

## CHAPTER 2

### AMERICANIZATION AS A MISSION, 1945-1955

“Do you want a shirt - a washing machine - a  
breakfast food? Competition gives you a choice.  
Competition improves products and increases  
values. You are part of the competitive power  
PRODUCE BETTER – LIVE BETTER”

(US propaganda poster, used in the 1950s)

In this chapter we will explore how the Marshall Plan and the following American initiatives, the Productivity Mission, and the engagement of the Ford Foundation promoted Americanization. A special part of the chapter will concentrate on Germany and Austria, which, as countries under military occupation, were exposed directly to American administration. The chapter is of particular interest because not only the US Government but also other American institutions believed they had a mission to Americanize Western Europe. Never before or after this exceptional period did the United States try actively to Americanize Europe.

#### AMERICAN INTERNATIONAL COMMITMENT AFTER 1945

The United States and its government did not fully recognize the country's role as a world power until the Second World War. Up to then the country's international engagement had been fitful. After keeping his country out of the First World War for three years, President Wilson joined the fight against the Central Powers in 1917, calling for a great crusade to make the world safe for democracy. Yet in 1919 Wilson's idealistic internationalism was defeated by opponents in the US Congress. The United States never ratified the Treaty of Versailles and never joined the League of Nations that this treaty had created. Although it emerged from the war as by far the strongest country in the world in terms of economic and financial resources, the United States largely distanced itself from European affairs throughout much of the interwar period, retreating behind high tariffs and low immigration quotas. The isolationist policies, however, could not seal off the country from economic and political interaction with the rest of the world. The intertwined repercussions of the world economic crisis in the 1930s showed clearly the vulnerability of the American economy in a world economy without proper playing rules. The attack on Pearl Harbour underscored that isolationism and neutrality did not necessarily provide military security either. In response to these developments President Roosevelt and his advisers not only reoriented domestic policy (the New Deal), they also committed the United States to an activist internationalism. Simply put, this new American world policy was based on the conviction that the application of American political and economic values—representative democracy and competitive capitalism—to world affairs would bring

peace and prosperity for all. The new internationalism was doubly motivated: on the one hand, it was founded on pragmatic self-interest; on the other hand, it was fed by a crusading, messianic spirit. Especially the latter motivation was much in evidence in early post-war period. The oft-repeated message was that the United States—‘God’s own country’—had a mission to care for the world’s well-being; to this end the world’s countries must be taught the virtues of the American model and persuaded to adopt it.<sup>63</sup>

Even before the end of the war representatives from the United States and 43 other countries negotiated the establishment of institutions that would insure the future stability of world currencies and international trade. The Final Act of the international finance conference at Bretton Woods (New Hampshire) in July 1944 that after the war all currencies should be fixed in a defined relation to the US dollar, which in turn was fixed to gold. The Bretton Woods agreement thus established the US dollar as the world reserve currency and the United States as the lender of the last resort. The conference proposed as well the establishment of an International Monetary Fund (IMF) and an International Bank for Reconstruction and Development (the World Bank). While the IMF was assigned the task of international short-term lending in the management of exchange rates and short-term trade imbalances, the World Bank was to give out long-term credits to finance economic development. The intention was to make sure that world trade should never again be blocked and sent into a downward spiral as during the Great Depression. In 1948 these two institutions were joined by the General Agreement on Tariffs and Trade (GATT), which aimed at promoting international trade by lowering or removing barriers such as tariffs and quotas. All three institutions became formally agencies of the United Nations, but all three were founded on American principles and values. And to this day the US government occupies a preeminent position:

“to the extent that some nations use their government to intervene in favour, restrict foreign investment or seek unfair advantage it is the American ‘referee’ who blows the whistle, who knows what is fair and unfair.”<sup>64</sup>

Soon after the end of the Second World War the systemic conflict of interest between the West and the Soviet Union broke out openly and gave American post-war internationalism a largely unintended military dimension. At first the US shipped back large parts of its army; for it had no intentions to stay long in the liberated countries. In contrast, the Soviet Red Army stayed in all states it had reached during hostilities. Its presence fostered the growth of communist parties there and promoted and guaranteed their take-over of power. The danger of Soviet expansion into western Europe was confirmed by the blockade of Berlin (including the US-, British, and French troops stationed there) in 1948/49. These developments convinced contemporary American leaders that communism posed a fundamental and permanent threat to the American model of democratic, competitive capitalism. For the United States it would be a disaster if the whole of Europe came under the domination of the USSR. Thus, American engagement in Europe and the official promotion of Americanization in the immediate post-war years were not only intended to enhance the exchange of goods and finances for a better world, but were

also understood to be in the deepest political and military as well as economic interest of the United States.

### REBUILDING EUROPE: THE MARSHALL PLAN

After the war economic and social conditions were extremely bad in Europe. Production and transport capacity had been severely damaged and disrupted by military operations. There was a great shortage of energy, and an even greater shortage of American dollars, the only currency which could buy all goods, given the severe foreign exchange restrictions that prevailed everywhere. Remedy was sought by applying tried and tested tools: planning and organization. Since the breakdown of international market economy during the world economic crisis, all countries had a greater trust in publicly controlled organizations, such as state-owned companies or cooperatives, than in private enterprise. In all Nazi-occupied countries private firms had collaborated, either out of the fear of expropriation or in search of profits. Against this background various European governments expanded the organized or controlled sector of the economy. For example, the UK nationalized the Bank of England, civil aviation, coal mining, railways, and public utilities such as gas and electricity. France nationalized banks, insurance companies, the coal sector, etc., and enterprises which had collaborated too openly with the Nazi occupation forces, such as Renault, the country's largest car maker. Even neutral countries expropriated German-owned assets in 1945. Sweden used these means to construct an economic sector of cooperative enterprises, which was designed to keep private companies in check. As in many other European countries, political leaders in Sweden believed that private ownership needed to be counterbalanced by cooperative ownership. The dominant economic ideas in immediate post-war Europe focused on publicly owned or at least publicly controlled enterprise; private property or private initiative was suspect. European and American economic ideas thus differed substantially and openly.

In this context of economic and political reconstruction the Truman administration proposed the European Recovery Program (ERP), better known as the Marshall Plan, in 1947. The programme started in April 1948, and it formally ended in June 1952. The ERP was designed not only to stimulate economic growth and foreign trade but at the same time to turn western Europe into a bulwark against communism. Full employment and economic growth, it was believed, would stop the virulent communist movement. "Paul Hofman, who from 1948 led the Marshall Plan administration, summed up his strategy very clearly by opposing the 'American assembly line' to the 'communist party line'".<sup>65</sup> All European states, including the USSR, were invited to participate in the ERP on the condition that their markets will be gradually opened to the world economy. The USSR declined the offer and forced the east European countries under its control to do likewise. The American leaders had never really expected the USSR to join, for they knew that foreign trade was one of the "commanding heights" (Lenin) of a socialist economy; in Marxist-Leninist terms a socialist economy is by definition a closed economy. During the four years of its operation, the Marshall Plan transferred 12.5 billion dollars in aid to 16 states

in Europe (excluding Finland and Spain but including Turkey). Nearly half of the aid was given within the first year. One-quarter and one-fifth of the total amount were ear-marked for Great Britain and France respectively. The former enemies West Germany, Austria, and Italy received per head a relative small part in the beginning, a situation that changed as the confrontations of the Cold War persisted. Most of the aid was given in goods, such as wheat, and raw materials; only a small portion was transferred in dollars.

What did the ERP achieve? With the exception of France and the UK, the transfer represented a tiny fraction of the recipients' GNP, so the direct, measurable economic impact was actually quite small. The main effect of the ERP was qualitative: 1) it provided European industry with much needed raw materials, badly needed to start production; 2) it provided Europe with food, badly needed for workers in key sectors such as coal mining; and 3) it provided Europe with confidence, badly needed by indigenous investors. The Marshall Plan underwrote the promise of the US not to leave Europe unprotected and not to let the Soviet Union make further incursions. It reduced European business's fear of communist-inspired expropriation and increased its confidence that new investments would indeed pay.

Of course, the ERP generated generally positive feelings of gratitude towards America among European investors and general public. But American behaviour and values were expressed by more than material aid. Five per cent of ERP funds were earmarked for the advertising of the Marshall Plan and its functioning. Denmark, for instance, experienced three major pro-Marshall-Aid campaigns between 1949 and 1951. One of the several marketing instruments was the 'European Train'. Between 1951 and 1953 this seven-carriage train explained how participating countries improved their situation through European cooperation and American aid. The exhibition clustered around topics such as "European resources", "European cooperation", "OEEC", and so on. Films and sculptures showed how Europe—by cooperating—could construct a house or climb the peak of a mountain, with American support. The train visited Norway, Sweden, Denmark, West Germany, West Berlin, Belgium, France, and Italy; in the end some six million people had seen the exhibition. Of course, such activity was not welcomed in all quarters. Some disliked the replacement of the old European wisdom of 'do well and keep quiet about it' by the new American style of 'do good and trumpet it around'. Some "Europeans viewed companies such as Coca-Cola and JWT as warriors inside the Trojan horse of the Marshall Plan aid – in fact, JWT-Paris had an account with the U.S. government to promote the Marshall Plan."<sup>66</sup>

Besides the marketing efforts, the ERP used other, quite substantial, means to promote American views. Marshall Plan authorities distributed the aid in tranches or instalments and not as a one-time payment. And the tranches had to be earned by economic and political good behaviour. To organize and monitor the transfer payments, two institutions were set up: on the donor side the Economic Cooperation Administration (ECA), which controlled the flow of funds and goods, and on the receiver side the Organization for European Economic Cooperation (OEEC). The OEEC was to suggest the economic requirements of the receiving countries and above all to facilitate European economic integration. In 1950 the ECA commanded

a large workforce of 3701 persons, three-quarters of whom were situated in Europe. Most of them were stationed at OEEC headquarters in Paris, but there were a number of representatives in every participating country. The ECA was the organizational core of the Marshall Plan and its tendency to act on its own authority provoked a number of clashes with its European counterpart, the OEEC. While the British government successfully contained respective initiatives of the ECA, the French complained officially.<sup>67</sup> Each tranche of ERP aid was accompanied by the 'advice' to carry out steps to lower trade and financial barriers between the countries. As a result of this 'persuasion' west European countries had substantially lowered restrictions to foreign trade by the end of the ERP in 1951. After the experience of the 1930s and the war, this liberalization would surely not have happened without the US intervention. That this intervention was both supportive and cooperative created a new trust in the American way of thinking, and in US policy and habits.

The tying of Marshall Plan aid to economic and political behaviour caused several governments, such as the Norwegian, to hesitate in accepting it. But all countries were exhausted and in desperate need. Moreover, the Truman administration repeatedly responded to European hesitation with a willingness to conclude accommodating special deals. This flexibility encouraged several governments, such as the Attlee Government in Britain, to press their industry to cooperate with American aid officials. At the same time the Americans made it very clear that communist participation in government, such as existed in France and Italy up to 1947, would hamper the flow of its aid.

"All these conditions combined, in the end, to make the American economy and system of industrial production the only available and acceptable model for the modernisation of French structures; the only possible answer to the national crisis as it had come to be defined after the end of the Second World War."<sup>68</sup>

This evaluation provided by Mary-Laure Djelic in her book on the Americanization of France, Germany, and Italy during the post-war period holds true not only for France, but for the majority of west European countries.

US intervention in early post-war Europe also had a specific military dimension that reinforced the cooperative goals of the ERP. The threat of military confrontation with the USSR led to the establishment of the North Atlantic Treaty Organization (NATO) in April 1949, which joined the United States, Canada, and many western European countries in a mutual defence alliance. The treaty guaranteed the continued presence of American troops in Europe, and this buoyed business confidence that economic recovery and reconstruction could continue on capitalist terms. NATO also contributed directly to European economic growth. In October 1949 the US Congress passed the Mutual Defence Assistance Program, which delivered weapons to European military forces and distributed economic aid for the restructuring of the European armaments industry. After the start of the Korean War in 1950, the Mutual Security Programme was launched, which increased American support for arms manufacturers in Europe. From this time on American military aid played a larger direct role in the European economic recovery than the economic aid provided under the Marshall Plan.

## AMERICAN AID AFTER THE MARSHALL PLAN: THE PRODUCTIVITY MISSION

The Marshall Plan lasted four years. In each of these years the amount of aid transferred was reduced by about 40 per cent.<sup>69</sup> Even the United States, the world's richest economy, did not have the means to sustain such a large financial transfer over many years. At the same time some American administrators expressed disappointment over the selectivity and hesitation with which the, in their minds, superior American principles were taken over by Europeans. They did not, however, argue that the United States should give up its commitment in Europe but rather that the system of aid had to be adjusted to changing possibilities and needs.

A very small part of the Marshall Plan was the US Technical Assistance and Productivity Mission (USTA&P).<sup>70</sup> It represented no more than 1.5 per cent of all aid and acted independently within the ERP. The core of the program was the idea to make European industry and administration as productive as American. By the end of the Marshall Plan requirements in Europe had changed. The main problem of the European economy was no longer low absolute level of production, but low productivity. Of course, there were differences. While the British Labour Government started activities to improve productivity right after the war, and French decision makers, such as Jean Monnet, considered productivity a key problem of the economy, others, such as the Belgians, showed little concern. Belgian industry was traditionally concentrated in energy and semiprocessed products, and general demand in both areas was so strong that the Belgian industrialists were most concerned with increasing output as such and not with improving productivity. The idea of promoting productivity was a centrepiece of the USTA&P; and from the early 1950s it became the centrepiece of US economic assistance generally. The American proposal to create productivity centres in all states was met with varied enthusiasm. While the Germans and Austrians were very willing to revive their prewar productivity agencies (RKW and ÖKW), the Italians and the Dutch initially declined. However, as with many other American suggestions at the time, the proposal was put forward so persuasively, not to say pressingly, that in the course of 1952 all countries had set up such an agency. Next came the American demand to create a European Productivity Agency (EPA) as part of the OEEC. The Swiss opposed it, and the British representative within the OEEC, Hugh Ellis-Rees, admitted later: "the creation of the agency was not entirely a matter of free will"<sup>71</sup>, but in March 1953 the EPA was in place.

The Productivity Mission was much more focused on the transfer of American proceedings, habits, and values than the Marshall Plan had been. American businessmen and trade union representatives were sent to Europe to inform their European counterparts about American organisations and methods. But in terms of quantity and quality the other direction of travel was much more important. As Djelic has shown, thousands of European decision makers from business, trade unions, social organizations and administration travelled to the United States in order to learn, among them 1,600 Italians, 4,500 French, and 5,000 Germans. The learning was organized in coherent groups according to industry and nations; there were only a few mixed groups. In the beginning union representatives



were supposed to be included, a condition later dropped. Usually the participants came from different enterprises. Officially such groups organized themselves, submitting a suggestion to their national productivity centre, which after evaluation formally transmitted the suggestion to the ECA in Washington. In fact, in nearly all cases the initiative was taken by the ECA, which suggested a certain project to a national productivity centre, which in its turn advertised it and assembled a group of interested persons. Thus, the initiative rested in American hands. Very important for the success was the free will of the participants. Nobody was ordered to go. All expenses were paid by the ECA, and the only obligation was to submit a written report in the end. The reports, some of which have been published, confirm two general impressions: The first impression was how much more advanced American industry was compared with European industry. Here not so much the larger size was underlined—this was predictable—but rather organizational styles and the attitudes towards materials, energy, and transport. The second impression was even more profound: the openness with which American businessmen answered the questions, showed procedures, and handed over operational data. In Europe all this was traditionally regarded as strictly confidential. Part of the motivation for such openness can be traced to the confidence of American business in its superiority, and this confidence as well as the honest desire to help made its representatives willing to give nearly all information asked. Nearly all reports by visiting European businessmen underlined this overwhelming openness. Such an attitude of lofty generosity for needy colleagues was unusual. (A similar case could be found in the 1990s, after the run-down GDR joined West Germany).

The European participants of these study tours obtained an additional, unplanned benefit. They did not always know each other at the beginning, but there was ample time during the ocean crossing by steamer to exchange views and questions, to discuss the impressions received, and to ponder the tour's usefulness. These journeys thus presented the opportunity to construct networks of people promoting new ideas within their branch of industry. Regarding Portugal, Spain, Yugoslavia, and Greece, Puig and Alvaro have shown that national networks played a crucial role in the process of Americanization and, vice versa, that American aid stimulated the formation of such networks:

"After 1945, however, overall USA assistance plus the natural effects of USA technological leadership and the post-war world order (particularly the emergence of an international technological market) created many opportunities, which were seized upon by these and other, more recent, networks. USA aid can be considered, therefore, as a catalyst for the constituent elements of networks, playing a relevant role in the transfer of technology and the creation and seizing of business opportunities. ... In a sense, these networks reflect the absorptive capacity of each national entrepreneurial community for, rather than suffocating local initiatives, encouraging entrepreneurship in institutionally limited environments."<sup>72</sup>

In the more industrialized countries of northwestern Europe, these networks had different character, since many of the tasks they filled in southern Europe were provided by other institutions. However, this does not mean that similar networks did not exist there nor had no influence. Networks were used above all for the

exchange of views, which is important for the structure of meaning among decision makers, and for the change of habits.

A number of European businessmen were in the advantageous position of having old ties to the United States. By tradition and language the British especially had such connections, which had not been much interrupted between 1939 and 1945. Others, such as the Van der Grinten brothers from the Dutch Océ firm, stepped up their connections, which they had been able to maintain during the war on a reduced scale. Many others renewed close prewar contacts with the US, for example, Jean Monnet, who became a high-ranking administrator in France and was one of the fathers of the European Community for Coal and Steel. A third group had more diffuse prewar ties—friends or former business partners—that were rekindled by simple correspondence. Two such examples are the German CEOs, Otto A. Friedrich from Phoenix rubber works and Ludwig Vaubel from Glanzstoff, a chemical firm producing artificial fibre.

In spite of the considerable growth of direct and indirect contacts between American and European businessmen, the extent of American influence varied greatly. In France, the American influence became decisive in one area: macroeconomic planning. The disastrous defeat of the French army in 1940 meant that all traditional institutions and attitudes were questioned. American military and industrial supremacy suggested that better alternatives might be found in the USA. The French *Commissariat Général du Plan*, set up in 1946, was modelled after the successful American War Production Board. Jean Monnet, a person who knew the USA well, had lived there, and was a close friend of Robert Nathan, sometime chairman of the planning committee of the War Production Board, was appointed as its president (*Commissaire*). Thus, American-style planning influenced strongly one of the most important of the French authorities even before the establishment of the Productivity Mission. Consequently, the French took up the Productivity Mission most enthusiastically. Summing up the achievements between 1948 and 1958, the official report underlined the French had constructed “the largest and the most varied productivity program in Europe.”<sup>73</sup>

Proceeding on the same idea, namely, a transfer of the organizational principles the War Production Board, several European states introduced new means and standards of accounting and statistics. Common standards in national income statistics were adopted, which made meaningful comparisons between European countries possible. In this way the take-over of such standards promoted the US goal of increased European cooperation. As with all such cases, there were exceptions. While many countries changed their systems, a few did not. For example, Ireland at that time was strongly opposed to European cooperation; the Irish government realized that the standards would facilitate European comparison and cooperation, so it stood back. Technological transfer, however, was not comprehensive, at least up to the mid-1950s. Christian Kleinschmidt has stressed the reluctance of German engineers to take over US patterns; and the same is reported for Britain.

The achievements of the Productivity Mission were indeed mixed. In some countries, especially those with social-democratic governments, its activities were promoted. The British, Norwegian, or Swedish government recognized that the goal of a welfare state could be achieved only with a better productivity. In most cases



the managers and engineers sent to the United States were deeply impressed, and back home, were ready for a change towards American principles of production and organization.<sup>74</sup> Even though many Italian decision makers took part in ECA study tours, Luciano Segreto has argued that the country's participation in the mission was a failure. Italy was one of the last country's to set up a national productivity agency; political and economic leaders viewed it with suspicion and made little use of it. The Dutch centre was said also to have worked in a vacuum with little relation to enterprise. Mathias Kipping has claimed that the British centre was ignored by industry, while an American official complained in 1954 about Germany:

"Confining my observations to Germany, I doubt whether any industrialist or top management person in the country has not been approached on the subject (of productivity). Yet positive results in terms of our intent and purpose are almost negligible. European industry, and certainly German industry, has reverted to its age-old 'business as usual' form of management."<sup>75</sup>

Was the Productivity Mission a failure then? Yes, if one expects, as some Americans involved did, a quick and easy adoption of American principles and habits. Such an expectation, of course, would be naive. The Europeans who travelled to the US were by definition open for American ideas, while those sitting back to be approached by US representatives in Europe did not necessarily see any advantages. Segreto looked into public policy and found much resistance to American ideas, but at the same time Italian industry sent 1607 senior managers to the United States to learn about those very ideas. Dutch industry, traditionally one of the most export-oriented in the world, had many established ties with the American economy. These were renewed and intensified, which means that even if the Dutch productivity centres in fact were "living in a vacuum" (Keetie Sluyterman), this did not signify little exchange with the United States. The south European study on networks also emphasized the importance of pre-war networks. It would indeed be difficult to comprehend why thousands of European businessmen, year after year, should get a paid leave of absence for a month or two in order to travel to the USA, one year after the other, if little or nothing came out of such an investment. In addition to Segreto's study of Italian managers, there is a contemporary official evaluation of the French experience. It reported that 90 per cent of the managers and 100 per cent of the executives who had travelled to the United States had acquired new knowledge. More than 80 per cent explained that the information obtained was useful for their particular enterprise. Still, only 40 per cent claimed that productivity gains were made directly as a result of such visits.<sup>76</sup> Barring contradicting information, we can reasonably suppose that other countries had similar experiences. Furthermore, contemporaries looked for something more profound than a mere machine: Kurt Pentzlin suggested the "secret of success of leading American enterprises... (was their) ... different technique of thinking."<sup>77</sup> Judging from the number of exchanges, the Productivity Mission had its main impact in the early 1950s. Officially it continued to the end of the 1950s, after which some of its activities, such as the exchange of teachers of business schools, were taken over by the Ford Foundation.

## OCCUPATION POLITICS: THE US-ZONES IN GERMANY AND AUSTRIA

A special case of Americanization through official mission [through directive] was the occupied countries of Germany and Austria, because there the United States had the possibility of direct intervention. And the Truman administration, and later the Eisenhower, was determined to use its authority. The focus of US policy was initially on Germany as a whole and then, after the deadlock of the Allies Control Council, on the western zones of occupation. Before 1948/49 Germany had no central government and there was limited coordination between the zones of occupation, so the individual occupying powers rebuild political and economic structures largely according to their own designs. (When we write of Germany henceforth, we refer exclusively to West Germany (FRG); East Germany (GDR) was a separate state in the orbit of the Soviet Union before it joined West Germany on 3 October 1990.) Austria was from the beginning in a special position, since it had been part of the German Reich only from March 1938. In May 1945 a provisional government, set up by the Soviet military, declared the country's independence and claimed that it had been one of the victims of Hitler's aggression. Moreover, even though the country, like Germany, was divided into four zones of occupation, Austria had from December 1945 an all-party national government that regularly asserted its authority against the occupying powers. In consequence, US occupational authorities did not have as free a hand here as in Germany.

Austria and Germany received Marshall Plan aid, too. And the American carrot-and-stick policy was applied here as well. But there were important differences. In these two occupied countries, and particularly in Germany, the US administration could act much more directly than in the independent European states. Austria's and Germany's share of Marshall Plan aid measured per head was rather moderate, but the assistance given under the Government and Relief in Occupied Areas (GARIOA) programme should be included in the total. This aid was distributed largely before the Marshall Plan came into existence. GARIOA aid made no direct connection between politics and relief, and helped to give a human face to the military occupation. Formally, the military occupation lasted ten years in each country. All foreign troops departed Austria when the country negotiated its full sovereignty on condition of perpetual neutrality in 1955. In the same year West Germany was also recognized as a sovereign state, but it joined NATO, so US troops remained stationed in the country, though now as official allies rather than occupiers. The transition from occupier to ally was inevitably not without rough edges on both sides, but it was an important background factor in the process of economic Americanization in Germany.

The American desire to rebuild Germany and Austria by teaching new values was not limited to economic education. The idea was to export as much American culture as possible, for US policy makers were convinced that this cultural knowledge would enable Germany and Austria not only to increase economic output and productivity, but also to develop democracy and to improve the quality of life in general. About the efforts encountered a massive ignorance and a considerable indifference. The German universities were not interested in the US system, and persons attached to high culture (opera, theatre, literature, lectures by authors, etc.)

showed a cold shoulder. The most comprehensive undertaking in cultural education was carried out via the US cultural outposts, the America Houses (*Amerikahäuser*). The initiative peaked in 1951, at which time there were 27 America Houses, running 135 reading rooms in different towns throughout Germany. Small towns and villages were served by “bookmobiles”, trucks filled with books for loan. Between 1948 and 1953 10,000 leading persons from all walks of American society—politicians, professors, journalists, trade union representatives, clergymen, representatives of women’s movements—travelled the Atlantic in order to educate Germans on American culture. In 1952 alone one million Germans attended activities of the America Houses. The intention was to address primarily the elite. But this group turned a deaf ear. Those who attended were young urban people, two-thirds being university students or *Abiturienten* (graduating class of academic secondary school). Thus it was tomorrow’s elite which showed interest, not the contemporary decision makers that were the intended audience. Surely this US initiative broadened the minds of many Germans, but to what extent it changed later behaviour is hard to judge. On the whole, the American attempt to reach the contemporary German cultural elite was largely a failure.

The central idea behind American policy in Germany was to change some basic structures of German society and to replace them by US designed institutions. In this way democracy would be implanted into the country and all possibilities for the emergence of another aggressive government excluded. E. Hadley, one of the American antitrust specialists, expressed this belief:

“In both Germany and Japan the victors attempted to revamp the social structure, to establish democracy. ...Nothing less than basic reconstruction was needed if democracy, which would be peaceable, were to take root....

The programmes for democratization in Germany and Japan were essentially similar. In both instances they called for a new constitution, new leadership, and change in the structure of the economy.”<sup>78</sup>

Opinions differed on how this goal was to be achieved. The American leaders envisaged an economic organization of Germany like that in the US: no monopolies but rather oligopolies which would compete against each other and thus create a balance of economic power. In one very important area US intentions succeeded entirely: the central banks in Austria and Germany were re-constituted as organizations totally independent of government. In Germany the central or federal bank (*Bundesbank*) headed the conference of state banks (*Länderbanken*), which were themselves independent of the respective state governments (*Länderregierungen*). The votes of the *Länderbanken* determined the central bank’s decisions. The construction broke with long-standing German banking and fiscal traditions, but it proved to be very important in the long run for the strength of the country’s currency. The introduction of a new currency, the German mark or *Deutsche Mark* (DM), in 1948 was decided unilaterally by the US occupational authority; the Germans were hardly informed. And yet, this dictated Americanization became one of the foundations of German economic life. The advantages of a politically independent central bank were soon recognized, and all attempts by the West German government to influence central bank decisions were immediately rebuffed. Later the DM even became the foremost symbol of German

national pride, much more than the flag, the national hymn, the constitution, or other possible institutions.

In other matters the Americans were not so successful. For example, the effort to de-concentrate specific large enterprises largely failed. At first the large commercial banks—Deutsche Bank and Dresdner Bank, the chemical trust IG Farben, and the United Steelworks (VSt.) were divided into several smaller units. The banks, however, remerged within a decade, while in the steel sector it took Thyssen about two decades to re-assemble the 13 VSt. firms (and more) under one roof. Only the chemical firms—BASF, Bayer, and Hoechst—stayed apart. At first sight it might be strange that the United States did not intervene to prevent the re-concentration. But world political and economic conditions had changed between 1945 and the early 1950s. For the US government the new enemy, communism, was more dangerous than yesterday's, the Nazis; so the Americans tolerated not only German economic concentration in general but even the re-mergers in the sectors of banking and steel. Writing on the Americanization of Germany during the 1940s, Ralph Willet concluded:

“...much more could have been done to transform the German economy into a system of decentralized, competitive firms and to encourage a new class of entrepreneurs untainted by monopoly capitalism and a Nazi past.”<sup>79</sup>

Although they initially agreed to carry out economic de-concentration, the British and French authorities followed their own lines in their respective zones of occupation. Both were under economic strain and therefore preferred entities which could continue work without interruption. For example, BASF, situated in Ludwigshafen in the French zone, accounted 15 per cent of all chemical goods produced in territories under French rule. In desperate need of fertilizer and other industrial chemicals, France avoided all action that could interrupt the flow of goods from the BASF facilities, and therefore rejected US demands to break up the firm. The same happened with respect to the changeover of leading management personnel. The policy of denazification called for the replacement of the CEOs of large German firms. Many German companies anticipated this policy and had installed a new CEO with no open Nazi affiliation soon after May 1945. The Americans were not to be fooled and often installed a third person, but in the British and French zones the occupying authorities often were more interested in preserving or restoring the output of goods than in denazifying and educating. In Austria the situation was even more difficult, as far as American intentions were concerned. There the large firms had been nationalized as early as 1946/47. This step was partly undertaken to prevent expropriation by Soviet occupational authorities, but it also precluded any US-sponsored de-concentration.

De-cartelization also occasioned a clear-cut clash of interest among the Allies. The UK and France, at that time heavily cartelized themselves, had nothing against cartels—as long as goods were produced and distributed. Achieving such economic performance was, after all, the purpose of cartels. In contrast, Americans considered cartels not only as detrimental to economic development, but also the power base of right-wing German politics. Thus the United States was very strict in applying its anti-cartel policy: all cartels were interdicted in its zone of occupation.

The governments in London and Paris regarded this policy as an American quirk. The British representative, Sir Henry Percy Mills, described the US policy of de-cartelization as a special hobbyhorse of the Americans. In 1947 the United States compelled the French and British occupational authorities, against their expressed protest, to carry out the American anti-cartel policy in their zones of occupation. The Truman administration perceived de-cartelization to be a cornerstone of economic development as well as of democracy. And in the late 1940s the Americans really wanted to reconstruct a new Germany. The French and British, however, viewed de-cartelization as appropriate only for a prosperous economy and world economic leader like the US. They just could not afford such a policy; they were economically pressed both at home and in their zones of occupation, a situation that necessitated pragmatic muddling through rather than the application of idealistic principles.

Another major difference was the attitude towards private property, especially the private ownership of means of production. The differences emerged clearly in 1947, when the British Labour government nationalized the country's coal mines. It also had plans to nationalize the steel and coal industry in its occupation zone in northwestern Germany. Since this zone contained nearly all German heavy industry, the plan's realization would have had enormous consequences for the structure of the German economy. The British plans mirrored the demands of German trade union leaders and a wide spectrum of German politicians. Like their counterparts in many other European countries, both British and German leaders were convinced that it was the capitalist organization of society and private property of means of production that ultimately had led to fascism and war. State ownership, therefore, was considered an insurance against the recurrence of both. The Americans, however, strictly opposed the idea:

"In the American view, private property was, at its most basic level, a constitutive feature of a market economy, without which there could be no exchange. By protecting its sovereignty in market competition, and yet at the same time opposing monopoly, Americans believed that an ensuing healthy competition among private capital would drive innovation in the economy, expand the spectrum of opportunity for individual private actors, and create the social power of organization to limit the unhealthy growth of state power. This view of property assumed an equality of property holders and understood social order to be a competitive equilibrium among plural sources of social and political power. Private property was constitutive of the American conception of liberal-democratic pluralism."<sup>80</sup>

Thus convinced, the US administration was unwilling to tolerate any attack on private property. It compelled the British to retreat from their nationalization plans in North Rhine-Westphalia. As with the issues of central banks and cartels the United States insisted its policy be taken over for the whole of the western occupational zones.

The diffusion of Americanization in the occupied Germany and Austria also occurred in less obvious ways. The massive presence of American soldiers confronted the local populations from early on with American habits and institutions, not only chewing gum and jeans but also US banking. Before 1945 US banks had been largely absent from Europe, conducting their business on a contractual basis with partner banks. In 1947, however, Chase Manhattan Bank and

American Express Company received the status of military banks in the American zones. They served the armed forces as well as their entourage. This brought Austrian and German commercial banks into contact with US banking practices. Banking is only an example; there are many ways by which a large army of occupation and local population come into contact—road traffic, food, organizational principles, holiday stays, sports contests, and so on.

There were also indigenous initiatives to spread American values. Perhaps the most influential one of these in Germany was the *Wirtschaftspolitische Gesellschaft* (economic-political society), founded in Frankfurt in 1947. Its founding members were German executives with good connections to the United States. The idea of the society was to improve the image of business and businessmen, free markets and competition, and a trust-based cooperation between management and trade unions. In all these points the explicit reference institutions were American ones. The society quickly gathered support from top personnel in business, politics, academia, media, and even the churches. In 1949 it had a membership of 3000, and its most prominent member was Ludwig Erhard, the West German minister of economics and later the country's chancellor. From the beginning the society received financial support from the US government. Its main channel of influence was its newsletter which was addressed to high-level managers.

A similar initiative was taken by the president of the Chamber of Commerce in Köln, Franz Greiß. He founded the association *die Waage* (the balance) in 1952. It promoted the ideas of market economy, rationalization and fairness in the balance between employers and employees, private enterprise and private property: all core American values. New was the way the association undertook the promotion: it paid an advertising agency which placed advertisements in newspapers and cinemas.

Thus, by a combination of direct interference and popular promotion the US military occupation in Germany and Austria prepared for a quicker adaptation of American institutions compared with other states in Europe. Hence the two countries had a structural advantage over the rest of Europe as far as the deepening of Americanization during the 1950s and 1960s was concerned.

## CONCLUSION: THE LIMITS OF DIRECTED AMERICANIZATION

"The method of the oppressive conqueror is to force upon others the acceptance of his own philosophies. At the very least, he says 'Copy us; do as we do and uses his economic power to secure compliance. But the method of America is to show by example, to give others an opportunity to see and adapt American methods to their own very different conditions.'"<sup>81</sup>

(Sir Norman Kipping, Director General, Federation of British Industries, 1951)

Sir Norman Kipping neglected to mention that many conquerors have been quite satisfied with receiving tax-payments and that the Americans did not conquer Europe but liberated it. But it is interesting, indeed, to see how the Americans proceeded. After the Second World War they definitely wanted to transfer their—to them obviously—more efficient and superior solutions to Europe. By means of a



sequence of aid programmes—the Marshall Plan (early 1950s), the Productivity Mission (second part of the 1950s), and the Ford Foundation (during the 1960s)—US political and economic leaders tried to convince Europeans of the superiority of the American system by demonstrating the American way of life, and by facilitating transfer processes. Demonstrating superiority and offering a helping hand was the preferred method, but this preference did not preclude the use of hidden or, if necessary, open pressure. By means of the Marshall Plan the United States compelled European governments against their will to open national markets to free exchange and international competition. While the Europeans wanted to continue their traditional view of a national supremacy of the political sphere over the economic, the Marshall Plan forced them to accept that both, the economy and international economic exchange, had to play a much larger role than originally designed. This enlarged role of the economy represents one of the dynamic forces of Americanization. France and Italy dismissed communist ministers from their governments after the United States had communicated that this step would facilitate the flow of American aid. The United States opposed socialization of private property. It could not prevent British, French or other countries from doing so, but it exerted so much pressure within the three occupied western zones of Germany that planned socializations (e.g. German collieries) were not implemented. In these cases the cooperative European view clashed with the American value of individualism. The United States valued individual ownership and responsibility much higher than cooperation and the anonymous responsibility of a large state-run organization. This different appreciation of individualism is a perpetual touchstone of Americanization.

At the enterprise level Marshall Plan aid helped not only to re-construct but also to re-shape processes and proceedings. The wide strip mills in steel processing or the construction of the *Tignes* dam are examples that will be presented in the next two chapters. The Productivity Mission had a different impact in the various countries. The Netherlands and the UK showed little interest, while France, Germany, and Scandinavia were eager to learn. The reasons were manifold, and not all were rooted in economic considerations. The Germans were defeated and knew they had to change much. The French had been defeated earlier and wanted to catch up to become a world power again. The Scandinavians intended to construct a welfare state, and that required a thriving economy. The Spanish were largely excluded and had to rely on prewar connections, while the Italians were torn between innovators and traditionalists, of which the latter were backed up by an influential and suspicious Catholic church together with the communists in an unholy alliance.

Especially in the early 1950s Europeans were very interested to learn how Americans had achieved their substantial higher productivity. And yet the US more or less had to force European governments to establish national productivity centres, which then directed the distribution of information about the American model through transfer of both persons and ideas. The Europeans seldom wanted to copy the American model directly, but selected from it what they perceived not only as good and superior but also as suitable to their national settings. The tours to the United States by European managers effected fewer direct changes than expected by Americans, largely because the time was not ripe. Throughout much of the first

decade after the war, many branches of European industry devoted all energies to rebuilding their business and putting it on solid ground. Only after that was achieved, typically from the early 1950s, did firms start to expand. Marshall Plan aid stopped in June 1952 by which time the European economic recovery had become robust. After that Americans no longer aided with goods and financial means but with advice and military aid. European managers could learn about the new trends in their business area and the tools by which to exploit these trends. These tools—proceedings, networks, systems, and habits—were applied later. The actual transfer of raw materials, food, and, of course, business confidence, did not immediately cause deep-going change in Europe. In many cases Americanisation was not always an immediate result but a long-term one.

Many of the Americans actively involved in promoting the transfer processes were disappointed that immediate, measurable results were limited. They believed the Europeans could have achieved much more, simply by taking over much more of the American model. These evaluations overlooked that substantial cultural-structural changes, such as Americanisation, always require time, and are selective as well as adaptive. During this period many Europeans began to adopt a number of American-style habits and values, but they did not become Americans.

The occupied countries Austria and West Germany were in a special position, for they were subject to direct intervention by the US administration. And the United States was so powerful in the immediate post-war years that it determined the basic lines of the British and French occupation policies as well. The US prevented the nationalization of German heavy industry and interdicted all cartels, in both cases against the will of its two main allies. It broke up several crucial sectors of German big business, and introduced a new German national currency. The American occupational authorities also re-constructed the Austrian and the German central banks by direct intervention and established new structures that separated central banking and state finances. Although these changes were imposed without consultation with or consent of the Austrian and German governments and broke with long-standing national traditions of economic-political organization in the two countries, they were largely retained after the end of the military occupation. As a result, West Germany and Austria had a head start over the rest of Europe in key aspects of an eventual Americanization of basic economic institutions. Neither cartels nor heavy industry nor the central banks could be manipulated as political instruments, at least not to the same extent as previously. Thus the autonomous role of economic institutions in society—a prominent feature of the American model—was considerably strengthened.

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