financial assistance for its international work, and especially funding from Marshall Plan sources. With Marshall Plan funds already being tapped by the CIA to pay for the FTUC's covert operations, the CIO now seemed to be vying for access to the FTUC's secret honey pot.

In 1951, as the new phase of the productivity programme began to expand, the CIO decided to establish a permanent presence in Europe. It justified this on the grounds that Marshall Aid had thus far been a disappointment to the working class in recipient countries and so there was need for closer on-the-spot monitoring by representatives of the American labour movement proper who would also mount their own independent support programmes. The CIO believed that it could make a better fist of helping to build the non-communist labour movement in Europe. An important element in its thinking was that the longer-established AFL-FTUC programme was too negatively anti-communist. The CIO view was that under the influence of AFL policies in France and Italy 'the non-communist unions have relied to a dangerous extent on too-simple and too-negative anti- communism. They have, therefore, had some marked success in frustrating communist political strikes, but have lost their own ability to use the strike weapon to further economic demands and have saddled themselves with a reputation for breaking political strikes'.[23] The AFL approach offered no immediate tangible benefits to European trade unionists of the sort that the CIO envisaged through a vigorous regime of collective bargaining, facilitated, they hoped, by the productivity programme.

The emergence of the CIO on the European stage was seen by the AFL as a dangerous challenge and a threat to the viability of its own work. In particular it risked sowing confusion in the all-important anti-communist campaign. The CIO might proclaim its hostility to communism, but its credentials were suspect and the AFL would not allow it to be associated with its own work or privy to the details of these operations. If the CIO were to launch a competing anti-communist programme using funds from broadly the same source there was an obvious risk of confusion and the possibility of 'contamination' of the FTUC's work. And, of

course, simply in terms of their long-standing rivalry, for the AFL it would have the undesirable effect of elevating the CIO's international profile.

However, both the CIA leadership and important figures in the Truman. administration, notably Averell Harriman, were keen to cut the CIO into the world of secret government funding. To do so meant extending the options available, and if the two labour organizations did subsequently manage to co-operate with one another, the combined impact of their programmes would be all the greater. Yet this was unacceptable to the AFL, and when it became apparent that the CIO were in receipt of 'sugar funds' from the Marshall Plan they began to cut back on their own collaborative work with the Intelligence Agency. It did not amount to a complete severance, but the number of activities they engaged in with Agency funding was reduced and Lovestone distanced himself from CIA Director Allen Dulles.[24]

Funding received by the CIO from Marshall Plan sources was used for more conventional trade union programmes than those undertaken by the FTUC. The CIO was primarily concerned to build the strength of the non- communist wing of the French, Italian and German labour movements for purposes of collective bargaining. Much of its effort therefore focused on leadership training courses for local union officers and educational projects linked to collective bargaining problems such as those associated with the productivity drive. Because of this orientation, it was relatively easy to secure funding from the Marshall Plan productivity programme whose budget had increased significantly in the early 1950s. As far as Marshall Plan administrators were concerned, there need be no secret about such activities, since they were part of the official remit. But for the CIO it was still important that as much secrecy as possible be maintained about the funding source since such information in the hands of French or Italian communists would be a powerful propaganda weapon against the Americans.

The CIO's involvement in trade union training courses in France and Italy became a matter of much scorn in AFL circles. To Lovestone and Brown it reflected the CIO's otherworldliness and their lack of willingness to leave the classroom and

confront the reality of the daily threat posed by international communism. Most of the funds acquired by the CIO in this way were channelled to programmes that were being run formally by the ICFTU. The ICFTU itself was content to go along with the fiction that the funds were simply a generous donation from the CIO.

To make it easier to disguise the source of such government funding, the ICFTU established an Educational Foundation from which its training and educational work would be financed. The Foundation was to seek grants and donations from trusts and charities, which would provide a convenient cover for other sums received from Marshall Plan channels. However, although in 1953 the ICFTU got as far as registering the Foundation in New York State, where it expected to tap into most of the available charitable funds, the operation never became a going concern. The reason was simply that AFL President George Meany, who was also a vice-president of the ICFTU, refused to give his consent to the Foundation receiving money from US government sources. It was, he said, a matter of principle in the ICFTU not to accept government funding of any kind. His own organization the AFL, through the FTUC, was still benefiting from CIA funding, but he was determined to ensure that the CIO's source of Marshall Plan finance would dry up.

CONCLUSION

All this is what might be described as the 'politics of the politics of productivity' in the Marshall Plan, and, as such, more complex than the simple aim of a productivity drive to defeat communism through sustained economic recovery. It is, at one level, part of the fraught internal history of the US labour movement in the 1950s and a manifestation of the organizational rivalry between the two wings of the movement. But it is also a prism through which one can grasp the fierce debate that raged within the leadership of the American unions over the best way to fight communism, a debate that was echoed in the disagreements

within the American foreign policy establishment between those for 'containment' and the supporters of 'roll back'. It might be claimed that by running two contrasting approaches to the problem of communism the American labour movement covered all the bases and gained the optimum return. But both approaches were of course flawed: the productivity programme did not result in anti-communist French or Italian trade unions outflanking their communist rivals through tangible success at the bargaining table, and the AFL's virulent, inflexible anti-communism often served to alienate the very allies that it sought to win, even among more moderate European trade unionists.

In general it would be fair to say that European trade union leaders often felt more comfortable in dealing with the CIO than the AFL for the simple reason that the former seemed to speak more the language of social democracy. In its ideal form, the CIO's approach to productivity could be reconciled with social-democratic objectives. Its proponents were perceived as having an ideological grounding similar to their own, whereas the AFL were more closely identified with the values of business unionism. The European view was that as long as productivity initiatives were consistent with national economic planning objectives and approached within the context of collective bargaining, they could be judged on their merits. On the other hand, many European union leaders came to regard the strident anti-communism of the AFL as excessive, too redolent of McCarthyism.[25] Even trade unionists from the right of the movement found it politic to dialogue with communists, and their growing tendency to exchange delegations with Eastern-bloc union bodies became the focus of serious friction with the AFL from the 1950s onwards.[26] The AFL's strongest allies among Europe's trade unions were those that were directly dependent on it for undercover finance - FO in France, CISL in Italy, and sections of the Finnish and and Greek labour movements. It was in such countries, where domestic communism was strong, that the AFL had most success in tapping into a well of fierce, uncomprising anti-communism.

However, in the end it was the AFL approach that seemed to have the more

lasting effect. With European economic recovery broadly complete at the end of the 1950s, many of those who had favoured the productivity approach in countering communism were now ready for a measure of *détente* in East-West relations.[27] In the Lovestone camp, however, *détente* was anathema. It was also recognized that despite valiant anti-communist resistance by workers in Berlin in 1953 and Poznan and Budapest in 1956, there was still a long way to go before communism could be successfully challenged in the Eastern European heartland. The AFL had little doubt that the final prize would go to the party with most staying power. Arguably their crowning achievement was to be able to open an AFL-CIO office three decades later in post-communist Moscow.

NOTES

1. William Gomberg, Marshall Plan Productivity Consultant, International Conference on Social Problems of the Organization of Labour, Abbaye de Royaumont, France, June 1951.

2. Charles Maier, "The Politics of Productivity: Foundations of American International Policy After World War II', *International Organization* 31 (Fall 1977).

3. Throughout I refer to the aid programme as the 'Marshall Plan' to avoid undue complexity of terminology. In reality it changed its official title several times as the original Economic Co-operation Agency gave way to the Mutual Security Agency and then to the Foreign Operations Agency before finally becoming the International Co-operation Agency.

4. Raymond Aron, 18 *Lectures on the Industrial Society* (London: Weidenfeld & Nicolson 1967) p.14.

5. Smith to Scherback, 7 July 1952, Draft Statement Sent to Ambassador Draper, SRE PTAD, Labour Productivity Branch - Subject Files 1950-54, File Productivity General. Marshall Plan files are in Record Groups 286 and 469 at the National Archives and Record Center, Suitland, Maryland.

6. It was also the case outside Europe. In Japan, where a national productivity centre was created in 1954 under strong American influence, the trade union centre Sohyo, which the American military occupation itself had brought into being, adamantly refused to join.

7. French employers tended to have the final say in the choice of workers for team visits to America. Many were not trade unionists at all and frequently foremen were sent as workers'. Anthony Carew, *Labour Under the Marshall Plan* (Manchester UP 1987) p.160.

8. Harris, 'Comment on the Productivity Programme', undated, SRE PTAD, Labour Productivity Branch, Country File 1950-54, Box 3, File France; Zulauf to Mahder, 22 September 1953, Mission to Germany, PTAD Labour Advisor, Subject Files 1952-54, File Productivity Institute.

9. Despite the fact that the gap between British and American levels of productivity reflected exactly the difference in horsepower available to shop floor workers, the US Ambassador to Britain suggested that Britain's economic problems were only likely to be overcome by people working harder, and for less. Douglas to Marshall, 12 Aug. 1948, ECA Admin, Box 6.

10. In the words of a joint CIO and AFL investigation of conditions in France in 1950: 'Our productivity programme... carries serious threats to the welfare of the workers and does nothing to protect them - as the communists so accurately charge... There is no protection against wage cuts [resulting from]...the adoption of machine methods... There is nothing to prevent the direct benefits of increased production made possible by Marshall Plan aid from going entirely to the employers.' Carew, *Labour Under the Marshall Plan,* p.118.

11. The idea of pilot plant projects did not originate with the Marshall Plan. Before then, for example, the American Clothing Workers Union (ACWU) hoped to finance one or two clothing ventures in Italy incorporating the best management and labour practices of the United States. In 1946-47 August Bellanca of the ACWU had undertaken two lengthy trips to Italy to help establish a clothing factory in Tuscany. Giuseppe Di Vittorio, General Secretary of the communist-led CGIL, had tried to have one such plant located in his own hometown. Ambassador Dunn airgram to Secretary of State, 25 Aug. 1947, Michael Ross Collection, Box 5 (15), George Meany Memorial Archives, Silver Spring, Maryland.

12. Fisher to Ozer, 23 August 1951, SRE PTAD, Labor Productivity Branch, Subject Files 1950-54, File Production Assistance Programme.

13. Carew*, Labour Under the Marshall Plan* (note 7) p.170. Goldy to Porter, 17 Sept. 1951, SRE PTAD, Labour Productivity Branch, Subject Files 1950-54: File Production Assistance Programme.

14. 'When the Americans come and tell us that there is a 'modern capitalism' which cares about the workers, the client and public opinion, we may answer that European capitalism has evolved in another way... Americans should remember that they cannot come to our continent and put out unrealistic advice' *24 Ore,* April 1953.

15. Carew, *Labour Under the Marshall Plan* (note 7) p.158; Goldberg to Gomberg, 15 Aug. 1955, William Gomberg Collection, London School of Economics.

16. Following a visit to Europe in 1955 UAW official Jack Conway reported to FOA: 'The EPA ... has laid such stress on achieving productivity increases through the use of incentive pay systems, the use of time and motion study, and other such techniques that most plant level leaders who know anything at all about EPA are extremely suspicious and distrustful of it. If EPA now becomes associated in the minds of these same people with the promotion of these human relations

programmes which are essentially anti-union in character, the EPA might just as well fold up shop as far as the labour movement is concerned.' Conway to Meskimen, 28 Oct. 1955, FOA Box 32.

17. Programme of Action of EPA and Part 1 Budget for 1959-60, EPA, 1959.

18. Henry M. Christman (ed.) *Walter P. Reuther: Selected Papers* (New York: Macmillan 1961) p.47.

19. This thinking was reminiscent of Ambassador Walter Bedell Smith's 1947 warning from Moscow: 'We have ... been too preoccupied in the past with feeding the stomachs of people while the Soviets have concentrated on feeding their minds.' See W. Scott Lucas, *Freedom's War: The US Crusade against the Soviet Union, 1945–56* (New York UP 1999) p.48. Bedell Smith was of course later the Director of the CIA when the AFL's covert international programme was at it its height.

20. On the question of equivalence between capitalism and communism, Walter Reuther had famously told the founding congress of the ICFTU that he was for neither 'Standard Oil nor Stalin, but the broad middle way', a formulation that infuriated Lovestone. Following the death of Stalin, Reuther had also argued that the USSR would not resort to nuclear war and that the real battle between East and West would have to take place on the economic front. Thus he welcomed the idea that super power competition in the third world should be over the production of economic aid by the rival economic systems, with the recipients free to choose whichever system suited them best. Anthony Carew, *Walter Reuther* (Manchester UP 1992) p.159, ff. 18. Again the FTUC leadership considered this to be extremely naive.

21. Anthony Carew, 'The American Labour Movement in Fizzland: the Free Trade Union Committee and the CIA', *Labour History* 39/1 (Feb. 1998). The sharp contrast between the CIO and AFL/FTUC approaches can be seen in their respective programmes for Italy. While the CIO were organizing training courses

to help unions equip themselves for productivity bargaining, the AFL's Irving Brown was collaborating with FIAT to establish a training school intended to develop a 'counter-apparat' schooled in the theory and practice of Bolshevism and taught by former communists whose aim was to produce 'professionally trained cadres, who are politically and physically ready to fight and resist to the end.' Hand- picked for training, they would be a 'hard core group dedicated to the single objective of constituting an ideological and physical barrier to the Communist Party machine.' Irving Brown, 'Conditions Which the FIAT Management Must Guarantee', undated 1954, Irving Brown Collection, Box 12 (20), George Meany Memorial Archives.

22. Tom Braden, head of the CIA's International Organizations Branch was a particular object of his scorn. Lovestone referred to such Ivy League types derisively as 'fizz kids'. Braden's superior, Frank Wisner, who ran the Office of Policy Co-ordination was, in Lovestone's eyes 'the Park Avenue hillbilly' and stood only slightly higher in his estimation.

23. Carew, *Labour Under the Marshall Plan* (note 7) p.121.

24. But unknown even to his closest collaborators Lovestone was careful to keep alive his unofficial channel to James Angleton, CIA head of counter-intelligence whose brand of anti- communism matched his own. Ted Morgan, *A Covert Life: Jay Lovestone, communist*, *Anti- communist and Spymaster* (New York: Random House 1999) p.285.

25. Anthony Carew, 'Conflict Within the ICFTU: Anti-Communism and Anti-Colonialism in the 1950s', *International Review of Social History* 41 (1996) p.158.

26. Anthony Carew et al., *The International Confederation of Free Trade Unions* (London: Peter Lang 2000) pp.240, 244-7.

27. Walter Reuther was one of the many western trade union leaders who made

highly publicized visits to Eastern Europe in the 1960s.