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Manipulating Hegemony
British Labour and the Marshall Plan

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Summary

This study examines the impact of the Marshall Plan on the British Labour government and the trade union movement. It argues that the British government was able to 'manage' relations with the US in terms of limiting unwanted US influence, while restructuring relations with its domestic support base. In this way, the British government was able to play what Putnam has referred to as a two-level game, satisfying demands at both the national and international levels. The Marshall Plan provides evidence of how, as Putnam explains, 'central decision-makers strive to reconcile domestic and international imperatives simultaneously.' By drawing on TUC archives it shows how the government and the leadership of the TUC used the Marshall Plan to realign the unions and increase their control over the labour movement.

The study rejects arguments that the Labour government was forced to change its policies because of the Marshall Plan. Instead it shows that the Labour government used American pressure to persuade its own constituents of the value of its policies. The government and trade union leaderships were able to control those on the left through an anti-communist campaign while removing communists from positions of authority. Through its role in the establishment of an anti-communist, pro-Marshall Plan international trade union body, the British Trades Union Congress weakened the left's source of external support. The establishment of a network of pro-Marshall Plan organisations such as the European Recovery Programme Trade Union Advisory Committee and the Anglo-American Council on Productivity, helped the trade union leadership to delineate the parameters of debate and to assure the longer-term marginalisation of the far left.

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Declaration

A version of the Methodological Appendix has been published as, 'Using Archives in Political Research', in Peter Burnham (ed.), *The Research Process in Politics*, London: Cassell, 1997.

Abbreviations

AACP	Anglo-American Council on Productivity
AEU	Amalgamated Engineering Union (UK)
AFL	American Federation of Labor
BEC	British Employers Confederation
BPC	British Productivity Council
CEEC	Committee on European Economic Co-operation
CGIL	Confederazione General Italiana del Lavoro
CGT	Confédération Générale du Travail (France)
CIA	Central Intelligence Agency
CIO	Congress of Industrial Organizations (US)
CPGB	Communist Party of Great Britain
ECA	Economic Co-operation Administration
EPA	European Productivity Agency
ERP	European Recovery Programme (the Marshall Plan)
ERPTUAC	European Recovery Programme Trade Union Advisory Committee
FBI	Federation of British Industries
FO	Force Ouvrière (France). Also Foreign Office.
FRUS	Foreign Relations of the United States
ICFTU	International Confederation of Free Trade Unions
IFTU	International Federation of Trade Unions
IRD	Information Research Department
ITF	International Transport Workers Federation

- ITS International Trade Secretariat
- MRC Modern Records Centre
- MSA Mutual Security Agency
- NUGMW National Union of General and Municipal Workers (UK)
- NUM National Union of Miners (UK)
- NUR National Union of Railwaymen (UK)
- NVV Netherlands Trade Union National Centre
- OEEC Organisation for European Economic Co-operation (previously the CEEC)
- OSS Office of Strategic Services (precursor to the CIA)
- OSR Office of the Special Representative in Europe
- PPS Policy Planning Staff (US State Department)
- PRO Public Record Office
- RILU Red International of Labour Unions (also known as the Profintern)
- TGWU Transport and General Workers Union (UK)
- TUC Trades Union Congress (UK)
- UAW United Automobile Workers (US)
- USDAW Union of Shop, Distributive and Allied Workers (UK)
- WFTU World Federation of Trade Unions

Introduction

Introduction and Arguments

The aim of this study is to examine the significance of the Marshall Plan for the British labour movement. Much has been written on the impact of the Marshall Plan on the recipient European states, on their economies, politics, and on various domestic actors. This study maintains that these approaches tend to treat the recipients of US aid as passive, and not as active political agents in their own right. Thus, while this study analyses the impact of the Marshall Plan on the British Labour government and the trade union movement, it is also fundamentally concerned with the way these actors used the Marshall Plan for their own purposes. It sees the relationship between donor and recipient, and between international and domestic politics, as complex, and not explicable in terms of a one-way causal analysis. While Marshall Aid gave the US an opportunity to influence the British Labour government, it also gave the British government an opportunity to influence the US administration, and to exert influence over its own domestic constituency. The significance of the thesis lies in its focus on this latter issue.

There are two main academic approaches to the Marshall Plan that this work is particularly concerned with. Firstly, there are macro accounts written within the context of an international relations and international political economy

framework, such as the work by Cox and Van der Pijl.¹ These draw on theoretical assumptions to make substantive arguments, in particular about the significance of US hegemony in the postwar period. Often these accounts have over-stated the power of the US to rework the postwar order, and as such can be criticised as being overly determinist. More recently, Lundestad has emphasised that US hegemony in Europe 'was to a large extent an empire by invitation'. Ikenberry has made a similar argument, while highlighting that each European country sought to use American hegemonic power for its own national purposes.² However, most of these authors do not provide much in the way of detailed research to back up their arguments. Their grand theoretical claims sound plausible, but there is a lack of empirical research with which to test them.

The second type of account of the Marshall Plan that this study is particularly concerned with is that produced by labour and economic historians, such as Carew and Tomlinson.³ These authors often produce incredibly detailed, thorough, micro-level research, but they do not make explicit their theoretical concerns. They also tend to approach their topics within a national framework and ignore the wider, international implications. While there have been valuable accounts of the Marshall Plan produced within the past decade which do combine

¹ Robert Cox, *Production, Power, and World Order: Social Forces in the Making of History*, New York: Columbia University Press, 1987; Kees Van der Pijl, *The Making of an Atlantic Ruling Class*, London: Verso, 1984.

² Geir Lundestad, 'Empire by Invitation? The United States and Western Europe, 1945-1952', *Peace Research*, Vol.23, No.3, 1986, p.263, and *The American "Empire"*, Oxford: Oxford University Press, 1990, p.56; John G. Ikenberry 'Rethinking the Origins of American Hegemony', *Political Science Quarterly*, Vol.104, No.4, 1989, pp.376 & 399.

³ Anthony Carew, *Labour Under the Marshall Plan*, Manchester: Manchester University Press, 1987; Jim Tomlinson, 'A Missed Opportunity? Labour and the Productivity Problem, 1945-51', in G. Jones & M. Kirby, (eds.) *Competitiveness and the State*, Manchester: Manchester

detailed research with a broader analysis, these have been from a US perspective,⁴ or concerned more with the economic aspects of the Marshall Plan rather than with an analysis of the political situation.⁵

The contribution of this study is that it bridges the two approaches highlighted above. It begins with many of the concerns of the labour and economic historians but places them within a broader context of explanation and analysis. It also shows that approaches that treat the impact of the Marshall Plan in a narrowly national context tend to underestimate the international factors. By drawing on arguments surrounding the establishment and the exercise of US hegemony through the Marshall Plan, this study looks at the impact of the Marshall Plan on relations between and within states. It takes Britain as a case study, with the relationship between the Labour government and the trade union movement as its specific focus. Using detailed archival research to build up what could be called a narrative-analysis-interpretation structure,⁶ this work argues that the British government was able to play several games at once within the context of the Marshall Plan. It was able to play what Putnam refers to as a 'two-level game'.⁷

University Press, 1991, pp.40-59, and Tomlinson, 'The Failure of the Anglo-American Council on Productivity', *Business History*, Vol. 33, No. 1, 1991, pp.82-92.

⁴ Michael Hogan, *The Marshall Plan, America, Britain, and the reconstruction of western Europe, 1947-1952*, Cambridge: Cambridge University Press, 1987; Melvyn Leffler, 'The United States and the Strategic Dimensions of the Marshall Plan', *Diplomatic History*, Vol.12, No.3, pp.277-306, and *A Preponderance of Power: National Security, the Truman Administration and the Cold War*, Stanford, CA: Stanford University Press, 1992.

⁵ Alan Milward, *The Reconstruction of Western Europe, 1945-1951*, London: Methuen, 1984; Imanuel Wexler, *The Marshall Plan Revisited: the European Recovery Programme in Economic Perspective*, London: Greenwood, 1983.

⁶ See the Methodological Appendix for an explanation of this.

⁷ Robert Putnam, 'Diplomacy and Domestic Politics: The Logic of Two-Level Games', Appendix in Peter Evans, Harold Jacobson and Robert Putnam (eds.), *Double-Edged Diplomacy: International Bargaining and International Politics*, Berkeley, CA: University of California Press, 1993, pp.431-468.

The politics of many international negotiations can usefully be conceived as a two-level game. At the national level, domestic groups pursue their interests by pressuring the government to adopt favourable policies, and politicians seek power by constructing coalitions among those groups. At the international level, national governments seek to maximize their own ability to satisfy domestic pressures, while minimizing the adverse consequences of foreign developments.⁸

This study argues that the British government was able to 'manage' relations with the US, in terms of limiting unwanted US influence, while 'managing' or manipulating relations with its domestic support base. In particular, the government and the leadership of the TUC used the Marshall Plan to restructure the unions and establish their hegemony over the labour movement. Thus, the findings of this work do support some of the more macro-level claims, such as those by Ikenberry, but they do so from the standpoint of a detailed study of a specific aspect of the Marshall Plan. They also add a new level of analysis to the historiography of postwar Labour Britain.

Interaction between International and Domestic Politics

The analytical framework of this study is underpinned by the view that international relations and the international system impact upon domestic politics and, importantly, domestic actors draw upon the international system to buttress their political activities and policies. As Gourevitch puts it, 'International relations and domestic politics are . . . so interrelated that they should be analyzed simultaneously, as wholes.'⁹ Thus, events such as the Marshall Plan can be most profitably understood with reference to both domestic and international relations

⁸ Ibid., p.436.

⁹ Peter Gourevitch, 'The Second Image Reversed: the International Sources of Domestic Politics', *International Organization*, Vol.32, No.4, Autumn 1978, p.911.

and politics, and as a type of two-level game where the 'central decision-makers strive to reconcile domestic and international imperatives simultaneously.'¹⁰ Hence, a concept such as hegemony, which can be used to describe domestic and international power relations, is particularly useful for analysing the impact and the uses of the Marshall Plan. While the Marshall Plan is often presented in terms of its impact upon the recipient states within a system of US hegemony, it is important to note that those states in turn influenced the extent and nature of this impact, and of US hegemony in general. One of the main theoretical currents that flows through the thesis is that there are limits to such external influence because of the strength of domestic actors. Recipients of American aid were not passive, but active political agents in their own right. Correspondingly, domestic actors are able to draw upon external factors in order to pursue their own objectives and strengthen their own position. The external factors which can affect domestic regimes, as Gourevitch points out, include 'the distribution of power among states, or the international state system; and the distribution of economic activity and wealth, or the international economy.'¹¹ Significantly, Gourevitch also refers to other external forces, such as ideas or ideology, as important in its impact. Thus, lines of ideological tension, such as fascism, communism and bourgeois democracy fighting against each other, shape not only the international system but internal politics as well.¹²

As a consequence of the focus on the interaction of the domestic and international, and because of nature of the topic of the Marshall Plan and British

¹⁰ Putnam, 'Diplomacy and Domestic Politics', p.459.

¹¹ Peter Gourevitch, 'The Second Image Reversed', pp.882-883.

labour, this study embraces many types of approach and literatures. It attempts to combine the study of 'high politics', of policy-makers and government, with that of the working class and trade union perceptions of the Marshall Plan in Britain. Furthermore the study combines macro with micro approaches. The first section of the thesis focuses on the former with an overview of the literature on the Marshall Plan, the circumstances surrounding the announcement of the programme and the subsequent scale and impact of the Marshall Plan. The second section focuses on the specific questions relating to the Marshall Plan, the Labour government and trade union leaderships, and the rank and file of the trade union movement encompasses both macro and micro approaches, high and low politics. The underlying concept that ties both of these focuses together is that of hegemony.

Hegemony, Power and the Marshall Plan

The concept of hegemony has been widely used in international relations, and, more recently, international political economy literature to analyse the postwar world order, with the United States at the helm of a multilateral free trade regime. As Keohane puts it, people look back to the postwar era as one in which 'a single power, possessing superiority of economic and military resources, implemented a plan for international order based on its interests and its vision of the world.'¹³ The Marshall Plan was one of the main instruments through which America established its hegemony, though the extent to which hegemony was a deliberate policy objective is open to debate. Gaddis, for instance, has suggested that US

¹² Ibid., p.883.

¹³ Robert Keohane, *After Hegemony*, Princeton: Princeton University Press, 1984, p.31.

influence and hegemony was established in an incremental manner, as a consequence, rather than as an objective, of US policy in the early postwar years.¹⁴ However, the use of the concept of hegemony is complicated because it is used in two ways, firstly, to mean domination, and secondly, to mean leadership, implying some notion of consent. Within the international relations literature realist writers have emphasised the first definition of the concept, and neo-Gramscians have emphasised the second. As Robert Cox points out,

Antonio Gramsci used the concept of hegemony to express a unity between objective material forces and ethico-political ideas - in Marxian terms, a unity of structure and superstructure - in which power based on dominance over production is rationalized through an ideology incorporating compromise or consensus between dominant and subordinate groups.¹⁵

While realists tend to focus on the use of relational power by the hegemon, that is, the ability of one state to affect the actions of another, neo-Gramscians focus more on structural power. Structural power can be seen as 'the power to shape and determine the structures of the global political economy within which other states, their political institutions, their economic enterprises and (not least) their scientists and other professional people have to operate.'¹⁶ Relational power is similar to the conception of power used by Robert Dahl, that 'A has power over B to the extent that he can get B to do something that B would not otherwise do'.¹⁷ Structural power is more associated with what Lukes calls the two-dimensional and three-dimensional views of power.¹⁸ The two-dimensional view,

¹⁴ John Lewis Gaddis, *The Long Peace: Inquiries Into the History of the Cold War*, Oxford: Oxford University Press, 1987, pp.60-61.

¹⁵ Robert Cox, 'Labor and Hegemony', *International Organization*, Vol.31, No.3, 1977, p.387.

¹⁶ Susan Strange, *States and Markets*, (2nd edn.), London: Pinter, 1994, pp.24-25.

¹⁷ Robert A. Dahl, 'The Concept of Power', *Behavioural Science*, Vol.2, 1957, pp.202-3.

¹⁸ Steven Lukes, *Power: A Radical View*, London: Macmillan, 1974.

as propounded by Bachrach and Baratz,¹⁹ relates to the ability of some groups to control the political agenda, to prevent certain issues reaching the political arena, which draws on Schattschneider's 'mobilisation of bias':

All forms of political organization have a bias in favour of the exploitation of some kinds of conflict and the suppression of others because *organization is the mobilization of bias*. Some issues are organized into politics while others are organized out.²⁰

While the one-dimensional view relates to decision-making, the two dimensional view relates to non-decision making. The three-dimensional view of power is that 'A may exercise power over B by getting him to do what he does not want to do, but he also exercises power over him by influencing, shaping or determining his very wants.'²¹ This ties in with the neo-Gramscian view of hegemony, where the term is used to mean,

a structure of values and understandings about the nature of order that permeates a whole system of states and non-state entities. In a hegemonic order these values and understandings are relatively stable and unquestioned. They appear to most actors as the natural order. Such a structure of meanings is underpinned by a structure of power, in which most probably one state is dominant but that state's dominance in itself is not sufficient to create hegemony. Hegemony derives from the ways of doing and thinking of the dominant social strata of the dominant state or states insofar as these ways of doing and thinking have acquired the acquiescence of the dominant social strata of other states.²²

This study draws on the concept of hegemony in a Gramscian sense, meaning leadership, rather than domination, based on the notions of consent and

¹⁹ Peter Bachrach and Morton Baratz, 'Two Faces of Power', *American Political Science Review*, Vol.56, 1962, pp.947-52, and 'Decisions and Non-decisions: An Analytical Framework', *American Political Science Review*, Vol.57, 1963, pp.632-642.

²⁰ E. E. Schnattschneider, *The Semi-Sovereign People: A Realist's View of Democracy in America*, (reissued edn.), Hinsdale, Illinois: Dryden Press, 1975, p.69. First published New York: Holt, Rinehart and Winston, 1960.

²¹ Lukes, *Power*, p.23.

²² Robert Cox, 'Towards a Post-hegemonic Conceptualisation of World Order: Reflections on the Relevancy of Ibn Khaldun', in James Rosenau & Ernst-Otto Czempiel (eds.), *Governance without*

consensus. It is used in two ways, in terms of relations between Britain and the United States, and in terms of social and political relations within Britain. Thus an underlying thread throughout the study is that hegemony is not simply about relations between states, but relations within states. This is brought out by the study of the relationship between the government, the trade union leadership and its membership base, in particular with reference to the two main trade union organisations arising out of the Marshall Plan, the Anglo-American Council on Productivity and the European Recovery Programme Trade Union Advisory Committee.

The findings of this research support the hypothesis formulated in some of the macro-theoretical international political economy approaches to the influence of the US in the postwar era, namely that 'US hegemony in Europe was largely an empire by invitation', and that each European country sought to use American hegemonic power for its own national purposes.²³ However, it does so from a detailed empirical study of the impact of the Marshall Plan in Britain. This study therefore rejects arguments developed in some of the literature that Marshall Aid was used by the United States to exercise relational power in order to push the British Labour government off its socialist course (referred to by Burnham as the 'capitulation' thesis).²⁴ Thus, this study argues that while the Marshall Plan was one of the instruments through which the United States established its structural

Government: Order and Change in World Politics, Cambridge: Cambridge University Press, 1992, p.140.

²³ Ikenberry, 'Rethinking the Origins of American Hegemony', pp.376 & 399.

²⁴ Peter Burnham, *The Political Economy of Postwar Reconstruction*, London: Macmillan, 1990, p.5, referring, for example, to T. Brett, S. Gilliatt and A. Pople, 'Planned Trade, Labour Party Policy and US Intervention: The Success and Failures of Post-War Reconstruction', *History Workshop*, No. 13, 1982, pp.130-142.

power in the postwar era, it was not successfully used as an exercise in relational power with regard to Britain. This argument is addressed in the review of the approaches to the Marshall Plan in Chapter 1, and more fully in the analysis of the Marshall Plan in Chapter 3.

While the study addresses the question of the extent to which the United States was able to use this hegemony through the Marshall Plan to influence Britain, the question which is at the heart of the analysis is the way in which British actors used the issues and events surrounding the Marshall Plan for their own political purposes. Therefore, the main hypothesis of this thesis stipulates that the British Labour government, with the centre-right of the trade union leadership, successfully manipulated the whole issue of the European Recovery Programme in an attempt to establish its hegemony over the labour movement. This was at a time when the left, particularly the ‘hard’ or ‘militant’ left in the unions, was strong and well organised,²⁵ and when the international situation immediately after the war was potentially unstable with public support for the Soviet Union and for communism. Thus, the Labour government and the trade union leadership used the Marshall Plan to establish some degree of management over the labour movement. This involved entrenching their own power over the trade union membership and delineating the parameters of political debate, at a time when international perceptions of the Soviet Union were hotly debated.

²⁵ The terms ‘hard’, or ‘militant’ left, will be used at times for the sake of ease of analysis, denoting those on the communist and non-communist ‘far left’ of the movement. These two terms are unsatisfactory in that they can be interpreted in a value-laden way. However, they are used in other studies of the 1945 Labour government, for example, Jonathan Schneer, ‘Hopes Deferred or

This hypothesis reflects but undermines some of the existing work on the Marshall Plan. According to Kees Van der Pijl, the Marshall Plan 'led to a concrete transformation of the European class structure along the lines of the US model.'²⁶ Van der Pijl tends to take the perspective that changes in the class structure in Europe, while established with the co-operation of the Social Democrat parties, were imposed by the US administration. However, the strongest interpretation arising from this study, which includes detailed research using the archives of the trade union movement, is that British union leaders, acting in concert with the Labour government, were able to manipulate the issue of the Marshall Plan in order to restructure internal relations within Britain. This occurred because it was felt to be in the interests of the Labour government and the trade union leadership to do so, and not because of pressure exerted by the United States. Thus, this study argues that the British government was able to pursue a policy of what Bayart refers to as extraversion,²⁷ whereby leading actors in a state mobilise resources from the external environment (in this case American hegemony based on free trade, mass production and anti-communism) to consolidate their own power, in the process of political centralisation and accumulation. Thus, they pursue their own agenda, rather than the one set by the donor nation, an agenda that is defined by their location within the domestic arena. In this way, the Labour government and the trade union leadership manipulated the conditions created by US hegemony, and, more specifically, the

Shattered: The British Labour Left and the Third Force Movement, 1945-49', *Journal of Modern History*, Vol.56, No.2, p.214.

²⁶ Van der Pijl, *The Making of an Atlantic Ruling Class*, p.138.

²⁷ J.F. Bayart, *The State in Africa*, London: Longmans, 1993, pp.21-23.

Marshall Plan. This was possible because of the nature of the relationship between the government and organised labour at this time.

The Trade Union/Government Relationship

The relationship between the 1945 Labour government and the trade unions was complex. The election of a Labour government meant that,

The trade-union movement finally and triumphally achieved the political power which had prompted the formation of the Labour party in 1900 and the reform in the movement and the party in 1918.²⁸

Ernest Bevin, from the Transport and General Workers Union, was Foreign Secretary, and there were five other union-sponsored MPs in the Cabinet. Out of the total of 393 Labour MPs, 120 of them were trade union sponsored. However, according to Coates, 'the unions were, in spite of their improved image of respectability, very much less powerful in determining hard policy than had been thought.'²⁹ Both these views can be seen as correct: the trade unions did have a relationship with the Labour government which in some ways was unprecedented, but, this did not automatically mean that they had control over political and economic decision making.

As Middlemas, Hinton and Hyman have argued, unions are central to the governing of the working class and the regulation of labour.³⁰ According to Middlemas, a 'new form of harmony' between the government and trade unions

²⁸ Denis Barnes and Eileen Reid, 'A New Relationship: Trade Unions in the Second World War', in Ben Pimlott and Chris Cook (eds.), *Trade Unions in British Politics*, London: Longman, 1982, p.165.

²⁹ Ken Coates, 'The Vagaries of Participation', in Pimlott and Cook (eds.), *Trade Unions in British Politics*, p.177.

had actually been established in the decade 1916 to 1926, and not during the years of the Second World War: 'earlier than in any other industrial country, British governments began to make the avoidance of crises their first priority.'³¹ This was because the government perceived that 'The line of greatest social conflict . . . lay through industrial politics.' Co-operation between government and the two sides of industry, 'led to the elevation of trade unions and employers' associations to a new sort of status: from interest groups they became "governing institutions".' Realisation of this through institutionalisation meant that 'Equilibrium was maintained because the governing institutions came to share some of the political power and attributes of the state'. Middlemas refers to this as *corporate bias*.³²

There was, however, a *quid pro quo* for the increased power of organisations such as the trade unions, since

the claims of governing institutions to a share of state power and enhanced status rested on their acceptance of fundamental national aims and their abandonment in practice (though not on the public platform) of the ideology of class conflict. Thus there grew up a new range of conflicts between them and their constituencies. In spite of a long attempt to impose more central control, TUC and employers' organisations failed to make their institutions fully representative according to the models obligingly proffered by corporate theorists, and because their association with the state remained vulnerable to revolt from below, they took care to veil it as far as possible. All partners to this political contract had a vested interest in secrecy; none was able to dispense with political education and the manipulation of opinion in its own sphere, because each feared the power of opposition from within its own organisation.³³

³⁰ Keith Middlemas, *Politics in Industrial Society*, London: Andre Deutsch, 1979; James Hinton, *Labour and Socialism*, London: Wheatsheaf, 1983; Richard Hyman, *Industrial Relations: A Marxist Introduction*, London: Macmillan, 1975.

³¹ Middlemas, *Politics in Industrial Society*, p.18.

³² *Ibid.*, p.20.

³³ *Ibid.*, p.21.

Thus, the immediate postwar Labour Party leaders such as Attlee and Bevin, and trade union leaders such as Arthur Deakin, Tom Williamson and Will Lawther, adhered to the doctrine that 'it was the prior aim of government to prevent crisis and class confrontation, and of the institutions to assist.'³⁴ While this did mean that the trade union leadership had greater political power than if they had remained in opposition to the government, it also meant that it limited their scope for political protest or struggle. Vic Allen's conclusion from his study of this period was that,

The main advantages from a trade union and Labour Government relationship have gone to the Government. Trade unions from 1945 to 1951 were loath to exert pressure on the Government, because they did not want to embarrass it and they made concessions to enable the Government to implement its policy.³⁵

However, as Middlemas makes clear in the passage above, the 'abandonment in practice (though not on the public platform) of the ideology of class conflict' was entered upon by the trade union leadership willingly rather than unwillingly. And, as Richard Hyman points out, for the two decades after the Second World War,

the national leadership of almost every union remained committed to the same aims of 'moderation' and 'responsibility', and was in general successful in preventing any serious challenge to stable capitalist development.³⁶

This process of 'incorporation' or 'corporate bias', was entered into for two main reasons. Firstly, it allowed the Labour government, and the trade union leadership, the opportunity to attempt to regulate union members, and to shape internal labour relations. Hyman concludes that,

³⁴ Ibid., p.22.

³⁵ Vic Allen, *Trade Unions and the Government*, London: Longmans, 1960, p.312.

³⁶ Richard Hyman, *Industrial Relations*, p.135.

Governments have come to appreciate that if union organisation is outside the law but cannot be suppressed . . . its policies are likely to be militant and disruptive, perhaps involving an explicit challenge to the political regime. Conversely, if unions are assigned legitimacy - through legal protection, consultation, representation on governmental committees, 'honours' for individual leaders - they are likely to form a means of integrating the working class into capitalist society, thus serving as a mechanism of social control.³⁷

While legislating against unions was not on the agenda, restructuring the relationship between the union and Party leadership was. The closeness of the relationship, and the co-operation of the trade union leadership, provided the avenue through which labour could be regulated.

Secondly, incorporation was entered into because of the shared view of socialism and anti-communism of the Labour and trade union leaderships. This was 'that economic growth would provide an automatic solution to the moral dilemma of a socialist party in an affluent society, that growth would give us equality without a fight, justice without tears.'³⁸ This tied in with the ideology that was contained within the Marshall Plan that has been termed the 'politics of productivity'. This was the idea that it was possible to ameliorate social conflict, and by implication, class conflict, through the 'transition to a society of abundance' through increased production and productivity, which was presented as a 'problem of engineering, not politics'.³⁹ Thus, while the close relationship between the Labour government and the trade union leadership provided the avenue through which labour could be regulated, the Marshall Plan provided the focus for this reshaping. The 'mobilisation of bias' contained within the Marshall Plan was

³⁷ Hyman, *Industrial Relations*, p.143.

³⁸ David Owen, John Macintosh and David Marquand, quoted in Radhika Desai, *Intellectuals and Socialism*, London: Lawrence and Wishart, 1994, p.127.

³⁹ Charles Maier, 'The Politics of Productivity: Foundations of American International Economic Policy after World War II, *International Organization*, Vol.31, No.4, 1977, p.615.

ideal for splitting communists from non-communists, and for marginalising dissent within the labour movement. Thus, this study argues that the Marshall Plan, with its intrinsic stress on productivity, responsibility and working in the national interest, was used by the centre-right labour leadership to firmly establish its hegemony over the left of the movement at a time of radical change and expectations.

This relationship between the Labour government and the trade unions is further explored in Chapter 4 of this study. The ways in which the Marshall Plan was used to establish the hegemony of the centre-right of the trade union leadership and Labour government are addressed in Chapters 5 to 7, where this study examines the union's institutional response to, and activity in, the Marshall Plan.

Outline of Thesis

This study is split into two main parts. The first part examines the context of the Marshall Plan. The study starts with an overview of the approaches taken by the literature on the Marshall Plan, while Chapter 2 provides the background to the Marshall Plan. Chapter 3 examines the size and scale of the Marshall Plan, what it was used for, and how this affected the amount of leverage the US could apply over the recipient states. The study then turns to its particular focus on British labour and the Marshall Plan. Chapter 4 examines the relationship between the Labour government and the trade unions in Britain in more detail. Chapter 5 then turns to the trade union reaction to the Marshall Plan. This chapter also assesses the role that the TUC played in the trade union International, the World

Federation of Trade Unions, as one of the earliest impacts of the Marshall Plan was to provide the issue over which the international trade union movement would split into communist and anti-communist camps. Chapters 6 and 7 analyse the two main trade union organisations resulting from the Marshall Plan, the European Recovery Programme Trade Union Advisory Committee and the Anglo-American Council on Productivity. These two organisations provided institutional structures with which to shape and control trade union responses to the Marshall Plan. The Conclusion draws together the main threads, themes and arguments of the work. The Appendix addresses methodological issues arising from the research topic in particular, and from doing a PhD in the social and political sciences more generally.

Chapter 1

Approaches to the Marshall Plan

Introduction

A vast literature has been produced on the Marshall Plan from many perspectives and disciplines. The Marshall Plan has been analysed from an international relations perspective, and in terms of the politics of the individual states involved. It has been written about from a US and from a European angle. There are macro-economic approaches and microeconomic views, in addition to works of diplomatic history and labour history. The Marshall Plan has been seen as resulting from the national security concerns of the developing Cold War, and as an attempt to shape a postwar liberal economic order.¹ Attempting to categorise research into these headings can be misleading, since many studies of course fit into several categories. Whilst this study has been informed by many of these approaches, it draws upon and engages with the work of several authors in particular. My approach is different from recent work

¹ Examples of these different approaches are, respectively: Joyce & Gabriel Kolko, *The Limits of Power; the World and United States Foreign Policy, 1945-1954*, New York: Harper & Row, 1972; David Ellwood, 'From "Re-education" to the selling of the Marshall Plan in Italy', in N. Pronay & K. Wilson (eds.), *The Political Re-education of Germany and Her Allies after World War II*, London: Croom Helm, 1985, pp.219-239; Michael Hogan, *The Marshall Plan: America, Britain, and the reconstruction of Western Europe, 1947-1952*, Cambridge: Cambridge University Press, 1987; Alan Milward, *The Reconstruction of Western Europe 1945-51*, London: Methuen, 1984; Imanuel Wexler, *The Marshall Plan Revisited: the European Recovery Programme in Economic Perspective*, London: Greenwood, 1983; Jim Tomlinson, 'The Failure of the Anglo-American Council on Productivity', *Business History*, Vol.33, No.1, 1991, pp.82-92; Charles Kindleberger, *Marshall Plan Days*, Boston: Allen & Unwin, 1987; Anthony Carew, *Labour Under the Marshall Plan*, Manchester: Manchester University Press, 1987; Melvyn Leffler, 'The United States and the Strategic Dimensions of the Marshall Plan', *Diplomatic History*, Vol.12, No.3, 1988, pp.277-306; Robert Cox, *Production, Power, and World Order: Social Forces in the Making of History*, New York: Columbia University Press, 1987.

which has continued the traditional, historical narrative approach, such as that by Pelling,² but builds upon some of the work carried out during that 1980s that has brought a new political economy focus to the Marshall Plan, such as Maier, Milward, and Burnham³. This study also takes into account the recent work of writers such as Carew, Weiler, and MacShane⁴, which have attempted to bring new interpretations to the role of British trade unions in the Marshall Plan and the international trade union movement after the Second World War. The first part of this chapter discusses competing overall interpretations of the Marshall Plan, in particular the motives for it and the role of the US. It then turns to an assessment the literature that focuses on organised labour and the Marshall Plan. Finally, the chapter outlines the approach taken in this study in relation to the literature discussed here.

1.1 Traditional Approaches to the Marshall Plan

The traditional perspective of the Marshall Plan presented the aid programme as a necessary and successful attempt to save Europe from economic collapse. As such, this approach focused on the activities of the US, was largely based on US sources of information, and tended to treat the recipient European states as passive. In the years immediately following the Marshall Plan most analyses, produced from an American

² Henry Pelling, *Britain and the Marshall Plan*, London: Macmillan, 1988.

³ Charles Maier, 'The Politics of Productivity: Foundations of American International Economic Policy after World War II', *International Organization*, Vol.31, No.4, 1977, pp.607-633, and 'Two Postwar Eras and the Conditions for Stability in Twentieth-Century Western Europe', *American Historical Review*, Vol.96, No.1, 1981, pp.327-367; Milward, *The Reconstruction of Western Europe 1945-51*; Peter Burnham, *The Political Economy of Postwar Reconstruction*, London: Macmillan, 1990.

⁴ Carew, *Labour Under the Marshall Plan*; Peter Weiler, *British Labour and the Cold War*, Stanford: Stanford University Press, 1988; Dennis MacShane, *International Labour and the Origins of the Cold War*, Oxford: Clarendon Press, 1992.

perspective, painted it in glowing terms, thereby reproducing much of the Marshall Aid propaganda that was written in the late 1940s. For example, Price wrote in 1955 that,

For the first time in history, resources from one continent were to be channelled, deliberately and on a huge scale, into rebuilding production, trade, and stability in another.

The Marshall Plan as approved by Congress was more, then, than a reaction to an immediate crisis. It reflected more than a desire to alleviate distress, or to restore a prewar level of economic activity, or to check Communist expansion. It revealed also the beginning of a recognition that these goals could no longer be effectively pursued in isolation.⁵

Price's book was actually sponsored by the Marshall Plan administration agencies, and was thus a semi-official interpretation. As such, it reflected many of the assumptions prevalent at the time, and ties in with the work of those involved in the Marshall Plan such as Kindleberger.⁶ Price's work is useful because of this, and because through the interviews he carried out as part of his research in the early 1950s, it is possible to gain information on the motivations, ideas and viewpoint of those directly involved in the Marshall Plan. The study by Jones, *The Fifteen Weeks*, produced a similar perspective, focusing on the origins of the Marshall Plan from a State Department viewpoint.⁷

Gimble, in *The Origins of the Marshall Plan*, offered an alternative account, though still within the traditional approach, seeing the Marshall Plan as originating,

⁵ Harry Price, *The Marshall Plan and Its Meaning*, New York: Cornell University Press, 1955, p.6.

⁶ Kindleberger, *Marshall Plan Days*.

⁷ Joseph M. Jones, *The Fifteen Weeks (February 21-June 5, 1947): An Inside Account of the Genesis of the Marshall Plan*, New York: Viking, 1955.

as a cash program to dovetail German economic recovery with a general European recovery program in order to make German economic recovery politically acceptable in Europe and in the United States. It was not a plan conceived by long-range planners as a response to the Soviet Union or as an element in the cold war. The Marshall Plan was a series of decisions that grew out of a continuing bureaucratic struggle between the Army and the State Department [over what to do about Germany].⁸

Gimbel's approach differed from that of Price in that it offered an interpretation of the Marshall Plan based on policy-making and the study of the bureaucratic organisations involved, but it still worked within the framework which assumed that the United States was making an act of benevolence. The traditional approach tended to lack adequate analysis and insight into the purposes of the Marshall Plan policies in order to address the question of US dominance at this time.

Not all the early works on the Marshall Plan fit easily into this typology of the traditional approach, for there were a few which were highly critical of the Marshall Plan. The study published by economist Seymour Harris in 1948, is one example. Harris questioned the motives for the Marshall Plan, seeing it as an opportunity to dump US surpluses in Europe and to seek out new markets,⁹ rather than as an aid programme designed to shore up the economies of Western Europe. However, such works are in the minority, and on the whole the traditional approach presented a positive evaluation of the Marshall Plan.

⁸ John Gimbel, *The Origins of the Marshall Plan*, Stanford: Stanford University Press, 1979, p.4.

⁹ Seymour Harris, *The European Recovery Program*, Harvard, MA: Harvard University Press, 1948, p.12.

1.2 Revisionist Approaches

The work by the Kolkos published in 1972, *The Limits of Power: the World and United States Foreign Policy, 1945-54*, was perhaps the first and one of the best known works to be labelled 'revisionist'. For the Kolkos, the Marshall Plan was not an outcome of US benevolence, or even its fear of communism in Western Europe, but of the alarm with which Washington viewed the development of independent, nationally oriented capitalisms in Europe, which would not be readily accessible for US goods.¹⁰ The Marshall Plan was thus an attempt to impose US hegemony on the rest of the world and maintain open markets for its goods. This view is also propounded by Fred Block, who states that the Marshall Plan provided the US 'with the means of financing a large export surplus and influencing Western Europe's economic course'.¹¹ He also points out that the Marshall Plan helped ease the threat from the Left in Europe, which contributed to the recovery of industrial production, for,

High levels of industrial investment were possible only if consumption and expenditures for social services were kept down. This required defeating the demands for labor and the Left for higher standards of living and expanded social services.¹²

Writers such as the Kolkos and Block are keen to point out the limitations and failures of the Marshall Plan. For instance, Block asserts that the Marshall Plan was

¹⁰ Kolkos, *The Limits of Power*, pp.359, 376 &712.

¹¹ Fred Block, *The Origins of International Economic Disorder*, Berkeley: University of California, 1977, p.87.

¹² *Ibid.*, p. 91.

not successful in accomplishing its long-term goals.¹³ This is in direct contrast to the more traditional analysis of the Marshall Plan that sees it as a success story.

While the Kolkos set the scene for revisionist approaches, much of the subsequent work has built on the idea of European capitulation to US interests and influence. This incorporates a consideration of the imposition of US ideas and ideals on European class relations with an analysis of the relative autonomy of the state. Writers such as Brett, Gilliatt and Pople, who focus on Britain, see the Marshall Plan as part of a British capitulation to US hegemony. They argue that the 'relative autonomy' of the British state 'was decisively moderated not so much by the power of the domestic bourgeoisie as by that of its foreign counterpart in the US', and that this was 'certainly seen to be the biggest single obstacle to a programme of planned reconstruction.'¹⁴ Furthermore,

Although free trade can now be taken to represent the dominant ideology of the capitalist class, this was by no means universally true at the end of the war, when it was only generally accepted by the strongest elements in the US and hardly at all in the rest of the war-damaged world.¹⁵

The work by Brett *et al.* is useful as it presents a more refined analysis of postwar events than many of the general overviews of Labour governments.¹⁶ In particular, it recognises the complexity of the constraints on the policies of the government, arguing that,

¹³ Ibid., p.92.

¹⁴ Teddy Brett, Steve Gilliatt and Andrew Pople, 'Planned Trade, Labour Party Policy and US Intervention', *History Workshop*, Vol.13, 1982, p.133.

¹⁵ Ibid.

¹⁶ For instance, that by David Coates, *The Labour Party and the Struggle for Socialism*, Cambridge: Cambridge University Press, 1975.

[T]he 'dollar shortage' arising out of the relative strength of American industry and the country's correspondingly large balance of trade surplus was the major constraint on the Labour government's freedom of action both at home and abroad.¹⁷

However, this account stops short of a detailed analysis of British class relations and the Marshall Plan.

By contrast, the more macro level, international relations and international political economy approach, such as that by Cox, Rupert and Van der Pijl, does contain an analysis of the impact of the Marshall Plan on class relations in Europe.¹⁸ According to Van der Pijl, the Marshall Plan (along with the 'Kennedy offensive') 'led to a concrete transformation of the European class structures along the lines of the US model.'¹⁹ This was necessary because,

On the European continent, the power of the working class and the general mood of change at the end of the war jeopardized the entire framework of capitalist relations of production.²⁰

Thus for America,

If a Western Europe capable of withstanding the challenge of socialism was to be created and made part of an Atlantic economy in which the American mode of accumulation could be generalized, the restructuration of European class relations to resemble the US pattern was mandatory.²¹

Not only was the establishment of US hegemony in the North Atlantic area directed against the spread of social revolution, it was also directed against the national, self-

¹⁷ Brett *et al.*, 'Planned Trade, Labour Party Policy and US Intervention', p. 133

¹⁸ Cox, *Production, Power, and World Order*; Mark Rupert, *Producing Hegemony: The Politics of Mass Production and American Global Power*, Cambridge: Cambridge University Press, 1995; Kees Van der Pijl, *The Making of an Atlantic Ruling Class*, London: Verso, 1985.

¹⁹ Van der Pijl, *The Making of an Atlantic Ruling Class*, p.138.

²⁰ *Ibid.*, p. 138.

²¹ *Ibid.*, p.146.

contained reconstruction programmes pursued by most of the Western European states.²² Thus Van der Pijl follows closely the analysis offered by the Kolkos in concluding that 'the Marshall Plan was instrumental in bringing European reconstruction along national lines to a standstill.'²³

The arguments that Van der Pijl presents are persuasive, though he overstates his case about the power of the working class in Europe and the degree of success of the US in breaking down national approaches to reconstruction. It is also possible to question whether Britain, for example, actually had a national reconstruction strategy as such. However, Van der Pijl provides a precise interpretation of the hegemony that the US was seeking to impose. This was mass production, with the export of Taylorism and Fordism to Western Europe through the Technical Assistance and Productivity Program (in Britain this took the form of the Anglo-American Council on Productivity). He writes that,

in participating in the new mode of accumulation, the European working class [had to] limit itself to purely economic demands. Thus, in the context of a general confrontation with the Soviet Union, the Marshall offensive aimed at the elimination of revolutionary and anti-systemic ideologies in the Western European labour movement. In this aim, the Atlantic corporate-liberal bourgeoisie found its privileged partner and relay in the Social Democratic parties . . .²⁴

And so,

the concept guiding class formation of the European bourgeoisie henceforward would tend toward the corporate liberalism dominant in the U.S.A.²⁵

²² Ibid., pp.148-9.

²³ Van der Pijl, 'Class Formation at the International Level', *Capital and Class*, No.9, 1979, p.12.

²⁴ K. Van der Pijl, *The Making of an Atlantic Ruling Class*, p.150.

²⁵ Ibid., p.161.

Van der Pijl offers a rare analysis of the effect of the Marshall Plan on class relations in Europe, and this study engages with some of his ideas. However, he is working within the perspective that America imposed these changes on the structure of class relations in Europe. This study will show that for Britain this was not the case. Rather, the British government actively encouraged the importation of US style class relations and production techniques through activities such as the Anglo-American Council on Productivity. Despite the establishment of US hegemony, the British Labour government was able to circumvent much of the unwanted US influence arising from the Marshall Plan.

1.3 Recent Political and Economic Approaches

Milward is one of the more recent writers to question the importance of the Marshall Plan. In essence, he adopts a macro-economic approach to the Marshall Plan. The starting point for Milward is that the Marshall Plan did not save Britain from a severe economic crisis because the conditions for such a crisis did not exist. While there was the very real problem of the dollar shortage, this was due to Europe's economic recovery and the subsequent increase in demand for US capital goods.²⁶

Accordingly,

It was the success and vigour of the European recovery, not its incipient failure, which exacerbated this payments problem. Marshall Aid did not save Western Europe from economic collapse.²⁷

²⁶ Milward, *The Reconstruction of Western Europe 1945-51*, p.465.

²⁷ *Ibid.*, pp.465-466.

He reaches these conclusions by looking at trade and production figures, at flows of exports and imports during this period, at output and GDP figures, and by analysing what the ERP aid was actually used for. He points out that American exports to Europe actually fell during the ERP, and that American capital exports to Western Europe were at one of their lowest ebbs.²⁸ He argues that,

Marshall Aid was not in fact important enough to give the United States sufficient leverage to reconstruct Western Europe according to its own wishes. The main economic importance of Marshall Aid over the whole duration of the programme was the imports, particularly goods imports, which it permitted.²⁹

Milward's approach signalled a departure from the earlier revisionist work in that it gave greater prominence to European archival sources, presented the European states as being active agents rather than as passive recipients of US aid, and questioned whether the Marshall Plan had really been that important. Milward's work can be seen as introducing a substantially different perspective than that of the earlier revisionists, and has had a significant impact on many subsequent studies of the Marshall Plan. However, some recent approaches, notably the immensely detailed work of Hogan and Leffler, have rejected the Milward thesis, and have again placed a greater emphasis on the importance of the aid programme.³⁰ Hogan argues,

Although this sort of revisionism is a healthy corrective to earlier American paens to the Marshall Plan, it succeeds through a feat of analytical legerdemain that denigrates the American contribution and leads to conclusions almost as unbalanced as those it seeks to refute.³¹

²⁸ Ibid., p.91.

²⁹ Ibid., p.469.

³⁰ Hogan, *The Marshall Plan*; Leffler, 'The United States and the Strategic Dimensions of the Marshall Plan', and Leffler, *A Preponderance of Power: National Security, the Truman Administration and the Cold War*, Stanford: Stanford University Press, 1992.

³¹ Hogan, *The Marshall Plan*, p.431.

Hogan feels that the Marshall Plan provided what Schuker has called the 'crucial margin' that made European self-help possible.³² Hogan argues that Milward tends to exaggerate the extent of the pre-1947 recovery, and both he and Leffler agree that the European recovery was made possible by the imports and aid received from the US. They also point out that the problem of the dollar shortage would have impacted on Europe's ability to produce goods, and so cannot be separated out from Europe's recovery needs.

A form of the Milward thesis has occurred in the more macro, international relations type of approach to the Marshall Plan. Charles Maier argues that 'in quantitative economic terms American aid amounted to little' and points out the 'Washington's assistance served more as capital-liberating than as capital transfusing'.³³ Writers such as Maier fit in with the macro-approach of the Kolkos and Van der Pijl, in that they analyse the immediate postwar era in terms of a more explicit conceptual international relations framework than people such as Milward. However, this is done from the standpoint of treating the European recipient states as active rather than passive agents. While the Marshall Plan was one of the initiatives that led to the establishment of US hegemony in Europe, this was not imposed by the US. Thus for Maier,

³² Ibid., p.432, citing Schuker's comments on Maier's article 'The Two Postwar Eras and the Conditions for Stability' in *American Historical Review*, Vol.96, No.1, pp.353-8, note 7.

³³ Charles Maier, 'The Two Postwar Eras and the Conditions for Stability', pp.341 & 342. In a later version of this paper he amends the first of these comments, saying that the role of American aid was 'limited', rather than it amounted to little. Maier, 'The Two Postwar Eras and the Conditions for

Perhaps the best term for the postwar Western economy would be that of consensual American hegemony. 'Consensual' can be used because European leaders accepted Washington's leadership in view of their needs for economic and security assistance.³⁴

Maier's view of the nature of American hegemony at this time is one that offers a valuable insight into the nature of the postwar period, especially as regards the nature of the relationship between Britain and the United States.

Lundestad has also been influential in terms of analysing the nature of US hegemony, though he does so with the use of the term 'empire' rather than 'hegemony'. He points out that he differs from the early revisionists in that he feels that if we are to use the term empire, 'it was to a large extent an empire by invitation', that 'the United States was generally encouraged to take a more active interest in the outside world'.³⁵ Ikenberry, reflecting the work of Lundestad, also argues that 'U.S. hegemony in Europe was largely an empire by invitation', with the US being drawn reluctantly into a direct role in Europe after its early efforts to build a postwar self-regulating liberal multilateral system had largely failed.³⁶ Ikenberry goes a step further than Maier in his reinterpretation of this relationship and of the Marshall Plan. He points out that,

Stability', in, *In Search for Stability: Explorations in Historical Political Economy*, Cambridge: Cambridge University Press, 1987, p.172, see note 36.

³⁴ Charles Maier, 'The Politics of Productivity', p.630.

³⁵ Geir Lundestad, 'Empire by Invitation? The United States and Western Europe, 1945-1952', *Journal of Peace Research*, Vol.23, No.3, 1986, p.263, and *The American "Empire"*, Oxford: Oxford University Press, 1990, p.56.

³⁶ John Ikenberry, 'Rethinking the Origins of American Hegemony', *Political Science Quarterly*, Vol.104, No.4, 1989, p. 376.

British officials were more concerned with preventing the return by the United States to an isolationist position than with an overbearing American hegemonic presence in Europe.³⁷

He argues that each European country sought to use American hegemonic power for its own national purposes, and that by involving the US in formal commitments, Europe could 'influence and render predictable American hegemonic power'.³⁸ This could be done in a way that would not have been possible with a 'less encumbered America'.³⁹ For Britain in particular, being part of the US sphere of influence meant that she could develop the room for manoeuvre within it to preserve her Commonwealth position and shield her balance of payments, which might not otherwise have been able to do.⁴⁰

Regardless of whether US hegemony was imposed or invited by Europe, the US did attempt to use its hegemonic status to shape Europe according to its own needs.

Maier provides an original insight on how the US did this, namely by seeking,

to transform political issues into problems of output, to adjourn class conflict for a consensus on growth. The American approach was successful because for almost two decades high rates of growth made the politics of productivity apparently pay off.⁴¹

Hence questions of wealth redistribution could be by-passed, for according to the Marshall Plan administration, and increasingly the Labour government and the trade union leadership in Britain, the way to affluence was through increasing production and productivity. Maier puts it that,

³⁷ Ibid., p. 372.

³⁸ Ibid., p. 399.

³⁹ Ibid., p. 394.

⁴⁰ Ibid.

For society as a whole, the politics of productivity meant simply the adjournment of conflicts over the percentage share of national income for the rewards of future economic growth.⁴²

And,

American opinion generally viewed the transition to a society of abundance as a problem of engineering, not politics.⁴³

Burnham points out that it is inaccurate to claim that the US administration saw the export of US accumulation conditions to Europe in terms of engineering and not politics, and that 'The political justification for increasing productivity - to prevent the 'lure of communism' - was always prominent in the productivity rhetoric.'⁴⁴ However, this does not detract from the impression that the administrative apparatus sought to give, namely that productivity was apolitical in terms of benefiting the whole of society. The importance of this was those who did not co-operate with the Marshall Plan and with the productivity drives could then be presented as subversive, or as trying to politicise an issue that had 'common sense' on its side.

One of the conclusions that Maier reaches is that,

As Western leaders looked more and more to economic growth, increasingly presupposed, first, as automatic and second, as the major index of a society's welfare, the stakes of politics narrowed. Communism increasingly became a permanent and sullen opposition, to be analyzed, in the spirit of the 1950s, as inherently pathological.⁴⁵

⁴¹ Maier, 'The Politics of Productivity', p.607.

⁴² Maier, 'Two Postwar Eras', p. 345.

⁴³ Maier, 'The Politics of Productivity', p.615.

⁴⁴ Burnham, *The Political Economy of Postwar Reconstruction*, pp. 97-98.

⁴⁵ Maier, 'Two Postwar Eras', p. 347.

Burnham, in *The Political Economy of Postwar Reconstruction*, reaches some similar conclusions to those of Maier and Milward. He proposes that the Marshall Plan 'was not indispensable to the Attlee government's economic objectives', and,

Whilst it is inaccurate to assume that Marshall aid had no beneficial effect on British accumulation . . . it is wrong to claim that it acted as an economic lifeline for the UK economy.⁴⁶

This is because,

Marshall aid disbursements to Britain were primarily used for food imports releasing resources to enable the already widespread domestic reconstruction programme to continue.⁴⁷

Burnham agrees that 'a clear primary aim of the US administration' was 'to lay the foundations for an Atlantic economy based on the generalised export of American accumulation conditions' through the Marshall Plan. However, unlike other accounts, his conclusion is that 'this objective was not achieved by the Marshall Plan.'⁴⁸

Burnham also strongly rejects the 'orthodox interpretations of postwar British action which claim that the British state capitulated to American demands.'⁴⁹

It is simply untrue to suggest that postwar labour Britain was 'blown of its socialist course' or 'forced to capitulate' on economic policy because of American pressure.⁵⁰

Rather, the Labour government's economic policy was designed to remove barriers to capital accumulation, the primary one being the 'inappropriate structure of

⁴⁶ Burnham, *The Political Economy of Postwar Reconstruction*, p.111.

⁴⁷ Ibid., p.72.

⁴⁸ Ibid.

⁴⁹ Peter Burnham, 'The British State and Capital Accumulation 1945-51', unpublished PhD thesis, University of Warwick, 1987, p.1.

production and trade experienced in the dollar gap.’⁵¹ Burnham’s argument is that the US did not impose its hegemony on the UK. To a certain extent this fits in with the Ikenberry view that ‘U.S. hegemony in Europe was largely an empire by invitation’.⁵²

Rupert has recently produced a study which attempts to combine the analytical framework of a macro-approach to the analysis of the establishment of US global power and hegemony, with the detail of a micro-approach through an analysis of the impact that the emergence in the US of mass production and ‘productivist’ ideology had on hegemony. While the Marshall Plan is not a central focus of Rupert’s work, he does provide useful insights with his examination of the role of organised labour in gaining acceptance of a neoliberal world order based on US hegemony. One of his main themes is the linkage between domestic and international politics, how the ‘exercise of US global power was shaped by the historically specific ways in which mass production was institutionalized, and by the political, cultural, and ideological aspects of this process at home and abroad.’⁵³ Because of the focus on organised labour in my study, literature that has attempted to analyse the impact of the Marshall Plan on the labour movement in Britain will be examined in the next section of this review of the approaches to the Marshall Plan.

⁵⁰ Burnham, *The Political Economy of Postwar Reconstruction*, p.72.

⁵¹ Burnham, ‘The British State and Capital Accumulation 1945-51’, p.1.

⁵² Ikenberry, ‘Rethinking the Origins of American Hegemony’, p.376.

⁵³ Rupert, *Producing Hegemony: The Politics of Mass Production and American Global Power*, p.2.

1.4 Labour and the Marshall Plan

There have been a number of political studies in recent years that have attempted to place the labour movement in Europe and America in the postwar period in the centre of the picture when analysing the Marshall Plan and international events at this time. The main works are by Carew, MacShane, Romero and Weiler.⁵⁴ They tend to focus on national and international labour movements from the point of view of the effects of the United States' economic and foreign policy and the developing Cold War. This final part of the literature review on the Marshall Plan will examine the work of Carew, Weiler and MacShane, as Romero's work has the Italian labour movement as its specific focus.

MacShane's work is a study of national and international labour movements and their role in the origins of the Cold War. As such, he argues that the Marshall Plan did not have a significant impact on British and international trade unionism.⁵⁵ MacShane makes three main points. First, that the Cold War was not external to the trade union movement but grew from existing political divisions dating back to 1920 that resurfaced once the Second World War was over.⁵⁶ Second, that union leaders in Britain and the US were not puppets of their governments and did not have anti-communism imposed on them. Rather, their views arose from experience of

⁵⁴ Carew, *Labour Under the Marshall Plan*; MacShane, *International Labour and the Origins of the Cold War*; Federico Romero, *The United States and the European Trade Union Movement, 1944-51*, University of North Carolina Press, 1992; Weiler, *British Labour and the Cold War*.

⁵⁵ MacShane, *International Labour and the Origins of the Cold War*, p.162.

⁵⁶ *Ibid.*, Ch.15.

international trade unionism dating from the 1920s. For instance, MacShane writes that,

Bevin, like his friends in the AFL . . . had a clear, if obsessive, idea of the Soviet Union and of communism, and it was their vision that was imposed on or became conflated with government and diplomatic policy after 1945.⁵⁷

MacShane's work focuses on the trade union leadership, reflects their viewpoint, and takes very little account of the views being propounded by the rank and file of the movement, some of which were very different.

MacShane's third conclusion is that the attempt to create world trade union unity after World War II with the establishment of the World Federation of Trade Unions (WFTU) was doomed to failure from the start:

Instead of seeing the WFTU falling victim to global power politics, diplomatic chicanery, or the Cold War it would be better to admit that it was set an impossible task - that of expressing international working class interests at a moment when these were being most effectively asserted in the national context. The WFTU was created at a moment of history when the conditions were not there to sustain its continuing existence. In 1945 and 1946, unions were reaching the peak of their identification with national interests.⁵⁸

Thus, MacShane argues that the collapse of international trade union co-operation between communists and non-communists was not due to events such as the Marshall Plan, but due to their own internal differences. However, MacShane assumes that trade union national interests precluded the expression or operation of international ones.

⁵⁷ Ibid., p.284.

⁵⁸ Ibid., p.282.

Weiler's book, *British Labour and the Cold War*, reaches different conclusions from those of MacShane. Through a series of case studies he considers three underlying themes. These are Britain's participation in the Cold War; the growing corporatist relationship of the trade union movement to the state; and the relationship of the British labour movement to socialism.⁵⁹ His research focuses on political elites, with his central concern being the TUC leadership, and so his work is more concerned with the making of policy than the effects of policy. His case studies do not tackle directly the impact of the Marshall Plan on British trade unionism, but from his study of the World Federation of Trade Unions and of postwar propaganda, Weiler does reach some interesting conclusions on aspects of the Marshall Plan. One of the most significant is that while the Cold War 'consensus' arose in part from the actions of the Soviet Union and the United States, 'it is less recognised that the new Cold War consensus was also *created* by the propaganda activities of the labour leadership and of the United States.' He argues that,

the United States used the Marshall Plan, whose administration included an elaborate propaganda apparatus, to try to shape European labour opinion and to isolate politically the USSR and West European communist parties . . . the leaders of the [British] Labour Party and the TUC used anti-communism to overcome residual sympathy for the Soviet Union in the labour movement and to reconcile their followers to a foreign policy that would have been denounced if followed by the Tories.⁶⁰

While Weiler reaches some interesting conclusions about the impact of the Marshall Plan on British trade unions, and about the British anti-communist campaign, he fails to fully draw out the connections between the two, and how they could be used to restructure British trade unions.

⁵⁹ Weiler, *British Labour and the Cold War*, p.10.

Of these authors, Carew's work is mostly closely focused on the Marshall Plan, and he approaches the issue of the Marshall Aid in an original and interesting way. He sets out to 'outline [the Marshall Plan's] major phases and programmes and to do so in a way that enables some judgements to be made as to its impact on the development of labour politics.'⁶¹ One of the questions he seeks to answer is that,

if Marshall Aid had an impact on the world of labour, was it through the specific programmes of support for anti-communist labour organisations or more generally through the cultural norms it helped to implant in a society gradually accustoming itself to economic growth and consumer affluence?⁶²

His conclusion is that the really important impact of the Marshall Plan was through the ideas and cultural norms it exported. One of the major themes in Carew's book is,

[T]he Marshall Plan's role in developing among European workers a consciousness - indeed an acceptance - of the need for an ever increasing level of productivity, with all that that implies for the role of labour in the workplace and its relationship with capital. Indeed, it is arguable that this was the Marshall Plan's greatest achievement and the factor that has had the most lasting effect on labour in its struggle for greater material rewards and more control over the process through which wealth is created.⁶³

While Carew's work is based on State Department and British government archives and Trades Union Congress records, he tends to focus on the activities of the Economic Co-operation Administration. Because of this, he does not really address the question of why the British trade union leadership co-operated with the transfer of the politics of productivity, or why they worked so closely with the British

⁶⁰ Ibid., p.9.

⁶¹ Carew, *Labour Under the Marshall Plan*, p.2.

⁶² Ibid.

⁶³ Ibid., pp.2-3.

government in the arena of international trade union politics. These questions will be addressed in the following chapters of this study. The arguments to follow will attempt a new synthesis by taking more account of data reflecting the views of the British trade union leadership and the rank-and-file trade unionists; by focusing more on the connections between domestic and international events, and as a consequence address a much wider literature and series of debates on the Marshall Plan than Carew.

1.5 Outline of the Approach Taken in this Study

Overall, this study most readily fits in with what it has could be termed the 'European' revisionist approach to the Marshall Plan in that it focuses on the active way that a recipient state sought to use the Marshall Plan. It agrees with the Maier, Lundestad, Ikenberry argument, rather than the earlier revisionist approach, that US hegemony was largely invited rather than imposed. It also takes on board Gaddis' point that the establishment of US hegemony occurred through an incremental manner, and as a consequence, rather than as an objective, of US policy in the early Cold War.⁶⁴ This study will argue that the Labour government invited US hegemony, as they saw it as the most effective way they could continue to operate in a changing world order. It shall also argue that the concept of hegemony needs to be seen in terms of domestic relations as well as international relations. It shall propose that the British government imposed its own hegemony on its support base by using aspects

⁶⁴ John Lewis Gaddis, *The Long Peace: Inquiries Into the History of the Cold War*, Oxford: Oxford University Press, 1987, pp.60-61

of American economic and political ideals at a time when British political ideas and allegiances were, even if momentarily, open to influence from the hard left. Thus, this study will also seek to build on many aspects of the interpretation of the Marshall Plan as presented by Milward, Maier and Burnham, primarily that it did not give the United States enough leverage to impose its influence on British actors. Rather, US hegemony could be manipulated by the British Labour government to strengthen its position internally. However, this study disagrees with the Milward argument that,

The political and economic influence of the Marshall Plan must . . . be seen as parts of a whole and if it is indeed true that, economically, Marshall Aid was not of major importance to Western European economic recovery, then it must follow that its influence on Western Europe's internal political choices must also be small.⁶⁵

Instead, it will be argued that the Marshall Plan did have long term and important economic and political impact on Britain because of the way it was used by British actors, rather than because of undue US influence.

Politically, the Marshall Plan had an important impact in Britain as it was used to marginalise the communist and non-communist 'hard' left and to control those on the left who were critical of the government and the trade union leadership. This allowed the government to determine the parameters of political debate in Britain, and to implement their policies without the problem of the vocal criticism of the left. Politically and economically, the Marshall Plan allowed for the transfer of what Maier refers to as the 'politics of productivity' to Britain;

For society as a whole, the politics of productivity meant simply the adjournment of conflicts over the percentage share of national income for the rewards of future economic growth.⁶⁶

Just as the US sought 'to transform political issues into problems of output, to adjourn class conflict for a consensus on growth',⁶⁷ so did the British Labour government. This study shows that the British Labour government, with the support of the centre-right trade union leadership, played an active part in the transfer of the politics of productivity to Britain, and that they did so because this tied in with their economic vision for Britain, while strengthening their position domestically. Thus, in the case of Britain, the Marshall Plan had a profound and lasting economic and political impact, but this was because of way that the Marshall Plan was used by the labour leadership to exert its own hegemony and establish some degree of management over the labour movement, rather than because of the exercise of US influence on passive British actors. With the incorporation of the politics of productivity into Britain, the Labour government and the trade union leadership could marginalise their hard left critics, and as Maier concludes,

As Western leaders looked more and more to economic growth, increasingly presupposed, first, as automatic and second, as the major index of a society's welfare, the stakes of politics narrowed. Communism increasingly became a permanent and sullen opposition, to be analyzed, in the spirit of the 1950s, as inherently pathological.⁶⁸

That this policy was so successful was because of the active part that organised labour played in the Marshall Plan. As Anthony Carew points out,

⁶⁵ Milward, *The Reconstruction of Western Europe 145-51*, p.90.

⁶⁶ Maier, 'Two Postwar Eras', p. 345.

⁶⁷ Maier, 'The Politics of Productivity', p. 23.

⁶⁸ Maier, 'Two Postwar Eras', p. 347.

in reviewing the impact of Marshall Aid it has to be constantly borne in mind that organised labour was not simply on the receiving end of the programme but was, through American union officials and their counterparts in Europe, deeply involved in administering it.⁶⁹

Conclusion

This study will argue that the Marshall Plan did have a long-term political effect on Britain. This was not because it saved Britain from economic collapse, nor because the United States used it to impose its hegemony. Rather, the Labour government and trade union leaders in Britain used the Marshall Plan to impose their own hegemony on their members and to define the parameters of political debate in Britain. This will be done with reference to much of the existing literature on the Marshall Plan, both the general literature and that focused more specifically on its impact on the British labour movement. The next chapters turn to an examination of the Marshall Plan itself, before reviewing the impact that this had on the Labour movement in Britain.

⁶⁹ Carew, *Labour Under the Marshall Plan*, pp.1-2.

Chapter 2

The Marshall Plan

Introduction

This chapter provides the empirical and historical context necessary for a consideration of the purpose and significance of the Marshall Plan. It discusses the content of Marshall's speech that launched the aid programme, and analyses the economic, political and strategic reasons for the Marshall Plan. It then goes on to describe in some detail the response of Western Europe and the Soviet Union to the Marshall Plan. The split between Western Europe and the Soviet Union over their attitudes towards Marshall Aid was to lay the foundations of the split within the left in Britain. The chapter then places the Marshall Plan in the framework of the developing Cold War.

2.1 Marshall's Speech

George Marshall, who had played the crucial role of Army Chief of Staff during the Second World War, was appointed as Secretary of State on January 21, 1947. Realising the true extent of the devastation in Europe, he went on to make his famous speech in which he outlined what came to be known as the 'Marshall Plan', or, more properly, the European Recovery Programme (ERP), at Harvard University on June 5 1947. According to Marshall, the remedy to Europe's problems lay in restoring the economic confidence of the European people. This was a necessity for

the well-being of America as well as Europe, as,

Aside from the demoralizing effect on the world at large and the possibilities of disturbances arising as a result of the desperation of the people concerned, the consequences to the economy of the United States should be apparent to all. It is logical that the United States should do whatever it is able to do to assist in the return of normal economic health in the world, without which there can be no political stability and no assured peace.¹

Marshall also went on to point out that,

Our policy is directed not against any country or doctrine but against hunger, poverty, desperation, and chaos. Its purpose should be the revival of a working economy in the world so as to permit the emergence of political and social conditions in which free institutions can exist.²

In many ways this can be seen as a continuation of the Roosevelt tradition, echoing the Four Freedoms of Roosevelt's Annual Message to Congress of January 1941: freedom of speech, of religion, freedom from fear, and 'freedom from want – which, translated into world terms, mean economic understandings which will secure to every nation a healthy peacetime life for its inhabitants – everywhere in the world.'³

Marshall felt that aid from the US 'must not be on a piecemeal basis as various crises develop', that 'Any assistance that this Government may render in the future should provide a cure rather than a mere palliative', and that the Europeans must make the first move themselves:

It is already evident that, before the United States Government can proceed much further in its efforts to alleviate the situation and help start the European world on its way to recovery, there must be some agreement among the countries of Europe

¹ *Foreign Relations of the United States* (hereafter *FRUS*), 1947, Vol.III, Washington: Department of State, 1972, 'Remarks by the Honourable George. C. Marshall, Secretary of State, at Harvard University on June 5, 1947', p.237.

² *Ibid.*

³ *The Public Papers and Addresses of Franklin D. Roosevelt, 1940 Volume*, London: Macmillan, 1941, p.672.

as to the requirements of the situation and the part those countries themselves will take in order to give proper effect to whatever action might be undertaken by this Government. It would be neither fitting nor efficacious for the Government to undertake to draw up unilaterally a program designed to place Europe on its feet economically. This is the business of the Europeans. The initiative, I think, must come from Europe . . . ⁴

The reasoning for this, according to George Kennan, the director of Marshall's Policy Planning Staff and a key player in the development of the European Recovery Programme was firstly, that, 'we had serious doubts about the success of any movement toward European recovery that rested merely on a series of uncoordinated national programs'. Therefore, 'by insisting on a joint approach, we hoped to force the Europeans to begin to think like Europeans, and not like nationalists, in their approach to the economic problems of the continent.'⁵ The second reason was of a more practical nature, that without a common approach,

the United States would have been confronted with a whole series of competing national demands, all padded and exaggerated for competitive purposes, all reflecting attempts to solve economic problems within national frameworks rather than on an all-European basis. This would have forced us to make choices bound to be politically unpopular in many quarters, with the respective European governments in a position to shift onto our shoulders the blame for any features of the programs that were particularly disagreeable to sections of their electorate.⁶

One of the interesting factors is that Marshall's speech was very general, it did not outline what form such 'action' or 'program' should take, and it did not mention an aid plan as such. It did emphasise that Europe must work together, and must come forward with its own initiative and ideas. According to Denis Healey, the Labour Party's International Secretary, 'The Americans themselves didn't regard the speech

⁴ Ibid.

⁵ George F. Kennan, *Memoirs, 1925-1950*, New York: Pantheon Books, 1967, p.337.

made at Harvard as much more than waffling aloud,' but Ernest Bevin, Britain's Foreign Minister, 'seized on it as an American "offer" that Europe should respond to.'⁷ Marshall himself described his speech as 'Something between a hint and suggestion', adding that he was embarrassed that it should have been dubbed a Plan by the president and the press, with his name 'tagged to it'.⁸

Marshall's speech was also an emotive one, highlighting the American thinking at this time that economic chaos would lead to political chaos, that Europe must be saved, and that anyone who sought to 'perpetuate human misery in order to profit' would encounter the opposition of the United States. The speech can be seen as the bridgehead to the new politics of the Cold War, echoing in many ways the Truman Doctrine, when Truman had stated that,

Any government that is willing to assist in the task of recovery will find full cooperation, I am sure, on the part of the United States Government. Any government which maneuvers to block the recovery of other countries cannot expect help from us. Furthermore, governments, political parties, or groups which seek to perpetuate human misery in order to profit therefrom politically or otherwise will encounter the opposition of the United States.⁹

The Marshall Plan and the Truman Doctrine came to be seen as two fronts in the crusade against communism.¹⁰ However, in order to draw out these links further, and to see the Marshall Plan in terms of its contribution to the establishment of American hegemony, it is necessary to pay some attention to the reasons for the Marshall Plan.

⁶ Ibid.

⁷ Bruce Reed and Geoffrey Williams, *Denis Healey and the Policies of Power*, London: Sidgwick & Jackson, 1971 p.72.

⁸ Conversation between Marshall and British Ambassador, 30 June 1947; text in NA RG 59, Office of European Affairs, cited in David Ellwood, *Rebuilding Europe: Western Europe, America and Postwar Reconstruction*, London: Longman, 1992, p.86.

The Reasons for the Marshall Plan

The idea for the Marshall Plan did not simply come out of thin air. As Ellwood puts it, in the United States, 'Everyone, it turned out had a plan', from the Twentieth Century Fund to former President Hoover.¹¹ Under Secretary of State Dean Acheson had hinted at events to come when he pronounced in a speech in Mississippi at the beginning of May 1947 that,

Not only do human beings and nations exist in narrow economic margins, but also human dignity, human freedom, and democratic institutions.

It is one of the principal aims of our foreign policy today to use our economic and financial resources to widen these margins.¹²

Acheson had requested in March that the State-War-Navy Co-ordinating Committee produce a report on the question of possible requests for US aid by countries other than Greece and Turkey.¹³ The result was the establishment of a special sub-committee to determine the policies, procedures and costs of assistance by the US to foreign countries. This included the 'relevant considerations of United States national security and interest which should govern the decision in the case of each country', and the effects of refusing aid on each country and on US 'general foreign policy and security interests'.¹⁴ Then in April, Marshall set up a Policy Planning

⁹ *FRUS*, 1947, Vol.III, p.239.

¹⁰ See Stephen Ambrose, *Rise to Globalism*, (5th revised edn.), New York: Penguin, 1988, p.85.

¹¹ David Ellwood, *Rebuilding Europe*, p.79. In Britain, economic reconstruction plans had been mapped out in the government's 1947 *Economic Survey*, but this did not envisage an aid package of such dimensions.

¹² Excerpts of Acheson speech in *Documents on American Foreign Relations*, Boston: World Peace Foundation, 1947, pp.159-63, cited in Ellwood, *Rebuilding Europe*, pp.79-80.

¹³ *FRUS*, 1947, Vol.III, pp.197-8, letter from Dean Acheson to the Acting Secretary of State to the Secretary of War (Patterson), 5 March 1947.

¹⁴ *Ibid.*, pp.198-9, Memorandum by the State Department Member, State-War-Navy Co-ordinating Committee (Hilldring), 17 March 1947.

Staff (PPS), appointing George Kennan as Director. It was from the reports of the State-War-Navy sub-committee and the Policy Planning Staff that much of the subsequent Marshall Plan was based.¹⁵

There are many arguments over the reasons for the Marshall Plan. On the one hand, it was presented as an act of altruism by the United States, and as intended to save Europe from economic disaster. Communist opponents of the American plan, on the other hand, saw it as a Wall Street plot, designed to cause a rift with the Soviet Union, and to prevent an American economic recession. Neither of these viewpoints is accurate, but both include aspects of the realities of the situation. There is evidence to show that certain policy makers in the US were concerned about a recession, and were hoping to shore up markets overseas. This is shown in the findings of the State-Navy-War Co-ordinating Committee which met in early 1947:

The conclusion is inescapable that, under present programs and policies, the world will not be able to continue to buy U.S. exports at the 1946-47 rate beyond another 12-18 months.

The President's Council of Economic Advisors has indicated that a slight business recession may be anticipated sometime within the next twelve months. A substantial decline in the United States export surplus would have a depressing effect on business activity and employment in the U.S. . . . if the export decline happened to coincide with weakness in the domestic economy, the effect on production, prices and employment might be most serious.¹⁶

¹⁵ For a detailed account of the origins and drafting of the Marshall Plan, see John Gimbel, *The Origins of the Marshall Plan*, Stanford: Stanford University Press, 1979, and Joseph M. Jones, *The Fifteen Weeks (February 21-June 5, 1947): An Inside Account of the Genesis of the Marshall Plan*, New York: Viking, 1955. For a summarised account see Michael Hogan, *The Marshall Plan: America, Britain and the reconstruction of Western Europe, 1947-1952*, Cambridge: Cambridge University Press, 1987, pp.40-43. For documents relating to the origins of the Marshall Plan, see *FRUS*, Vol.III, pp.197-249, especially the Memorandum by Charles Kindleberger on the 'Origins of the Marshall Plan', July 22, 1948, pp.241-247.

¹⁶ *FRUS*, 1947, Vol. III, pp.210-11, Report of the Special 'Ad Hoc' Committee of the State-War-Navy Co-ordinating Committee, April 21, 1947, Annex "A" to Appendix "A", Memorandum of

This, with other documentary evidence, does suggest that part of the motivation for what would become the Marshall Plan did stem from a fear of a US depression caused by decreased exports to Europe. However, both the economic and political motives for the Marshall Plan go deeper than this. Four main reasons for the Marshall Plan are laid out in detail below.

Firstly, as Hogan convincingly argues, the motivation behind the Marshall Plan can be traced back to Roosevelt's New Deal.¹⁷ Roosevelt said to Stalin at Yalta,

in his [Roosevelt's] opinion any leader of a people must take care of their primary needs. He said he remembered when he first became President the United States was close to revolution because the people lacked food, clothing and shelter, but he had said, 'If you elect me President I will give you these things', and since then there was very little problem in regard to social disorder in the United States.¹⁸

Many of the policy-planners at work in the immediate postwar period had been involved in the development and implementation of the New Deal, and subsequently carried that tradition with them. The New Deal had been based on the premise that internal political stability could be enhanced by improving people's standard of living through economic growth: politics could be replaced by the economics of growth. Markets needed to be expanded, and people needed to believe that through hard work they could improve their lot in life. The Marshall Plan was to some extent the international extension of the American New Deal: Europe could benefit from

Request to Working Group on Economic Aid (Food and Finance), March 21, 1947. See also Fred Block, *The Origins of International Economic Disorder*, Berkeley: University of California Press, 1977, p.82.

¹⁷ Michael Hogan, *The Marshall Plan: America, Britain, and the reconstruction of Western Europe, 1947-1952*, Cambridge: Cambridge University Press, 1987.

¹⁸ *FRUS: The Conferences at Malta and Yalta, 1945*, Washington: Department of State, 1955,

America's enlightened self-interest in growth and so pull itself out of the quagmire of internal strife and division. The Marshall Plan, then, was in many ways a projection of New Deal ideas abroad, an attempt to modernise the 'Old World' in the tradition of American production and enterprise, to 'remake Western Europe in the likeness of the United States.'¹⁹

Unfettered market capitalism was viewed with suspicion by many sections of society in Europe after the War, being linked with the depression and the subsequent rise of fascism. There were expectations in Europe for a new social consensus based on collectivism and social welfare, rather than a return to the discredited capitalism of the 1920s and 1930s based on individualism and prosperity for the few. Parties from the left, both socialist and communist, had done extremely well in elections across Europe.²⁰ Both the Conservative and Labour Parties had stood in the 1945 British general election promising social security and a national health service. The Conservative Party manifesto proclaimed that, 'National wellbeing is founded on good employment, good housing and good health', and that 'we are united in being determined to avoid in the future' the 'disastrous slumps and booms from which we used to suffer.'²¹ The Marshall Plan programme fitted the mood of the time in that it provided a legitimate capitalist answer to the challenges of this revolution of rising

Tripartite Dinner Meeting, February 10 1945, p.923.

¹⁹ Hogan, *The Marshall Plan*, p.22.

²⁰ See, for example, Walter Kendall, *The Labour Movement in Europe*, London: Allan Lane, 1975, Socialist and Communist Election Results in Statistical Appendix, pp.390-398.

²¹ Conservative Manifesto 1945, in F.W.S. Craig (ed.), *British General Election Manifestos, 1918-1966*, Chichester: Political Reference Publications, 1970, pp. 91 and 89.

expectations.²² This was to be capitalism based on state intervention and a rising standard of living for everyone through economic growth. As Ellwood notes,

America expected its political, social, economic and cultural values to be taken up along with Marshall Aid, so the ERP gradually added to its equipment a remarkable set of tools for broadcasting the lessons of the American way to the Old World, a dimension of the Marshall Plan which has always been neglected.²³

Thus, the Marshall Plan had its own associated ideology. Those in the US involved in the Marshall Plan hoped that not only would the reconstruction of Europe 'in the image of America' prevent internal dissension and strife, it would provide a bulwark against Communist expansion. It was to be a projection of many American ideas and ideals onto a Europe that was in a state of economic and political difficulties, the largest operation ever of its kind.

A second main motivation behind the Marshall Plan was that it would provide the impetus necessary to replace economic nationalism with economic liberalism. Amongst the American 'internationalists', there was concern that peace would not survive if the international system was not based on a multilateral free trade regime. This kind of thinking was summarised by Cordell Hull, who had retired from his post as the US Secretary of State in 1944, and who, as Gaddis points out, 'provided much of the impetus behind American foreign economic policy.'²⁴ Hull felt that,

To me, unhampered trade dovetailed with peace; high tariffs, trade barriers, and unfair economic competition with war. Though realizing that many other factors were involved, I reasoned that if we could get a freer flow of trade – freer in the

²² Comment made by David Ellwood at *The Marshall Plan and its Consequences: a 50th Anniversary Conference*, University of Leeds, 23-24 May, 1997.

²³ Ellwood, *Rebuilding Europe*, p.161.

²⁴ John L. Gaddis, *The United States and the Origins of the Cold War 1941-1947*, New York: Columbia University Press, 1972, p.18.

sense of fewer discriminations and obstructions – so that one country would not be deadly jealous of another and the living standards of all countries might rise, thereby eliminating the economic dissatisfaction that breed war, we might have a reasonable chance for lasting peace.²⁵

Moves had been made to lay in place the necessary foundations for a multilateral free trade system, with the Bretton Woods conference of July 1944, at which the International Monetary Fund and the International Bank for Reconstruction and Development were established. However, the prevalent economic conditions in Europe did not support the establishment of free trade, with the dollar gap providing a block on world trade and reconstruction. The Marshall Plan would provide the opportunity to free up the system and to add impetus to recovery.

Thirdly, some policy-makers in the United States were undoubtedly concerned about the plight of the European people. Since the end of the War, numerous reports had come out of Europe emphasising the difficulties and shortages faced by the population. While across Europe recovery was proceeding, it was taking far longer than people had expected. Marshall had been shocked at what he had seen during his time in Europe attending the meetings of the Council of Foreign Ministers. He returned on April 28, 1947, ‘shaken by the realization of the seriousness and urgency of the plight of Western Europe, where recovery had failed to proceed as expected and where something approaching total economic disintegration seemed now to be imminent.’²⁶ As he put it in his radio address to the nation on the day of his return,

²⁵ Ibid., p.19, citing Cordell Hull, *The Memoirs of Cordell Hull*, Volume I, p.81.

²⁶ George Kennan, *Memoirs*, p.325.

‘The patient is sinking while the doctors deliberate.’²⁷ Similar sentiments were expressed by William Clayton, the Under Secretary of State for Economic Affairs, who pointed out that,

Europe is steadily deteriorating. The political position reflects the economic. One political crisis after another merely denotes the existence of grave economic distress. Millions of people in the cities are slowly starving.²⁸

Thus, a desire to help the Europeans could have formed some part of the motivation for the Marshall Plan.

Lastly, the Marshall Plan grew out of, and was an added stimulus to, the developing Cold War. While it was the view of the Policy Planning Staff that the Second World War was at the root of Europe’s economic, political and structural problems, it recognised,

that the communists are exploiting the European crisis and that further communist successes would create serious danger to American security. It [the PPS] considers, however, that American effort in aid to Europe should be directed not to the combating of communism as such but to the restoration of the economic health and vigor of European society. It should aim, in other words, not to combat communism but the economic maladjustment which makes European society vulnerable to exploitation by any and all totalitarian movements and which Russian communism is now exploiting.²⁹

Thus, part of the rationale for the aid programme was to counter communism in Europe, or, as the special State-War-Navy Co-ordinating Sub-committee described it,

To reduce or to prevent the growth or advancement of national or international

²⁷ *FRUS*, 1947, Vol.III, p.219, referring to Department of State *Bulletin*, May 11 1947, p.919.

²⁸ *Ibid.*, p.230, Memo from Clayton to Under Secretary of State Acheson, May 27 1947.

²⁹ *FRUS*, 1947, Vol.III, Policy with Respect to American Aid to Western Europe: Views of the Policy Planning Staff, from the Director of the Policy Planning Staff (Kennan) to the Under Secretary of State (Acheson), May 23 1947, p.225. Also Kennan, *Memoirs*, p.336.

power which constitutes a substantial threat to U.S. security and well-being and to oppose programs of coercion and infiltration, especially when effected by the use of armed minorities.³⁰

Thus, it was felt that,

A planned program of assistance to foreign countries should enable the U.S. to take positive, forehanded, and preventative action in the matter of promotion of U.S. national interests by extending assistance under a system of priorities where it will do the most good from the standpoint of promoting U.S. security and other national interests.³¹

Similarly, the overall remit for the PPS had been 'to formulate and develop a long-term program for the achievement of American foreign policy objectives.'³² At the second meeting of the PPS, on May 8, 1947, the members discussed 'the main problem in United States security today.' They agreed that this was,

to bring into acceptable relationship the economic distress abroad with the capacity and willingness of the United States to meet it effectively and speedily; that with Greece and Turkey taken care of and the Korean problem now being posed, the greatest and most crucial problem is Western Europe; . . . that the problem is both political and economic, and not military (except insofar as maintenance of U.S. military effectiveness is concerned); that the approach to the political problem for the moment must be economic.³³

As Miscamble puts it, 'the connection between American security and the necessity

³⁰ Ibid., pp.205-206, Report of the Special 'Ad Hoc' Committee of the State-Navy-War Co-ordinating Committee, Enclosure, 'Policies, Procedures and Costs of Assistance by the United States to Foreign Countries', April 21 1947.

³¹ Ibid., pp.205-206, Report of the Special 'Ad Hoc' Committee of the State-Navy-War Co-ordinating Committee, Enclosure, 'Policies, Procedures and Costs of Assistance by the United States to Foreign Countries', April 21 1947.

³² Wilson D. Miscamble, *George F. Kennan and the Making of American Foreign Policy, 1947-1959*, Princeton: Princeton University Press, 1992, p.39, referring to the departmental regulation formally establishing the PPS, which is printed in *Department of State Bulletin*, Washington: U.S. Dept. of State, 1947, May 18, 1947, p.1007.

³³ Miscamble, *George F. Kennan*, p.40, citing PPS Records, Box 32, Minutes of Meeting, May 8 1947.

of European economic recovery was clearly drawn'.³⁴ Through the Marshall Plan, national security objectives could be achieved through economic and ideological means.

At this point, Marshall and his colleagues did not fear Soviet military aggression as such, and in May 1947 'even the war planners in the Joint Chiefs of Staff (JCS) explicitly ruled out a Soviet attack.'³⁵ However, they did see clear links between European recovery and strategic and geo-political factors, and in order to gain public and congressional support for the programme repeatedly drew on the fears of communist takeover in Europe. The emergence of the Marshall Plan into the public sphere in the US can thus be understood in terms of a disjuncture between the public utterances of the administration and their private outlook. Much of US opinion remained sceptical about involvement in Europe even as those within the foreign policy establishment became convinced of its necessity. As Leffler points out,

In their testimony before congressional committees, in their public speeches, and in their confidential discussions, Secretary of State George C. Marshall, Secretary of Commerce W. Averell Harriman, and Secretary of Defense James V. Forrestal emphasized the economic importance of western Europe in terms of the fundamental national security interest of the United States.³⁶

The result was that the nuances of the planning process were lost in a strident call for immediate action.

³⁴ Miscamble, *George F. Kennan*, p.40.

³⁵ Melvyn Leffler, 'The United States and the Strategic Dimensions of the Marshall Plan', pp.277-306, *Diplomatic History*, Vol. 12, No. 3, Summer 1988, p.279, referring to Joint War Plans Committee 474/1, 'Strategic Study of Western and Northern Europe', 13 May 1947, CCS 092 USSR (3-27-45), section 20, Records of the Joint Chiefs of Staff, Record Group 218, US National Archives.

To summarise, the Marshall Plan emerged from a context where US concerns about the advance of communism in Europe were interpreted in a way that explicitly linked economic prosperity with domestic and international stability, and the national security concerns of the US. As Paul Hoffman, the head of the Economic Cooperation Administration (the US body charged with administering Marshall Aid) made clear, the Marshall Plan was not just about exporting aid, but about exporting the American way of life to Europe.³⁷ He felt that that, 'In one very real sense, today's contest between freedom and despotism is a contest between the American assembly line and the Communist party line.'³⁸ The result of this 'contest' was the establishment of America's leadership, or hegemony, as the US became more and more involved in underpinning Europe's recovery and the emerging international structure. Gaddis' view is that in the early Cold War years, the US intention was to strengthen Europe and prevent communist expansion, rather than to establish its domination *per se*.³⁹ 'But intentions are one thing; actual policy is something else again, as the events of 1948-49 made clear.' The result was the establishment of US hegemony in an incremental way, as the US became increasingly involved in Europe, and 'Circumstances gradually compelled the United States to create its own sphere of influence in Europe, despite its own profound misgivings about that course of action.'⁴⁰

³⁶ Leffler, 'Strategic Dimensions of the Marshall Plan,' p.278.

³⁷ Paul Hoffman, *Peace Can Be Won*, London: Michael Joseph, 1951, p.91.

³⁸ *Ibid.*, p.76.

³⁹ John Lewis Gaddis, *The Long Peace: Inquiries Into the History of the Cold War*, Oxford: Oxford University Press, 1987, pp.60-61.

2.2 The Response to Marshall's Speech

The response to the Marshall's speech has been seen as a turning point in postwar history. While Western Europe was enthusiastic to cash in on the offer of aid, the Soviet Union was left in a predicament, which ultimately led to a further step in the breakdown of relations between East and West. The response to the Marshall Plan was also reflected in internal politics: allegiance to European reconstruction could be measured in terms of whether or not the Marshall Plan was supported, an issue to which I shall return in subsequent chapters.

The European Response to Marshall's Speech

As Ellwood puts it, 'the European response to the new initiative was almost instantaneous and the American press was taken aback.'⁴¹ On June 13, eight days after Marshall's speech, Ernest Bevin addressed the Foreign Press Association in London, saying,

We welcome the inspiring lead given to us and the peoples of Europe by Mr Marshall . . . I can only say to other nations that when the U.S.A. throws a bridge to link east and west, it would be disastrous for ideological or other reasons to frustrate her in that great endeavour.⁴²

However, privately doubts were expressed about Britain being included on the same basis as continental Europe'. At the first meeting with William Clayton to discuss the Marshall Plan, Cripps, the Chancellor, pointed out 'that there was a difference between the U.K. and other European countries because of U.K. trade with non-

⁴⁰ Ibid., p.61.

⁴¹ Ellwood, *Rebuilding Europe*, p.86.

⁴² *Keesing's Contemporary Archives 1946-1948*, Vol.VI, London: Keesing's, 1948, p.8659.

European countries.’ Bevin argued that,

if the U.K. was considered just another European country this would fit in with Russian strategy, namely, that the U.S. would encounter a slump and would withdraw from Europe, the U.K. would be helpless and out of dollars and as merely another European country the Russians, in command of the Continent, could deal with Britain in due course.⁴³

Clayton and other US policy-makers refused to accept that Britain should be treated differently from the rest of Europe, even though Bevin emphasised that Britain was in a unique position to assist in economic revival because of the British Empire. Furthermore, ‘The British did not want to go into the program and not do anything – this would sacrifice the “little bit of dignity we have left”.’⁴⁴ To have treated Britain as separate from Europe, Clayton argued, would have resulted in a ‘piecemeal’ approach, which had been rejected by Marshall at the time of his speech.⁴⁵

Despite this disagreement, events were to move quickly. Bevin met with his French counterpart, Georges Bidault to discuss a first response to the embryonic Marshall Plan offer on 17-18 June. Molotov, the Soviet Foreign Minister, joined them on 27 June. When Molotov arrived, he found that Bevin and Bidault had already set some of the terms for involvement in the plan. ‘In this famous crisis of Cold War history they were confronted with the Western insistence on a jointly formulated and implemented recovery strategy treating the whole of Europe, including Germany, as

⁴³ *FRUS*, 1947, Vol.III, Memorandum of conversation by the First Secretary of the Embassy in the UK (Peterson), of the first meeting of Under Secretary of State for Economic Affairs (Clayton) and ambassador with British cabinet members, June 24 1947, p.271.

⁴⁴ *Ibid.*, Memorandum of second meeting of Clayton with British cabinet ministers, June 25 1947, p.277.

⁴⁵ *Ibid.*, Memorandum of first meeting, ‘Recapitulation of Main Points of Discussion’, June 24 1947, p.274.

a single economic entity.’⁴⁶ This, as Bevin and Bidault presumably realised, would not be acceptable to the Russians as it would mean opening up the Soviet economy to Western inspection. This would have revealed the full extent of the Soviet’s economic weakness, which was not known in the West at this time. Subsequently, Molotov walked out after three days, in a fanfare of negative publicity. The Soviet position was that ‘Any attempt to compel the conference to engage in drawing up an all-embracing programme for the European countries - which will inevitably entail intervention on the part of some states in the affairs of others - cannot be accepted as a basis for co-operation among the European countries.’⁴⁷ Molotov’s suggestion had been that each country should prepare its own estimates of its needs, submitting them by way of a co-ordinating committee to Washington. This proposal was the one that was subsequently put into operation; there were no formal commitments to European integration in the Marshall Plan, and each country drew up a list of its need unilaterally.⁴⁸

How sincere the American offer of aid to the Soviet Union had been is debatable. After a conversation with the British in Paris, Caffrey, the US Ambassador in Paris, sent a telegram on the 18 June to Marshall commenting on the state of the talks between Bevin and Bidault. Caffrey wrote that the,

British feel that Russian participation would tend greatly to complicate things and

⁴⁶ Ellwood, *Rebuilding Europe*, p.87.

⁴⁷ *Keesing’s Contemporary Archives*, Vol.VI, p.8683.

⁴⁸ Ellwood, *Rebuilding Europe*, p.86. See also Alan Milward, *The Reconstruction of Western Europe 1945-51*, London: Methuen, 1984, pp.61-66, Hogan, *The Marshall Plan*, pp.45-53, and Imanuel Wexler, *The Marshall Plan Revisited. The European Recovery Program in Economic Perspective*, London: Greenwood, 1983, pp.10-12.

that it might be best if Russians refused invitation. They tell me that French also offer (appear?) [sic] to share this feeling.⁴⁹

In a telegram later that day, Caffrey informed Marshall that,

Bevin and Bidault also both told me separately that they hope the Soviets will refuse to cooperate and that in any event they will be prepared “to go ahead with full steam even if the Soviets refuse to do so.”⁵⁰

Ellwood stresses that the ‘French and British were relieved when Molotov walked out’.⁵¹ This view is reiterated by Hogan, who notes that: ‘the British did not want the Russians involved in the plan. But as soon as the Russians walked out . . . the British fought “tooth and nail” against many of the same things - the collective program, sharing sovereignty - which the Russians had disliked.’⁵² The American vision of the Marshall Plan had been based around the idea of European integration. The American policy planners, even before Marshall’s speech, had felt that it would be necessary ‘to place strong pressure on the European nations to plan by underscoring their situation and making it clear that the only politically feasible basis on which the U.S. would be willing to make the aid available is substantial evidence of a developing overall plan for economic cooperation by the Europeans themselves, perhaps an economic federation to be worked out over 3 or 4 years.’ However, they were also aware of ‘the dangers of appearing to force “the American way” on Europe’.⁵³

⁴⁹ *FRUS*, 1947, Vol. III, p.258, Caffery to Secretary of State Marshall, 18 June 1947, 4.00pm. The insert appears in the *FRUS* copy of the telegram.

⁵⁰ *Ibid.*, p.260, Caffrey to Secretary of State Marshall, 18 June 1947, 11.00pm.

⁵¹ Ellwood, *Rebuilding Europe*, pp.86-7.

⁵² Michael Hogan in discussion in Stanley Hoffman & Charles Maier (eds.), *The Marshall Plan: A Retrospective*, Boulder Colorado: Westview Press, 1984, p.22.

Once the Russians left the negotiations, Bevin and Bidault drew up their programme. On 3 July they announced the decision to send a joint invitation to twenty-two European countries, asking them to participate in a conference to start on July 12 in Paris to discuss the European Recovery Programme.⁵⁴ The invitation was sent to the governments of Albania, Austria, Belgium, Bulgaria, Czechoslovakia, Denmark, Finland, Greece, Hungary, Iceland, Ireland, Italy, Luxembourg, the Netherlands, Norway, Poland, Portugal, Romania, Sweden, Switzerland, Turkey and Yugoslavia. Spain was the only European country not invited, and the invitation to Germany was sent to the Commanders-in-Chief of the four zones. Whilst the Soviet Union did not receive an invitation as such, Bevin and Bidault sent letters to the Soviet embassies in London and Paris 'expressing the hope that the U.S.S.R. would not finally refuse to participate.'⁵⁵

On 9 July, Bulgaria, Poland and Yugoslavia refused the invitation. On 10 of July, Czechoslovakia, having at first accepted, rejected their invitation. Albania, Finland Hungary and Romania also refused.⁵⁶ The Soviet Union could not afford their satellite countries to be a part of the Marshall Plan, and so the Conference for European Economic Co-operation began in Paris at the Quai D'Orsay on 12 July with no representatives from the Eastern bloc. The sixteen countries that were represented were Austria, Belgium, Denmark, France, Greece, Iceland, Ireland, Italy,

⁵³ *FRUS*, 1947, Vol.III, 'Summary of Discussion on Problems of Relief, Rehabilitation and Reconstruction of Europe', May 29 1947, p.235.

⁵⁴ *Keesing's Contemporary Archives*, Vol.VI,1946-1948, p.8684.

⁵⁵ *Ibid.*

⁵⁶ *Ibid.*, p.8711.

Luxembourg, the Netherlands, Norway, Portugal, Sweden, Switzerland, Turkey, and the United Kingdom.⁵⁷ At the opening session, Ernest Bevin was ‘unanimously’ elected as its chairman.⁵⁸ The delegates were either ministers of foreign affairs or trade in their national governments, or their country’s ambassadors in Paris. This was therefore a high ranking diplomatic conference. On 13 July, the Conference passed a resolution to establish the Committee for European Economic Co-operation (CEEC), which was charged with creating an account of the resources and needs of the sixteen participating countries and of Western Germany for the period 1948-51. This report was to be drawn up ‘on the basis of information freely supplied by the States participating’, which was to be presented to the US administration by September 1st.⁵⁹ Four special committees were also set up to study the particular requirements of the areas of food and agriculture; iron and steel; transport; fuel and power. Britain and France were the only countries represented on all four of the special committees.⁶⁰

On 15 July the conference adjourned, and on 16 July the Committee for European Economic Co-operation (CEEC) met for the first time. The CEEC spent the next few months drawing up the report to be passed to the American administration. While the US initially allowed the Europeans to draw up their own list of requirements, the State Department became increasingly concerned about the CEEC’s ‘tendency to behave as a collection of autonomous national representatives and to put forward

⁵⁷ Ibid.

⁵⁸ Ibid.

⁵⁹ Ibid., p.8712.

what seemed to the Americans to be inflated requests'.⁶¹ As a result, the State Department took a closer interest in the CEEC discussions, sending George Keenan and Charles Bonesteel to Paris to keep track of events. As Carew points out,

In particular, every opportunity was taken to impress upon European governments that the chances of getting the aid programme through Congress would be greatly improved if they would only pursue policies of financial orthodoxy and balance their national budgets.⁶²

The CEEC report was signed in Paris on 22 September, having first been approved by William Clayton, the US Under-Secretary for Economic Affairs, on behalf of the State Department.⁶³ The initial CEEC request for \$28.2 billion had been rejected by the American policy-planners, and in its place a programme for \$17 billion aid was devised.⁶⁴ This programme was again scaled down to \$13 billion as it passed through Congress as the 'United States Foreign Assistance Act', which was approved on April 3, 1948. In Britain, a two day debate was held on July 5 and 6 in the House of Commons on the motion to approve the Anglo-American Economic Co-operation Agreement and to reaffirm the House's support for the objectives of the Convention for European Economic Co-operation signed in Paris on April 16. The Convention had formally established the Organisation for European Economic Co-operation to carry on the work of the CEEC, which had been a temporary body.⁶⁵ The motion was

⁶⁰ Ibid.

⁶¹ Anthony Carew, *Labour Under the Marshall Plan*, Manchester: Manchester University Press, 1987, p.11.

⁶² Ibid., referring to Karl G. Smith, 'From the Heart of the American Desert to the Court of St. James's: the Public Career of Lewis W. Douglas of Arizona, 1894-1974', unpublished PhD thesis, University of Connecticut, 1977, p.396.

⁶³ *Keesing's Contemporary Archives, 1946-1948*, Vol.VI, p.8955.

⁶⁴ Wexler, *The Marshall Plan Revisited*, p.25.

⁶⁵ *Keesing's Contemporary Archives, 1948-1950*, Vol.VII, p.9388.

adopted by 409 votes to 14, the main objection being that Britain was subordinating itself to the US. The votes against came from 7 Conservatives, 2 Labour, 2 Independent Labour, 2 Communists and 1 Liberal National. The House of Lords approved the motion. The Anglo-American Co-operation Agreement was signed on July 6th at the Foreign Office by Ernest Bevin and Lewis Douglas (US Ambassador in London).⁶⁶

The Response of the Soviet Union

As we have seen, the Soviet Union left the Marshall Plan negotiations at an early stage. Their walkout also meant the rejection of the Marshall Plan by Eastern Europe. While the West made public their regret at this turn of events, it is clear that they were not anticipating Russian co-operation in the Marshall Plan programme. However, there is some evidence that the Marshall Plan was not rejected outright at the very beginning by the Soviet Union. According to Kennedy-Pipe, 'initially the Soviet leadership was cautiously welcoming to the prospect of Marshall Aid, not least for the reconstruction of certain parts of Eastern Europe'.⁶⁷ Kennedy-Pipe, drawing on recent archival work by scholars of the Soviet Union, builds up a picture of the Soviet Union at least considering the prospect of American aid.⁶⁸

⁶⁶ Ibid., p.9389.

⁶⁷ Caroline Kennedy-Pipe, 'Stalin and the Marshall Plan', paper presented to the *International Studies Association* annual convention, Toronto, March 1997, p.1.

⁶⁸ Ibid. See also Anna Di Biagio, 'The Marshall Plan and the founding of the Cominform, June-September, 1947', in F. Gori and S. Pons, *The Soviet Union and Europe in the Cold War, 1943-53*, London: Macmillan, 1996, pp.208-221; Scott Parrish and Mikhail M.Narinsky, *New Evidence of the Soviet Rejection of the Marshall Plan, 1947, Two Reports*, Working Paper No.9, Cold War International History Project, Woodrow Wilson International Center for Scholars, March 1994. An account of this recent research is offered by Geoffrey Roberts, 'Moscow and the Marshall Plan: Politics, Ideology and the Onset of the Cold War, 1947', *Europe-Asia Studies*, Vol.46, No.8, 1994,

The evidence presented for this argument is that in early June, Molotov had asked Eugene Varga, an eminent economist, to assess American intentions with regard to the plan. Varga prepared a report and passed it back to Molotov on 26 June. His analysis was that whilst economic self interest motivated the Americans, not least their need for new markets in Europe, there could be possible benefits for Moscow, although he added there was a danger of political pressure.⁶⁹ Kennedy-Pipe argues that the fact that the Soviet leadership was initially serious in pursuing the offer of Marshall Aid was confirmed in a cable sent on 22 June to the Soviet Ambassadors in Warsaw, Prague and Belgrade. These Soviet officials were instructed to talk to Bierut, Gottwald and Tito and tell them to 'take the initiative to secure their participation in working out the economic measures in question, and ensuring that they lodge their claims'.⁷⁰ 'Initial Soviet enthusiasm over economic opportunities however was tempered by concern over what exactly Marshall Aid might mean for Soviet control of Eastern Europe.'⁷¹ Anna Di Biagio argues that Moscow hoped to create a 'zone of economic exchange' under the auspices of the Marshall plan. In this zone it would be possible to continue the wartime policy of co-operation established by the Grand Alliance, while at the same time avoiding undue interference in each

pp.1371-86.

⁶⁹ Kennedy-Pipe, 'Stalin and the Marshall Plan', p.10, referring to the Report of Academician Varga to Foreign Minister Molotov, 24 June, 1947, Archive of the Foreign Policy of the Russian Federation (AVP RF) o6.op.9.d.213,p.18.1.2. Cited in Parrish and Narinsky, *New Evidence of the Soviet Rejection of the Marshall Plan*, p.166.

⁷⁰ Narinsky, *New Evidence of the Soviet Rejection of the Marshall Plan*, p.108, cited in Kennedy-Pipe, 'Stalin and the Marshall Plan', p10.

⁷¹ Kennedy-Pipe, 'Stalin and the Marshall Plan', p.10.

other's 'spheres of influence'.⁷²

The Soviet desire for a 'zone of economic exchange' with the West disappeared when the West insisted that recipient countries should submit their economic conditions and plans to scrutiny. To do this would mean revealing to the West the full extent of devastation in the Soviet Union, which would have weakened the perception of it as a super-power. 'Molotov was concerned about the effect this might have on Soviet control of the East European economies. Moscow feared that East European leaders might be induced through this system to alter internal policies/priorities perhaps even to the extent of becoming dependent on the markets and systems of Western Europe and ultimately the United States.'⁷³ As Di Baggio notes,

Newly available archive material makes it clear that all the steps taken by the Soviet leadership in these [Marshall Plan] negotiations were guided by the determination to prevent the West from being able to exercise influence in countries within the Soviet sphere of influence. So Soviet leaders were extremely sensitive to the idea that states of the East might be induced to revise their internal policies, bringing them more in line with the free market, with the result that they would be more tied into a network of interdependence woven by the United States throughout Europe.⁷⁴

There is also evidence that the West was aware of the Soviet Union's predicament. Pierson Dixon of the British Foreign Office noted on 2 July 1947 that, to have accepted American aid, or have allowed Eastern Europe to do so, would 'introduce western methods and ideas into the Eastern European systems, and thus undermine

⁷² Di Biagio, 'Founding of the Cominform', pp.209-210.

⁷³ Kennedy-Pipe, 'Stalin and the Marshall Plan', p.11.

⁷⁴ Di Biagio, 'Founding of the Cominform', p.210, referring to Narinsky, 'SSSR i plan Marhsalla', *Novaia i noveishaia istoriia*, No. 2, 1993, pp.11-19, p.19.

Soviet influence. It might even undermine the Soviet regime itself.’⁷⁵

By the time of the meeting of June 27, the Soviet view towards the Marshall Plan had hardened. Any ‘welcome’ that had initially been shown towards Marshall Plan Aid quickly turned to mistrust. On June 16, an article appeared in Pravda stating that: ‘Mr Marshall ‘s plan is . . . only a repetition of the Truman plan for political pressure with the help of dollars, a plan for interference in the domestic affairs of other countries.’⁷⁶ Apparently, Moscow had briefly considered a ‘wrecking plan’ for the proposed conference of July in which Europe would discuss its reaction to Marshall Aid, in a bid to encourage friction between the United States and Europe.⁷⁷ In a telegram dated 5 July, addressed personally to all the East European Communist Party leaders, Molotov issued a directive telling them that their respective governments should all attend the Paris conference. This would not be in order to cooperate, but in order to ‘demonstrate the unacceptability of the Anglo-French Plan, to prevent unanimous adoption of the Plan and then to leave the Conference, taking with them as many delegates from other countries as possible.’ However, within a few hours Moscow decided against such a course of action.⁷⁸ Presumably they feared that the East European leaders might decide to join the ERP at the last moment.⁷⁹

⁷⁵ Dixon Diary, 2 July 1947, Pierson Dixon Papers, cited in Geoffrey Warner, ‘From “Ally” to Enemy: Britain’s Relations with the Soviet Union, 1941-8’, p.305, in Gori and Pons, *The Soviet Union and Europe in the Cold War*, pp.293-309.

⁷⁶ *Keesing’s Contemporary Archives*, 1946-48, Vol.6, p.8659.

⁷⁷ Di Biagio, ‘Founding of the Cominform’, p.210, referring to Molotov’s telegram of 7 July in G.Takhnenko, ‘Anatomiia odnogo politicheskogo resheniia (K 45 – letiyu plana Marshalla)’, *Mezhdunarodnaia zhizn*, 5, 1992, p.125.

⁷⁸ *Ibid.*

⁷⁹ See Di Biagio, ‘Founding of the Cominform’, pp.210-11, and Kennedy-Pipe, ‘Stalin and the Marshall Plan’, p.11.

Instead, its East European satellites were instructed not to attend the conference.

As an exercise in anti-communism, the Marshall Plan was undoubtedly a success. This was partly because Marshall Aid was initially offered to the Soviet Union and Eastern Europe. This gave the US a propaganda advantage in that they could deflect Soviet accusations of anti-communism with the evidence of this offer. However, it is highly unlikely that the Americans had any rational expectation of the Soviet Union accepting the offer of aid. The same can be said for Britain and France. If the Soviet Union had co-operated, then presumably the Marshall Plan would have floundered once the divisions between East and West intensified in the deepening Cold War. That the Marshall Plan was a key event in the history of the Cold War cannot be doubted. By 1948, 'Marshall Aid had become confirmation for Soviet leaders that Western leaders were determined to exploit Soviet economic weakness and "lure" Eastern Europe into a Western camp.'⁸⁰

2.3 The Marshall Plan, Britain and the Soviet Union

It is commonly argued that the US used the Marshall Plan to swing Britain towards the American sphere of influence and so alter relations between Britain and the Soviet Union. However, the leaders of the British government had taken a more suspicious stance towards the Soviet Union even before the Second World War was over. Gamble points out that 'In the latter stages of the war British strategic thinking

⁸⁰ Kennedy-Pipe, 'Stalin and the Marshall Plan', p.1.

became preoccupied with containment of Soviet power.’⁸¹ This cautious approach to the Soviet Union continued with the election of a Labour government. During 1945 and the first half of 1946, the Americans had in fact resisted what they saw as British attempts to forge an Anglo-American front against the Soviet Union.⁸² In early 1946, members of the British embassy had launched discrete efforts to toughen the American government’s attitude towards the Kremlin.⁸³ By the autumn of 1946, the American position had changed. ‘It was a major triumph for British policy after 1945 when the Americans endorsed the idea that the Russians must be contained and isolated at all costs, for the security of the world order.’⁸⁴

Having helped push for the change in the US position towards the Soviet Union, the British government then had to explain to the US why it was not being more anti-Soviet in its rhetoric. One of the key reasons for this situation, was that public opinion, and left-wing members of the British government, did not share the anti-communism being voiced by the central organs of government. For example, in November 1946 Richard Crossman, along with fifty-six other left-wing Labour MPs, forwarded an amendment in the House of Commons criticising the government’s foreign policy.⁸⁵ This reflected a rising tide of complaint from the left over the lack

⁸¹ Andrew Gamble, *Britain in Decline: Economic Policy, Political Strategy and the British State*, (4th edn.), London: Macmillan, 1994, p.108.

⁸² See Caroline Anstey, ‘The Projection of British Socialism: Foreign Office Publicity and American Opinion, 1945-50’, *Journal of Contemporary History*, Vol.19, No. 3, 1984, pp. 417-451.

⁸³ E. Halifax to E. Bevin, 18 February 1946, including comments by I. Berlin and J. Balfour on a memorandum by Joseph E. Davies. FO 115/4270. Cited in Anstey, ‘The Projection of British Socialism’, p. 433.

⁸⁴ Gamble, *Britain in Decline*, p.108.

⁸⁵ *Parliamentary Debates, (Hansard)*, 5th Series, London: HMSO, 1946, Vol.430, col.526, November 1946.

of a 'socialist' foreign policy. Anstey points out that the Foreign Office had the problem of trying to satisfy public opinion in the UK and US at the same time. 'Faced with an American public which was increasingly hostile towards the Soviet Union, and a British public which, according to the Foreign Office, "for the most part desires close relations and alliance with Russia",⁸⁶ aligning rhetoric with reality simultaneously on both sides of the Atlantic became increasingly difficult. An answer of sorts lay in educating the British public to adopt a tougher stand, and in informing American officials of the nature of the Foreign Office's predicament.'⁸⁷ While Bevin asked the press to take a tougher anti-Soviet line, Waldemar J. Gallman, the minister at the American embassy in London, reported the predicament to the American Secretary of State, George Marshall, that,

Foreign Office officials directly charged with Soviet affairs have recently and repeatedly indicated that while there is no change in substance United Kingdom policy towards USSR, every move must be carefully considered and planned from point of view of protecting Bevin from Labour Party rebels ... in light of Labour rebellion Bevin and Foreign Office now take greater pains to avoid creating impression he is ganging up with the United States against Russia.⁸⁸

It appears that the United States changed its stance towards the Soviet Union in early 1946. According to Gaddis, 'The period of late February and early March 1946, marked a decisive turning point in American policy toward the Soviet Union'. Up until then, attitudes towards the Soviet Union had developed on an ad hoc basis, with little consistency besides the assumption of shared basic interests in peace and

⁸⁶ W. Gallman to G. Marshall, 2 February 1947, 841.00/2-2-47. Records of the Department of State, National Archive, Washington, cited in Anstey, 'The Projection of British Socialism', p.434.

⁸⁷ Anstey, 'The Projection of British Socialism', p.434.

⁸⁸ W. Gallman to G. Marshall, 3 February 1947, 841.00/2-3-47, cited in Anstey, 'The Projection of

stability.⁸⁹ It was not until after Kennan's Long Telegram of February 22, 1946, that the US fully started to reconsider its position vis-à-vis co-operation with the Soviet Union. In the Long Telegram, Kennan set out his perceptions of the Soviet postwar outlook and the implications of this for American policy. The Soviet Union was described as,

a political force committed fanatically to the belief that with US there can be no permanent *modus vivendi*, that it is desirable and necessary that the internal harmony of our society be disrupted, our traditional way of life be destroyed, the international authority of our state be broken, if Soviet power is to be secure.⁹⁰

The conclusion was that the Soviet Union would not co-operate with the United States. The resulting policy was containment.

Kennan later wrote that whereas none of his previous communications 'had seemed to evoke even the faintest tinkle from the bell at which they were aimed, this one, to my astonishment, struck it squarely and set it vibrating with a resonance that was not to die down for many months.' This was down to its timing: 'Six months earlier this message would probably have been received in the Department of State with raised eyebrows and lips pursed in disapproval. Six months later, it would probably have sounded redundant, a sort of preaching to the convinced.'⁹¹ Difficulties in reaching agreement at the Council of Foreign Ministers' meetings in Paris also heightened the general perception that the Russians were becoming increasingly belligerent. It is also likely that there was some influence in this sea change in American attitudes

British Socialism', p.435.

⁸⁹ Gaddis, *The United States and the Origins of the Cold War*, pp.312-313.

⁹⁰ Kennan, *Memoirs*, Appendix C, 'Excerpts from Telegraphic Message from Moscow of February 22, 1946', p.557.

from British sources. It should also be mentioned that Kennan was good friends with Frank Roberts, the British *charge d'affairs* in Moscow, and it is not entirely implausible that some of Kennan's analysis reflected the British point of view.⁹² Possibly of importance at this point was the role played by Churchill. While on a private trip to the United States, Churchill lobbied President Truman to take a tougher line towards the Soviet Union. Churchill's 'Iron Curtain' speech in March at Westminster College in Fulton, Missouri, helped to strengthen the swing towards anti-communism, though it did serve to embarrass the British government.⁹³

Certainly the progress of the Anglo-American Financial Agreement seems to have benefited from a new realisation in Congress.⁹⁴ By the time it came to the final vote in Congress in mid-1946, leaders in both Houses of Congress presented the issue of the British loan as a political choice between good and evil. Rayburn, the Speaker of the House of Representatives, gave a short speech on the floor of the chamber as the loan to Britain was being debated:

I do not want Western Europe, England, and all the rest pushed further into and toward an ideology that I despise. I fear if we do not cooperate with this great natural ally of ours, that is what will happen. If we are not allied with the great

⁹¹ Kennan, *Memoirs*, pp.294 & 295.

⁹² Richie Ovendale, 'Britain and the Origins of the Cold War', talk given at the International Studies Institute, University of Leeds, 2 May 1997.

⁹³ For further information on the role played by the British in moving the US towards a firmer stance with the Russian, see Terry Anderson, *The United States, Great Britain and the Cold War, 1944-1947*, Columbia, 1981.

⁹⁴ Resulting in a US loan to Britain worth \$3.75 billion. Keynes had led the British negotiations, which were difficult and protracted. A condition of the loan required Britain to make sterling fully convertible into dollars within one year of the agreement. The result of this was to exacerbate the drain on Britain's dollar reserves, with an exchange crisis in summer 1947. Convertability was suspended on August 20, 1947. See Alec Cairncross, *The British Economy since 1945*, (2nd edn.), Oxford: Blackwell, 1995, pp.52-55. For detailed coverage see Richard Gardner, *Sterling-Dollar Diplomacy*, (2nd edn.), New York: McGraw-Hill, 1969.

British democracy, I fear somebody will be and God pity us when we have no ally across the Atlantic Ocean, and God pity them too.⁹⁵

Events moved quickly to confirm American fears about the spread of communism. The severe winter of 1946/7 saw economic problems across Europe. With the fall of the French coalition government in May 1947, Washington feared the communists might exploit the situation and take power through force (however unlikely this may have been). Problems in Italy, Greece and Turkey led to the announcement of the Truman Doctrine. Whilst the Marshall Plan originated out of the deepening Cold War, it in turn added its own impetus. Kennedy-Pipe notes that 'The first Soviet priority in response to the Marshall Plan was to tighten Soviet control over East European Communist Parties.'⁹⁶ In September 1947, representatives of the Communist Parties of the USSR, Bulgaria, Romania, Czechoslovakia, Hungary, Poland, France, Italy and Yugoslavia met in Poland to create the Cominform (Communist Information Bureau). To the chagrin of the Communist Party of Great Britain, it was not invited, as the Cominform was to consist of communist parties that were or, in the cases of Italy and France, had been in government.⁹⁷ The Cominform was to be act as an information bureau, designed to co-ordinate the activities of the Communist Parties and smooth out differences between them. Interestingly though, Di Biagio notes that the need to establish such an organisation

⁹⁵ Cited in *The United States in World Affairs, 1945-1947*, Council on Foreign Relations, New York, 1947, pp.368-9.

⁹⁶ Caroline Kennedy-Pipe, *Stalin's Cold War: Soviet Strategies in Europe, 1943 to 1956*, Manchester: Manchester University Press, 1995, p.120.

⁹⁷ Noreen Branson, *History of the Communist Party of Great Britain, 1941-1951*, London: Lawrence & Wishart, 1997, p.157.

had been discussed earlier, in June 1946, in a meeting between Stalin, Tito, and Dimitrov, that is, before the Marshall Plan had been announced.⁹⁸ While Yugoslavia resisted Soviet attempts to centralise control, a series of bilateral treaties were imposed upon Eastern European states during early 1948. In February 1948, a communist coup in Czechoslovakia ousted the coalition government, and the Berlin blockade began in June 1948.

Conclusion

The Marshall Plan was undoubtedly in part a response to, and a development of, the growing Cold War. However, the Cold War was not something that originated in the United States. Britain had been pushing for a harder line to be taken towards the Soviet Union during 1945, and, arguably, during the final years of World War II. Thus, while the Marshall Plan originated out of an American perspective on the future of Europe, its inherent anti-communist aspect was not unwelcome or unexpected in Britain. The initial interest expressed by the Soviet Union did not, in the end, make any difference to the deepening suspicions of the West. The impact of the Marshall Plan on British trade unions can only be understood in terms of the climate of opinion that was forming at this time, namely that the Soviet Union would not cooperate with the West and could not be trusted. The next chapter concludes this first section of this study by analysing the overall scale and impact of the Marshall Plan in Britain.

⁹⁸ Di Biagio, 'Founding of the Cominform', p.209.

Chapter 3

The Scale and Impact of the Marshall Plan

Introduction

This chapter concludes my analysis of the overarching context of the Marshall Plan. It examines the scale of Marshall Aid, the form that the aid took, and the specific aims of the Marshall Plan, in order to assess the impact of the programme and the amount of leverage that this gave the US over the recipient states. It focuses in particular on Britain, as it forms the backdrop for the arguments developed in the second part of the thesis on British labour and the Marshall Plan.

3.1 The Specific Aims of the Marshall Plan

The US administration identified four prerequisites for achieving European recovery through the Marshall Plan. These were stated in the Foreign Assistance Act as ‘a strong production effort, the expansion of foreign trade, the creation and maintenance of internal financial stability, and the development of economic co-operation.’¹ This last objective was to include ‘all possible steps to establish and maintain equitable rates of exchange and to bring about the progressive elimination of trade barriers.’² The first two aims could easily be agreed on by all the states involved as necessary for economic recovery, and some success was attained with them. Production did increase, as did foreign trade. The combined

¹ ‘Foreign Assistance Act, 3 April 1948’, in the Royal Institute of International Affairs’ *Documents on European Recovery and Defence, March 1947 – April 1949*, London: Royal Institute of International Affairs, 1949, p.31.

Gross National Product for Western Europe had grown from \$120 billion in 1947 to almost \$159 billion by 1951, an increase of 32.5 percent.³ By the end of 1951, the index of industrial production for all participating countries had risen by 35 percent above the 1938 level, which was higher than the target of 30 percent.⁴ While this increase in production varied from country to country (with West Germany having the poorest record), this was a remarkable achievement, as can be seen by the table below.

Table 3.1 Indices of Industrial Production in Western Europe, 1948-1951, (1938 = 100)

<i>Country</i>	<i>1948</i>	<i>1949</i>	<i>1950</i>	<i>1951</i>
Austria	85	114	134	148a
Belgium	122	122	124	143
Denmark	135	143	159	160
France	111	122	123	138
W. Germany	50	72	91	106
Greece	76	90	114	130
Ireland	135	154	170	176b
Italy	99	109	125	143
Luxemburg	139	132	139	168a
Netherlands	114	127	140	147
Norway	125	135	146	153
Sweden	149	157	164	172
Turkey	154	162	165	163a
United Kingdom	120	129	140	145
All participating countries	99	112	124	135
All participating countries exclusive of W. Germany	119	130	138	145

a Average of first three quarters of 1951

b Average of first two quarters of 1951

Source: First Report to Congress on the Mutual Security Program, p.75, cited in Wexler, *The Marshall Plan Revisited*, p.94.

² Ibid.

³ Imanuel Wexler, *The Marshall Plan Revisited: The European Recovery Program in Economic Perspective*, London: Greenwood Press, 1983, p.250, using OEEC figures.

⁴ Ibid., p.93.

Some trade barriers within Europe were reduced, helped by the establishment of the European Payments Union. Between 1948 and 1951, trade within Western Europe rose by over 70 percent, and extra-European exports grew by 66 percent.⁵ However, despite this success, the third aim set out in the Foreign Assistance Act, that of financial stability, proved to be a more intractable problem.

One of the main tools with which the US could influence recipient states, and influence financial stability, was through the counterpart funds. Under Section 115, clause (b), part 6 of the Foreign Assistance Act, the recipient countries had to deposit sums of money in their local currency equal to the dollar value of the imports provided by the Marshall Plan. In all, roughly \$8.6 billion was collected,⁶ known as the counterpart funds.⁷ 5% of these funds had to be paid directly to the US Economic Co-operation Administration (ECA) for its own administrative costs, for the stockpiling of strategic materials, and other expenditures such as gathering and distributing information on the Marshall Plan.⁸ The remaining 95% of counterpart funds could be used for 'purposes of internal monetary and financial stabilization, for the stimulation of productive activity and the exploration for and development of new sources of wealth', or for other expenditures which were 'consistent' with the purposes of the Foreign Assistance Act.⁹ The counterpart funds were one of the major ways in which the US was

⁵ Ibid., p.252.

⁶ Wexler, *The Marshall Plan Revisited*, p.87, citing *First Report to Congress on the Mutual Security Program*, December 31, 1951, pp.62-63.

⁷ On counterpart, see Jim Tomlinson, 'Another Lost Opportunity? Marshall Aid and the British Economy in the 1940s', paper presented to the Economic and Social History Division, University of Leeds, November 20, 1996, forthcoming in *Twentieth Century British History*.

⁸ This 5% of the Counterpart Funds was an important financial resource for the propaganda campaign which accompanied the Marshall Plan.

⁹ 'Foreign Assistance Act, 3 April 1948', in *Documents on European Recovery and Defence*,

able to exert influence over Europe, since the ECA Administrator, Paul Hoffman, had to approve the purposes to which counterpart was put. According to Hoffman, counterpart funds played a crucial role in the success of the Marshall Plan:

I can say flatly that it made the difference between success and failure for the Marshall Plan in every nation that had a shaky government, and it helped mightily with those that had strong ones. It was, I believe, the indispensable idea – the essential catalyst.¹⁰

The ECA attempted to influence the policies of certain countries through the use of this ‘essential catalyst’. In France, for example, Carew notes that ‘the ECA applied strong pressure to force deflationary policies on the government’. However, there were limits to US influence, and ‘the Americans were forced to soft-pedal their approach from time to time or risk the collapse of the French government and its replacement by one hostile to the United States.’¹¹ Financial stability was something that all the European states wanted to work towards, but they differed sometimes from the US in their views as to immediate priorities given the need to boost production at a time of shortages. As Wexler points out, the ECA could never reconcile ‘the inherent conflict between the financial stabilization objective and the need to stimulate large-scale investments so as to increase production.’¹² Hogan notes how the ECA’s counterpart policy,

also aimed to integrate economies and thus clear a path to greater specialization, more efficient use of resources, and economies of scale. Using counterpart funds to reduce national deficits and stabilize currencies was one way to eliminate monetary barriers to intra-European trade and economic

p.51.

¹⁰ Paul Hoffman, *Peace Can be Won*, London: Michael Joseph, 1951, pp.79-80.

¹¹ Anthony Carew, *Labour Under the Marshall Plan*, Manchester: Manchester University Press, 1987, p.14, and Wexler, *The Marshall Plan Revisited*, pp.100-7.

¹² Wexler, *The Marshall Plan Revisited*, p.114.

integration.¹³

The one US aim that was articulated through the Foreign Assistance Act and which Europe and the US could not agree on was European economic co-operation. As Pollard puts it, 'The record on integration, or as Congress had vaguely called it, "unification," was thus the least satisfactory.'¹⁴ Despite US efforts, and despite the rhetoric of the Committee on European Economic Co-operation (CEEC, later called the Organisation for European Economic Co-operation), the sort of co-operation that the US envisaged was never achieved. While the Europeans saw co-operation in terms of limiting trade barriers, the US vision was 'of an integrated Western European economy much like the large internal market that had taken shape in the United States under the Constitution of 1787.'¹⁵ Milward points out that 'The more enthusiastic advocates of a united Europe have seen the CEEC as the first solid, political step towards that goal, evidence that Western Europe could work and plan in harmony even if only on an inter-governmental base.' However, he concludes that the CEEC actually provides evidence of the very opposite of this:

The CEEC did more to emphasize the lack of co-operation between European economies than their willingness to plan in harmony, and far from bringing Western Europe and the United States to a closer economic understanding it only served to emphasize how far apart they were.¹⁶

Milward emphasises the divisions and diversity between the CEEC states. Of the

¹³ Michael Hogan, *The Marshall Plan: America, Britain, and the reconstruction of Western Europe, 1947-1952*, Cambridge: Cambridge University Press, 1987, p.155.

¹⁴ Robert Pollard, *Economic Security and the Origins of the Cold War, 1945-1950*, New York: Columbia University Press, 1985, p.166.

¹⁵ Hogan, *The Marshall Plan*, p.427.

¹⁶ Alan Milward, *The Reconstruction of Western Europe 1945-51*, London: Methuen, 1984, pp.69

CEEC report, he says this ‘began to take the shape which would be least acceptable in Washington, a set of sixteen separate requests for aid, thinly and inadequately disguised as a common European programme and embellished with plentiful but singularly unhelpful statistics.’¹⁷ Certainly correspondence from US officials at the CEEC discussions to the US Secretary of State reveal a large degree of dissatisfaction and frustration, in particular at the ‘lack of adequate progress towards a viable western European economy’.¹⁸ Hogan, however, takes a slightly more positive view of the US achievements in this area, for while the economic integration pushed for by the US was not achieved by the Marshall Plan, ‘it seems clear that American recovery policy helped to set the Europeans on a road that led from the economic autarky of the 1930s to the Common Market of the 1960s.’¹⁹ Hogan also stresses that the Europeans,

refused to engage in genuine joint programming, adapt national production plans to European needs, or subordinate national sovereignties to the authority of a supranational organization [the OEEC]. Europeans favored the “Molotov Approach” and sought a recovery program that would limit the scope of cooperative action, meet their separate requirements, and preserve the greatest degree of national self-sufficiency and autonomy.²⁰

Despite some differences in interpretation, it is generally accepted that the US administration’s aim of economic integration was never achieved, despite the influence that the European Recovery Programme was meant to confer upon the US Economic Co-operation Administration. Thus, the issue of European integration illustrates that despite the massive advantage that the US had over Europe in terms of financial and productive resources, there were limits to what it

and 70.

¹⁷ Milward, *The Reconstruction of Western Europe*, p.80.

¹⁸ *Foreign Relations of the United States*, (hereafter *FRUS*) 1947, Vol.III, Caffrey to Secretary of State, Paris, August 26 1947, p.380. See also the correspondence from pp.356-435.

¹⁹ Hogan, *The Marshall Plan*, p.438.

²⁰ *Ibid.*, p.87.

could achieve. It was only able to influence recipient states to take a course of action when that course of action was not inimical to them.

3.2 The Scale and Impact of the Marshall Aid Programme

Debate has arisen over whether the injection of capital involved in the Marshall Plan was really large enough to make a significant difference to European recovery. The Europeans had initially been intending to request \$28.2 billion over four years, but this was seen by Clayton, acting on behalf of the State Department at the Paris CEEC deliberations, as 'out of the question'.²¹ By the time that President Truman sent his special message on the Marshall Plan to Congress, laying out the proposed programme of aid on December 19, the total requested was put at \$17 billion.²² By the time the Foreign Assistance Act had passed through Congress the request had been scaled down to approximately \$13 billion.

The Economic Co-operation Administration (ECA) announced on 3 July 1948 the value of the first allocation of aid to Europe. Over the months of April to June 1948, the first three months of the Marshall Plan, the allocation of aid had been \$762,747,140 (this included aid to Trieste, and to China which was, somewhat confusingly, included in the Foreign Assistance Act under Title IV). The largest single amount of \$226,066,200 went to Britain.²³ Aid received for the first five months of the ERP, from April 3 to August 31, consisted of purchases totalling

²¹ *FRUS*, 1947, Vol.III, Clayton to Lovett, August 25, 1947, p.377.

²² Wexler, *The Marshall Plan Revisited*, p.25. Wexler notes that shortly after this the specific total of \$17 billion was removed.

²³ *Keesing's Contemporary Archives, Vol.VII, 1948-50*, London: Keesing's, 1950, p.9403.

\$1,292,000,000 (\$1.29 billion). The largest aid allocations were to France (\$337,700,000) and Britain (\$334,100,000). The largest items in the list of commodities were wheat (\$230,000,000), coal (\$127,600,000) and petroleum products (\$119,100,000).²⁴ For the UK over this period, the largest items were wheat and wheat flour (\$99,300,000), petroleum products (\$44,000,000), meat (\$43,700,00) and dairy products (\$35,900,000).²⁵ Thus, for Britain, by far the largest proportion of aid was received in the form of food imports. The allocations for the third quarter, from October to December, were \$1,769,000,000, with Britain receiving the largest share with \$500,000,000.²⁶

Table 3.2 Total net ERP aid after utilization of drawing rights, as a percentage of 1949 GNP

Country	At pre-September 1949 Exchange rates	At post-September 1949 Exchange rates
France	9.9	11.5
Italy	8.8	9.6
Netherlands	16.1	23.1
United Kingdom*	5.2	7.5
West Germany**	4.7	5.9

Source: Alan Milward, *The Reconstruction of Western Europe*, Table 16, p.97.

*GDP

** 1950

Between 1948 and 1952, goods equivalent to approximately \$13 billion were received by the European countries involved in the ERP. The value of the aid received by each country, as shown in the table below, did not necessarily reflect the level of devastation. If this had been the case, one would have expected Germany to have received more, and for Greece to have received less. Neither did the value of aid received necessarily reflect the likelihood of the communist

²⁴ Ibid., p.9537.

²⁵ Ibid.

threat, since although this would explain the relatively large sums of aid for Greece, it does not explain why Britain received more than France and Italy.

Table 3.3: Value of Marshall Aid received by major recipients, (\$m)

UK	France	Italy	West Germany	Netherlands	Greece	Austria
\$3,176m	\$2,706m	\$1,474m	\$1,389	\$1,079	\$ 700	\$ 700

Source: Foreman Peck, *A History of the World Economy*, p.246, based on Harry Price, *The Marshall Plan and its Meaning*, New York: Cornell University Press, 1955, pp.88-90.

In absolute terms Britain was the recipient of the largest share. An analysis of the first year of the ERP programme written by Harris in 1948, found that ‘aid is not based primarily on need as indicated by national income or income per capita.’²⁷ Evidence given for this included the fact that, taking the aid calculations for the first fifteen months of the programme, the Netherlands was to receive aid equal to 16.8 per cent of yearly income and Italy only 8.5 per cent. This was despite the Netherlands’ per capita income in 1946 being twice that of Italy’s. Harris felt that ‘Obviously the deficit in the balance of payments with the Americas is decisive’, though even this did not fully explain the distribution of the aid.²⁸ Foreman Peck suggests that, ‘So far as there was a principle governing the allocation between nations, it was the volume of national foreign trade.’²⁹ That the aid seems to have reflected patterns of trade and balance of payments deficits with the US suggests that one of the primary aims of Marshall Aid was to free up trade in order to protect US exports and to maintain markets. In fact, Section 112 of the Foreign

²⁶ Ibid.

²⁷ Seymour Harris, *The European Recovery Program*, Harvard, MA: Harvard University Press, 1948, p.158.

²⁸ Ibid.

²⁹ James Foreman-Peck, *A History of the World Economy*, Hemel Hempstead, Herts: Harvester

Assistance Act was specifically about the 'Protection of Domestic Economy'.

Clause (a) stated that,

The Administrator [of the ERP] shall provide for the procurement in the United States of commodities under this title in such a way as to (1) minimize the drain upon the resources of the United States and the impact of such procurement upon the domestic economy, and (2) avoid impairing the fulfilment of vital needs of the people of the United States.³⁰

Aid was primarily received in the form of goods from the US rather than money.

Through the Committee on European Economic Co-operation the European countries had put in a joint bid for grants for American goods which were then scrutinised by the ECA. The goods that the ECA authorised for export as part of the European Recovery Programme (ERP) did not always tally with the goods that the European states had requested.³¹ Many of the requests were scaled down, or had items substituted. Harris noted at the time that,

No competent observer of the ERP will gainsay the fact that it is in part an organization for dumping surpluses; and that the support for the ERP stemmed partially from those who viewed it as a source of additional markets.³²

More agricultural products were offered than requested. Instead of sending the scrap and semi-finished iron and steel that Europe had asked for, much more finished iron and steel was sent than was wanted. Harris wondered whether the reason for this was 'the protection and favoring of markets of United States producers?'³³ This suggests that the influence European recipients had over exactly what they received was limited, and does uphold the argument that, at least in part, the Marshall Plan was concerned with American markets rather than

Wheatsheaf, 1995, p.246.

³⁰ Foreign Assistance Act in *Documents on European Recovery and Defence*, p.44.

³¹ Harris, *The ERP*, p.12.

³² Ibid.

³³ Ibid.

European recovery for its own sake. These, however, were not alternatives, as US exporters would not have been able to gain access to European markets in the absence of European economic recovery.

3.3 Britain and the Marshall Plan

One of the abiding debates over the Marshall Plan concerns the extent to which it was used to influence policy and politics in the recipient countries.³⁴ Marshall Aid could be used as leverage in several ways: firstly, through control of who was to receive it, how much they were to receive, and what it was to be used for. For instance, Price noted in his work on the Marshall Plan in 1955 that ‘the ECA was in a position to influence policies and operations in the participating countries.’ He pointed out that ‘The ECA’s most obvious “leverage” was its power to determine the size of aid allotments and to approve authorizations for specific commodities.’³⁵ In this sense, Marshall Plan aid could be used to exercise relational power between states. It can be argued that Marshall Aid was used, to a certain extent, for political leverage in the cases of France and Italy, where, according to Ellwood, the US government ‘made it quite clear that Italy would not be a beneficiary if its government was made up of Communists and Socialists.’³⁶ It is harder to uphold this argument in the case of Britain.

One interpretation of the impact of the Marshall Plan on Britain has been that the

³⁴ See, for example, John Saville, *The Labour Movement in Europe*, London: Faber and Faber, 1988, p.101-103.

³⁵ Harry Bayard Price, *The Marshall Plan and Its Meaning*, Ithaca, NY: Cornell University Press, 1955, p.104.

³⁶ David Ellwood, ‘From “Re-education” to the Selling of the Marshall Plan in Italy’, in N. Pronay & K. Wilson (eds.), *The Political Re-education of Germany and Her Allies after World War II*, London: Croom Helm, 1985, p.226. He refers to Robert Holt & Robert van de Velde,

Marshall Plan was one of several momentous events in the postwar period when the British government gave way to superior US influence, the others being the 1945 Washington loan agreement, the convertibility crisis of 1947, the devaluation of sterling in 1949, and the rearmament programme due to the outbreak of hostilities in Korea in 1950. Burnham refers to this as the 'capitulation thesis'.³⁷ This line is strongly argued by those on the left such as Saville, for whom,

the subordination of Britain to America and the acceptance of a client status arose in the earliest days of the postwar government when it became clear that to maintain bases overseas required American dollars if domestic social reform was to be implemented.³⁸

A similar, but more refined argument is that presented by Brett, Gilliatt and Pople, that 'the "relative autonomy" of the state was decisively moderated not so much by the power of the domestic bourgeoisie as by that of its foreign counterparts in the US.'³⁹ Another interpretation has been that the Marshall Plan was one of a number of causes, many of which were due to domestic structures in British politics, for 'the failure of the Attlee Government to make any significant progress towards the creation of its promised "socialist commonwealth"'.⁴⁰ According to this argument, Marshall Aid led to 'further constraints on the radicalism and freedom of manoeuvre of the Labour Government', in particular in the area of foreign policy.⁴¹

Strategic Psychological Operations and American Foreign Policy, Chicago: 1960, Ch. VI

³⁷ Peter Burnham, *The Political Economy of Postwar Reconstruction*, London: Macmillan, 1990, p.5.

³⁸ John Saville, 'Labour and Foreign Policy 1945-1947: a Condemnation', *Our History Journal*, Journal of the History of the Communist Party, No.17, May 1991, p.30.

³⁹ T. Brett, S. Gilliatt and A. Pople, 'Planned Trade, Labour Party Policy and US Intervention: The Success and Failures of Post-War Reconstruction', *History Workshop*, No. 13, 1982, pp.130-142.

⁴⁰ David Coates, *The Labour Party and the Struggle for Socialism*, Cambridge: Cambridge University Press, 1975, p.62.

⁴¹ *Ibid.*, p.68

This study, drawing on the detailed work of Burnham and Milward, argues that the British government, while welcoming the stability that US hegemony provided, was largely able to resist unwanted American influence exerted through the Marshall Plan. This was true both in economic terms, for instance over investment decisions and the issue of economic planning, and in political terms, for instance over European integration and foreign policy orientation. This occurred for two major economic reasons, and one major political one, as outlined below.

Firstly, British economy recovery was already progressing by the time Marshall Aid arrived. The economic and political impact of the Marshall Plan is often seen in terms of the depth of the economic crisis facing Europe, and the amount of money that was involved. For Britain, the economic crisis of 1947 was caused partly from the success of recovery itself, leading to a dollar shortage, and partly by short-term problems caused by the severe winter. Thus, the economic situation was not disastrous. Furthermore, while the amount of money that Britain received was large (approximately \$3 billion), it was mostly used for imports of food and raw materials, and not for investment projects. This meant that the US had less say over what should be done with the money. Milward's study, based on trade and production figures has convincingly argued that,

Marshall Aid was not in fact important enough to give the United States sufficient leverage to reconstruct Western Europe according to its own wishes. The main economic importance of Marshall Aid over the whole duration of the programme was the imports, particularly goods imports, which it permitted.⁴²

⁴² Alan Milward, *The Reconstruction of Western Europe 1945-51*, London: Methuen, 1984,

In the case of Britain, this was particularly so. According to Burnham, the Marshall Plan 'was not indispensable to the Attlee government's economic objectives', and,

Whilst it is inaccurate to assume that Marshall aid had no beneficial effect on British accumulation . . . it is wrong to claim that it acted as an economic lifeline for the UK economy.⁴³

This is because,

Marshall aid disbursements to Britain were primarily used for food imports releasing resources to enable the already widespread domestic reconstruction programme to continue.⁴⁴

About 50% of the aid was used for food imports, while only about 5% was used for industrial investment which was already high in Britain.⁴⁵ According to Harris, writing in 1948, 'a galaxy of British economists - all agree that investments are excessive.'⁴⁶ While the US administration did not have a say over what was done with the goods received as part of Marshall Aid, it did control which types of goods were allowed for export. In this way, the US could have an impact on investment decisions and industrial policy in the European countries. Such impact was marginalised in Britain because the goods that were most needed were foodstuffs, which the US wanted to send, and not investment and capital good. This meant that the US would have less say politically and economically, for instance over investment and industrial policy, than if the aid had been used for capital equipment.

p.469.

⁴³ Burnham, *The Political Economy of Postwar Reconstruction*, p.111.

⁴⁴ *Ibid.*, p.72.

The second main economic argument concerns the influence that the counterpart funds gave the US over policy. As has been noted earlier in the chapter, one of the main ways that US policy-makers sought to influence the recipient countries was over the use of counterpart funds, the local currency deposits equal to the value of the goods received under the Marshall Plan. The ECA only approved total withdrawals of \$7.6 billion during its lifetime, leaving \$1 billion worth of accumulated counterpart deposits at the end of the ERP period.⁴⁷ Britain, unlike most other countries, chose to use her Counterpart Funds for debt retirement, as shown in the table below.⁴⁸

Table 3.4 Uses of Counterpart Funds in Major European Countries

Country	Total deposits (millions of dollars)	Debt retirement or unutilized (per cent)	Production and other purposes (per cent)
UK	1,673	100	0
France	2,295	8	92
W. Germany	930	9	91
Italy	917	14	86
Norway	305	100	0
Netherlands	722	62	38
Denmark	177	83	17
Austria	625	46	54
Greece	596	45	55
Average		52	48

Source: based on William Brown & Redvers Opie, *American Foreign Assistance*, Washington DC: Brookings, 1953, p.244, using the *Thirteenth Report to Congress*.

⁴⁵ Tomlinson, 'Another Lost Opportunity?', p.10.

⁴⁶ Harris, referring to Harrod, Hicks, Henderson, Robbins, and Robertson, *The ERP*, p.36.

⁴⁷ Wexler, *The Marshall Plan Revisited*, p.87, citing *First Report to Congress on the Mutual Security Program*, December 31, 1951, pp.62-63.

⁴⁸ This decision, likewise that of receiving Marshall Aid in the form of food imports, was criticised by Correli Barnett in Ch. 19 of *The Lost Victory, British Dreams, British Realities, 1945-1950* (London: Pan Books, 1996). Barnett's argument has come under severe criticism from Jim Tomlinson, in 'Another Lost Opportunity?'. See also *The Observer*, 26 October 1997, p.12.

Since Britain used its Counterpart Funds for debt retirement, this limited the amount of influence that the ECA had over British policy. Thus, as Carew points out,

Britain, more than any other Marshall Plan country, was successful in resisting the pull of American “strings”: the use of counterpart for debt retirement neutralised its potency as a vehicle of American interference.⁴⁹

The ECA had initially been displeased by the idea of the money being used for debt retirement, preferring the money to be used for specific investment purposes. However, they did come to see that debt retirement would suit their own aim of international trade.⁵⁰ British debt retirement would help stabilise the sterling area, and provide the basis for the transition towards multilateral trade in the long run. Also, according to Carew, using debt retirement as a means of reducing liquidity was, ‘in American eyes, forcing a measure of anti-inflationary discipline on the Labour government. Counterpart was not released to assist any British welfare or social programmes, and this helped to reduce the resources available for consumption by the Labour government.’⁵¹ Of course, using counterpart funds for debt retirement would have enabled the government to channel money initially earmarked for that purpose into other areas such as welfare

Politically, it has been argued that the ‘strings’ which accompanied the Marshall Plan resulted in a reorientation away from a radical, socialist agenda. As Carew goes on to say,

⁴⁹ Anthony Carew, *Labour Under the Marshall Plan*, Manchester: Manchester University Press, 1987, p.98.

⁵⁰ Jim Tomlinson, ‘Another Lost Opportunity?’ p.10, referring to National Record Administration (NRA), Washington D.C., RG469/392, ECA London Mission, UK subject files, box 10, ‘Use of Counterpart Funds’, para.4, 5 July 1951.

Marshall Aid and the American influence in Britain that accompanied it certainly contributed to that mix of forces that was leading Labour to lose its sense of purpose and self-confidence as a radical reforming party in the late 1940s.⁵²

This is to overstate the situation, and this study rejects the argument that the Marshall Plan was used to influence the British government in terms of its political policies. Certainly, by today's standards, the Labour government was a radical reforming one. However, in certain areas it sought to maintain the status quo, particularly over foreign policy. The 1945 Labour Party election manifesto did not promise a socialist foreign policy. Rather, it stated that 'We must consolidate in peace the great war-time association of the British Commonwealth with the U.S.A. and the U.S.S.R.'⁵³ This hardly differed from the Conservative Party's manifesto which stated that 'Our alliance with Soviet Russia and our intimate friendship with the U.S.A. can be maintained only if we show that our candour is matched by our strength.' The Labour Party manifesto also stated that, 'Our prevailing hope is that the foundations [of peace] will be laid on the indissoluble agreement of Great Britain, the United States and Soviet Russia.'⁵⁴

The only other Labour Party comment referring to the Soviet Union was,

Let it not be forgotten that in the years leading up to the war the Tories were so scared of Russia that they missed the chance to establish a partnership which might well have prevented the war.⁵⁵

This criticism did not commit the Labour Party to any 'socialist' foreign policy.

While the Conservative manifesto gave greater emphasis to the British Empire

⁵¹ Carew, *Labour Under the Marshall Plan*, p.14.

⁵² *Ibid.*, p.99.

⁵³ Labour Party 1945 Manifesto, 'Let Us Face the Future', in F.W.S. Craig, *British General Election Manifestos, 1918-1966*, p.104.

⁵⁴ Conservative Manifesto, 1945, in *Ibid.*, pp.87 and 88.

⁵⁵ *Ibid.*, p.104.

and to defence than the Labour one, the lack of comment by the Labour Party meant that it was left with greater freedom of action later on. In fact, Churchill himself had reassured the House of Commons, when he announced that Attlee would accompany him to the Postdam conference, that he and Attlee 'have always in these last few years thought alike on the foreign situation and agreed together.' At the conference 'there will be an opportunity for it to be shown that, although Governments may change and parties may quarrel, yet on some of the main essentials of foreign affairs we stand together.'⁵⁶ That the Labour Party leadership was likely to take a strong line on the Soviet Union became clear at the Potsdam Conference in July 1945. James Byrnes, the US Secretary of State, noted that 'Britain's stand on the issues before the (Potsdam) conference was not altered in the slightest, so far as we could discern, by the replacement of Mr. Churchill and Mr. Eden by Mr. Attlee and Mr. Bevin. This continuity of Britain's foreign policy impressed me.' Byrnes also wrote that at the first meeting with Attlee and Bevin, Bevin's manner towards the Soviet demands for East Prussia 'was so aggressive that both the President and I wondered how we would get along with this new Foreign Minister.'⁵⁷

Anti-communism and a suspicion of the Soviet Union were also well entrenched in the leadership of the trade union movement. For instance, in 1941, Anthony Eden said to Churchill about Walter Citrine, the General Secretary of the TUC:

You know Citrine's feeling about Communism, which he expressed again with undiminished emphasis, even going so far as to say that, were he given a choice between life under Nazi or Soviet rule, he would be in no doubt as to

⁵⁶ *Parliamentary Debates, (Hansard), 5th series, Vol.411, col.1788, 14 June 1945, London: HMSO, 1945.*

⁵⁷ James Byrnes, *Speaking Frankly*, London: William Heinemann, 1947, p.79.

which to choose.⁵⁸

This anti-communist sentiment, while not usually presented in such an extreme fashion, was prevalent amongst the centre-right of the Labour government and the TUC leadership, with anti-communist speeches made regularly at annual Congress.⁵⁹ When, in 1943 at the height of the alliance with the Soviet Union, the General Council of the TUC reluctantly agreed to the removal of Circular 16, which from 1934 had prohibited members of the Communist Party from being accepted as delegates to the Trades Council, Walter Citrine had stated:

The General Council are not convinced that the disruptive tactics of the Communist Party have been abandoned . . . the Council will watch the position very carefully and will not hesitate to come to Congress with proposals for the re-imposition of the ban if they find that the disruptive tactics which led to its imposition are continued.⁶⁰

The anti-communism of the trade union leadership arose from two main factors.

Firstly, as MacShane points out,

The anticommunism of labour leaders in 1945 did not emerge from malignant, right-wing personalities but was based on a quarter century of disappointed observation of the Soviet experiment.⁶¹

Secondly, and more importantly, the anti-communism of the trade union leadership also arose from their own experiences of dealing with communists in the labour movement at home. For the leadership of the Labour government, 'the Communist Party is not only a political party, but it is a conspiracy. Indeed, it is a little doubtful as to whether it is not more of a conspiracy than a political party.'⁶²

Ernest Bevin, the former General Secretary of Britain's largest trade union, the

⁵⁸ Public Record Office (hereafter PRO), PREM, 4/21/3, Eden to Churchill, August 22, 1941.

⁵⁹ For example, by Attlee in 1946: *Trades Union Congress Report*, 1946.

⁶⁰ *Trades Union Congress Report*, 1943, p.339.

⁶¹ Denis MacShane, *International Labour and the Origins of the Cold War*, Oxford: Clarendon Press, 1992, p.285.

Transport and General Workers Union, had become a renowned anti-communist, in particular due to the 'attempt by the Communists to break up the Union that I built.'⁶³ 'Bevin, of course, was anti-Soviet from the beginning, and the gibe that he treated the USSR as a breakaway from the Transport Workers was not entirely nonsensical.'⁶⁴ MacShane notes that, Bevin, like his friends in the American Federation of Labor, 'had a clear, if obsessive, idea of the Soviet Union and of communism, and it was their vision that was imposed on or became conflated with government and diplomatic policy after 1945.'⁶⁵

As noted in the previous chapter, during 1945 and 1946 the British had been urging the US administration to take a tougher line towards the Soviet Union, and were involved in the development of the Cold War, rather than having it forced upon them. In 1947 the Attlee government even established a secret Information Research Department (IRD) in the Foreign Office, charged with waging war against communism through 'grey' propaganda.⁶⁶ According to Wark,

Although Bevin had been initially sceptical of the value of an anti-Communist propaganda campaign, experience of Soviet policy made him change his mind and by the beginning of 1948 he was prepared to sponsor the IRD with all his considerable authority. In turn, the IRD was influenced by Bevin's pugnacious spirit.⁶⁷

⁶² *Labour Party Annual Conference Report*, 1946, p.169.

⁶³ *Ibid.*, p.167.

⁶⁴ Saville, 'Labour and Foreign Policy 1945-1947', p.23.

⁶⁵ MacShane, *International Labour*, p.284.

⁶⁶ See Richard Fletcher, 'British Propaganda Since World War II - A Case Study', *Media, Culture and Society*, Vol. 4, April 1982, pp.97-109; W. Scott Lucas & C.J. Morris, 'A Very British Crusade: The Information Research Department and the Beginning of the Cold War', in Richard Aldrich (ed.), *British Intelligence, Strategy and the Cold War, 1945-51*, London: Routledge, 1992, pp. 85-110; Lyn Smith, 'Covert British Propaganda: the Information Research Department: 1947-1977', *Millennium*, vol.9, no.1, pp.67-83; Wesley Wark, 'Coming in from the Cold: British Propaganda and Red Army Defectors, 1945-1952', *The International History Review*, Vol. 19, No. 1, 1987, pp.48-72; Peter Weiler, *British Labour and the Cold War*, Stanford, California: Stanford University Press, 1988, pp.207-219.

⁶⁷ Wark, 'British Propaganda and Red Army Defectors', p.49.

Wark describes “grey” propaganda, ‘the IRD’s chosen weapon’, as ‘selecting and slanting information in order to combat the Soviet message: it was the truth imparted with a certain “spin”.’⁶⁸ As Bevin informed the Cabinet, the aim of the IRD would be to take the offensive, and ‘attack and expose communism and offer something far better’.⁶⁹ Taylor points out that Bevin originally had a different perspective than that of the Americans: he wanted to highlight the weaknesses of the Soviet system.

[Bevin’s] view was that American propaganda, by stressing the strength and aggressiveness of Communism, ‘tends to scare and unbalance the anti-communists, while heartening the fellow-travellers and encouraging the communists to bluff more extravagantly’. British propaganda, on the other hand, ‘by dwelling on Russia’s poverty and backwardness, could be expected to relax rather than to raise the international tension’.⁷⁰

The IRD provided government ministers, journalists and trade unionists, including Denis Healey and Herbert Tracey, the publicity director for the TUC and the Labour Party, with non-attributable anti-communist information for use in speeches and articles.⁷¹ Tracey was also involved with other leading trade unionists, including members of the TUC General Council, in the Freedom First Committee. This organisation, in its newsletter, *Freedom First*, stated that,

We have taken upon ourselves as an unofficial body the simple and straightforward task of unmasking Communism, to prevent the election of Communists to more executive offices in the unions, and to rid the unions of Communist representatives in any official capacity.⁷²

⁶⁸ Ibid., pp.50-51.

⁶⁹ Philip Taylor, ‘The Projection of Britain Abroad, 1945-51’, in Michael Dockrill and John Young (eds.), *British Foreign Policy, 1945-56*, New York: St Martin’s Press, 1989, p.22, citing E. Bevin, ‘Future foreign publicity policy’, 4 January 1948, PRO, CAB 129/23, CP (48) 8.

⁷⁰ Ibid., p.23, citing ‘Future foreign publicity policy’, as above.

⁷¹ Weiler, *British Labour and the Cold War*, p.216, citing Christopher Mayhew (head of the IRD) to Bevin, July 9, 1948, Mayhew Papers, Private Collection.

⁷² *Daily Telegraph*, ‘Newsletter of the Defence of Democracy Trust Against All Forms of Totalitarianism’, 24 April, 1948, cited in Weiler, *British Labour and the Cold War*, p.217.

According to Weiler's study, Freedom First had direct links with the Foreign Office and the IRD through Tracey and other trade unionists.⁷³

The anti-communism and suspicion expressed by the Labour government leadership was not due, therefore, to US influence, but was internally generated. This casts doubt on the argument expressed by those on the left at the time, that Marshall Aid was a tool wielded by the US to push Britain into an anti-communist and anti-Soviet camp. By contrast, this study will argue that the Marshall Plan was used by the Labour government, with the support of the trade union leadership, to push its own domestic constituency into an anti-communist and anti-Soviet camp. While the Marshall Plan was used by the US to cement an anti-communist consensus amongst the West, this was a continuation of, and supported, the anti-communist and anti-Soviet policy already being carried out by the centre-right Labour government and trade union leadership. The distrust of communism and the Soviet Empire came from the centre-right's own experiences of dealing with communists as political and trade union rivals; from their experiences in government during the War; and from a continuing attachment to the British Empire which 'differed from the Tories only at the margin.'⁷⁴ The leadership of the Labour Party and the trade union movement had their own brand of anti-communism, and did not need to import it from the United States. While sometimes the deep suspicion of communist aims and means arose from 'socialist' leaders having been 'inoculated . . . by having once been members of

⁷³ Weiler, *British Labour and the Cold War*, pp.218-219.

⁷⁴ Saville, 'Labour and Foreign Policy 1945-1947', p.32.

the Communist Party themselves,⁷⁵ this tended to harden, not soften, the approach taken towards the hard left.

This study differs from the arguments presented by writers such as Burnham and Milward in that it takes the analysis in a different direction. It argues that the Labour government, far from being pushed into a corner by Marshall Aid, actually was able to draw upon it to strengthen its position within Britain using a strategy that fits in with Bayart's argument about extraversion and with Putnam's on two-level games. The Labour government was able to mobilise resources from the external environment via the donor nation (the US) to consolidate its position domestically,⁷⁶ while using the 'reverberation of international pressures' in the positive sense to restructure domestic labour attitudes.⁷⁷ For the centre-right leadership of the Labour government, the Marshall Plan could be used as an issue with which to change others' worldviews and persuade them of the Soviet Union's intransigence and ill will, and therefore as a valid reason for not having stronger links. It could be used to assure the ascendancy of the centre-right over the Labour left in the British political conjuncture, and ensure the implementation of their vision upon Britain. This was possible because of the relationship between the Labour government and the leadership trade union movement, which is analysed in the next chapter.

⁷⁵ Healey, *The Time of My Life*, p.75. This comment is made in reference to continental European socialists, but applies equally well to British.

⁷⁶ See J.F. Bayart, *The State in Africa*, London: Longmans, 1993, pp.21-23.

⁷⁷ Robert Putnam, 'Diplomacy and Domestic Politics: The Logic of Two-Level Games', Appendix in Peter Evans, Harold Jacobson and Robert Putnam (eds.), *Double-Edged Diplomacy: International Bargaining and International Politics*, Berkeley, CA: University of California Press, 1993, pp.454-456.

Conclusion

The first three chapters of this study have traced the background and context of the Marshall Plan. This last chapter has introduced a more British focus to the argument. It proposes that rather than perceiving those, such as Britain, on the receiving end of US hegemony and US aid, as being passive and as shaped by the conditions of the international regime, it is more useful to see the British government as taking strength from the circumstances of the Marshall Plan. Much of this did tie in with the aims of the US administration, namely to increase production and trade, and to strengthen its leanings towards anti-communism. The next section of this work traces the particular focus of the study. Chapter 4 examines the relationship between the Labour government and the trade union movement. Chapter 5 traces the reaction of the trade unions to the Marshall Plan. Chapters 6 and 7 then focus on the particular organisational apparatus, the European Recovery Programme Trade Union Advisory Committee and the Anglo-American Council on Productivity.

Chapter 4

The Government and the Trade Unions in Postwar Britain

Introduction

The following chapters turn to the main, British, focus of this study. Chapters 4 and 5 discuss the relationship between the Labour government and the trade unions in Britain in their domestic and international context. They show how the centre-right leadership used the Marshall Plan to bring about the short-term marginalisation of the left-wing of the movement, in particular the far left, and so gain more control over central trade union issues and organisational structures. Chapters 6 and 7 then turn to the organisations that were built up around the Marshall Plan that would then assure the long-term marginalisation of the left.

This chapter looks at the 1945 Labour government and focuses on the main area of discontent voiced by the left of the Parliamentary Labour Party, that of Bevin's foreign policy. It describes the nature of the trade union movement in the immediate postwar period, and examines the relationship between the Labour government and the unions. The nature of this relationship is crucial to understanding the difficulties that the Labour government faced. The Labour Party at this time relied on the trade union movement for much of its electoral support and funding. In order to be able to oversee successful postwar reconstruction, the Labour government needed to maintain its support. However, the left and more militant sections of the trade union

movement at this time posed a problem for the government, for not only did they have high expectations about the implementation of socialist policies, but were also well organised. Thus, the Labour government needed to be able to manage and control this section of its own social base. In part, the study will argue that the Labour government was able to do this by drawing on the international situation, the strength of the United States, and the deepening of antagonisms towards the Soviet Union. The Marshall Plan provided a key initiative in this respect, since it not only suggested to the public the generosity of the United States, but also the malevolence of the Soviet Union. The Marshall Plan mobilised cross-national collaboration between like-minded government officials, business leaders, and, crucially, trade unionists, which provided further support and encouragement for those on the centre-right of the labour movement in Britain. This aspect of the machinery of the Marshall Plan will be examined in the following chapters. Firstly, there will be an examination of the structure of the Labour movement in Britain, and an analysis of the most important issues over which the Labour government needed to exert its control.

4.1 The 1945 Labour Government

The Labour government was elected in 1945 on a wave of euphoria. The Labour victory had not been widely anticipated, but was decisive: the Labour Party polled 47.8% of the votes and won 393 seats, compared with the Conservative's 39.8% of

the votes and 213 seats.¹ Many policies had not been worked out in detail before the election,² for instance with regard to economic strategy ‘there was no blueprint which the 1945 government could implement’,³ but there were expectations of wide-ranging change amongst the Labour Party’s supporters in the trade unions, from workers control in the nationalised industries to a socialist foreign policy. However, the leadership of the Labour government and the trade union movement were, on the whole, on the centre-right of the labour movement. As Seyd has pointed out, from the early days of the Labour Party, ‘a tension has existed between those who regard the Party’s purpose as being to transform the relationships between capital and labour and those who view it as being the need to improve the efficiency and temper the inhumanity of capital.’⁴ Different, but complementary tensions, have also existed ‘between those believing in the need to transform international relationships by pursuing principled positions involving cooperation and harmony between states and those observing the competitive nature of international politics and concluding that realism rather than idealism must be the guide.’⁵ The structure, the development, and the diverse groupings within the Labour Party meant that it was unusually prone to factionalism.

Ideological argument has been a common feature of the Party’s politics and has provided the basis for an intra-Party Left/Right factionalism. The factional differences can be summarised as being the contrast between the pursuit of

¹ D. Butler and G. Butler, *British Political Facts, 1900-1985*, (6th edn.), Basingstoke: Macmillan, 1986, p.226.

² David Coates, *The Labour Party and the Struggle for Socialism*, Cambridge: Cambridge University Press, 1975, p.62.

³ Michael Cunningham, “‘From the Ground Up’?: The Labour Governments and Economic Planning’, in Jim Fyrth (ed.), *Labour’s High Noon: The Government and the Economy 1945-51*, London: Lawrence & Wishart, 1993, p.5.

⁴ Patrick Seyd, *The Rise and Fall of the Labour Left*, London: Macmillan, 1987, pp.1-2.

⁵ *Ibid.*, p.2.

transformation and amelioration of society, between the visionary and practical approach to politics, between an emphasis upon class and nation, and between support for industrial militancy and industrial harmony.⁶

This tension between left and right within the Labour Party affected perceptions on all policy areas, but as Pelling and Reid have pointed out, ‘by far the most contentious areas of policy within the Labour Party itself were foreign affairs and defence.’⁷ Although the 1945 Labour Party election manifesto, *Let Us Face the Future*, had made no specific mention of a socialist foreign policy, many on the left believed that Labour’s foreign policy would involve a reorientation away from the United States towards the Soviet Union.⁸ The success at the 1945 election meant that the Labour Party was in a unique position of having a majority government, and so the opportunity of putting its vision to the test. The realities of government, however, meant that it was the centre-right pragmatists who were to have their vision of socialism implemented. As Weiler points out, Bevin’s famous remark of ‘left understands left’ did not actually imply a more sympathetic attitude towards the Soviet Union.⁹ In fact, given the extent of support for left-wing views within the labour movement, ‘Bevin and other Labour leaders frequently had to temper what they said in public if they wanted to avoid criticism’.¹⁰ Criticism, that is, from the more left-wing sections of the Labour Party and trade union movement. As Hinton

⁶ Ibid.

⁷ Henry Pelling and Alastair Reid, *A Short History of the Labour Party*, (11th edn.), London: Macmillan, 1996, p.91.

⁸ Peter Weiler, *British Labour and the Cold War*, Stanford, California: Stanford University Press, 1988, p.189.

⁹ Ibid.

¹⁰ Ibid.

notes, 'Those who in 1945 thought they were on the threshold of a gradual transition to socialism were to be sadly disappointed.'¹¹

This disappointment was reflected in a rising tide of complaint from the left, which 'was almost totally preoccupied with questions of foreign policy.'¹² At the 1946 Labour Party Annual Conference, out of six resolutions on foreign affairs, only one was positive, and that was on the United Nations.¹³ Criticism was made of the 'Government's apparent continuance of a traditionally Conservative Party policy of power politics abroad';¹⁴ of the lack of changes in Foreign Service personnel; over the barriers of Jewish immigration to Palestine; of the continued diplomatic relations with the Franco regime in Spain; and over relations with the Soviet Union:

This Conference is of the opinion that world peace can only be based on a British foreign policy directed to ensure firm friendship and co-operation with the progressive forces throughout the world, and in particular with the U.S.S.R., and that such a policy should over ride British Imperial interests.¹⁵

While all the critical resolutions were either withdrawn before being voted upon, or, like the one above, were defeated, they still carried a worrying message to the government, representing the growing campaign for a 'Third Force'.

The repeated protest from the left of the Parliamentary Labour Party was that,

¹¹ James Hinton, *Labour and Socialism: A History of the British Labour Movement 1867-1974*, Brighton: Wheatsheaf, 1983, p.161.

¹² Coates, *The Labour Party and the Struggle for Socialism*, p.190. For more detailed information on the Labour left's attitude towards foreign policy, see Michael Gordon, *Conflict and Consensus in Labour's Foreign Policy, 1914-1965*, Stanford, CA: Stanford University Press, 1969; Jonathan Schneer, *Labour's Conscience*, Boston: Unwin Hyman, 1988.

¹³ *Labour Party Annual Conference Report*, 1946, p.150.

¹⁴ *Ibid.*, p.151.

¹⁵ *Ibid.*, p.157.

It is felt that when our policy meets with such hearty approval from the Opposition, there must be something wrong with it. It is felt that if the Tories applaud it, it cannot be a Socialist Foreign Policy.¹⁶

Instead, the advocates of a Third Force called for a foreign policy which would 'chart a middle way between America and Russia', as Britain's 'historic role' was to 'become the leader of a Third Force in world affairs, politically democratic, economically socialist, capable of mediating between the U.S. and the U.S.S.R.'¹⁷ The frustration with Bevin's foreign policy reached a climax when in November 1946 fifty-seven back-bench MPs tabled an amendment to the Debate on the King's Speech. Richard Crossman, speaking on behalf of them, expressed,

the urgent hope that His Majesty's Government will so review and recast its conduct of International Affairs as to afford the utmost encouragement to, and collaboration with, all Nations and Groups striving to secure full Socialist planning and control of the world's resources and thus provide a democratic and constructive Socialist alternative to an otherwise inevitable conflict between American Capitalism and Soviet Communism in which all hope of World Government would be destroyed.¹⁸

After the debate, which included a strong defence from Attlee on behalf of Bevin who was in the US at that time, Crossman backed down and unsuccessfully tried to withdraw this amendment. While none of the Labour MPs voted in favour,¹⁹ 'something like 90 members of the Parliamentary Labour Party had shown their disapproval of the Government's foreign policy by abstaining from a vote.'²⁰

¹⁶ Comment by Hutchinson, MP for Rusholme, Manchester, *Parliamentary Debates, (Hansard)*, 5th Series, London: HMSO, 1946, Vol.419, col.1322, 21 February 1946.

¹⁷ Jonathan Schneer, 'Hopes Deferred or Shattered: The British Labour Left and the Third Force Movement, 1945-49', *Journal of Modern History*, Vol.56, No.2, 1984, p.198.

¹⁸ *Parliamentary Debates, (Hansard)*, 5th Series, Vol.430, col.526, 13 November 1946.

¹⁹ *Ibid.*, cols.591-2.

²⁰ *Tribune*, November 22, 1946, cited by Schneer, 'The British Labour Left', p.206.

There was also a growing level of discontent being expressed by the left of the trade union movement, again particularly over foreign policy. At the 1946 annual Trades Union Congress, only one resolution was forwarded on foreign policy, and this was highly critical of the government. This came from a communist member of the Electrical Trades Union, and stated that 'This Congress views with serious concern aspects of the Government's foreign policy.' This concerned policy regarding Greece, Spain, de-Nazification in Germany, and the Soviet Union, since 'the isolation of the Soviet Union, along with the tying of the economy of Britain with that of Capitalist America is in our view extremely dangerous'.²¹ This resolution was defeated by 3,557,000 votes to 2,444,000. However, it sufficiently annoyed the Prime Minister, Clement Attlee, that he made direct reference to it in his speech to the Congress, saying the resolution was 'filled with the kind of misrepresentation to which we have become accustomed from the members of the Communist Party, their dupes and fellow travellers.'²²

There were also numerous resolutions forwarded at trade union meetings that were critical of Bevin's foreign policy. One such example was the National Union of Railwaymen's (NUR) Annual General Meeting of 7 July, 1947, when three resolutions were put forward complaining of the development of 'a position of dependence on the United States of America with a consequent worsening of relations with the U.S.S.R.'²³ The proposal was that,

²¹ *Trades Union Congress Report* (hereafter *TUCR*), 1946, p.469.

²² *Ibid.*, p.416.

²³ National Union of Railwaymen (NUR) files, Modern Records Centre (MRC), Warwick University,

the only alternative compatible with Socialist ideology is a policy based on co-operation with the U.S.S.R. and the most progressive nations within the framework of the United Nations, and instructs the Executive Committee to press this view to the Labour Party and the TUC.²⁴

At this NUR meeting, all three of the resolutions criticising Bevin's foreign policy were defeated, while the one expressing support as approved by the union's Executive Committee was accepted:

That this conference declared its loyal support for the Labour Government and endorses the policy which is being carried out both at home and in the field of foreign affairs. It welcomes the acceptance of the Marshall offer and the recent Trade Agreements with Russia and other European countries, believing that these measures ensure the means whereby the economic rehabilitation of Europe can be effected.²⁵

However, despite this apparent success, the number of critical resolutions being forwarded, combined with criticism from the Left of the Parliamentary Labour Party, must have caused alarm to the Labour leadership. Denis Healey, the Labour Party's International Secretary, noted later that 'communist influence in the Labour Party and unions remained a major obstacle in my task of winning support for the Government's foreign policy.'²⁶

One particular concern for the labour leadership was the application in 1946 by the Communist Party of Great Britain (CPGB) to affiliate to the Labour Party. This was, as expected, rejected at the Labour Party's annual conference. On Healey's suggestion, Herbert Morrison successfully moved an amendment to the Party constitution, to

MSS 127/NU/PO/1/10 AGM, 7 July 1947, resolution No. 32, proposed by the Polmadie Branch.

²⁴ Ibid. Other very similar critical resolutions were forwarded by the Warrington Branch, and the Glasgow No. 9 Branch.

²⁵ NUR files, MRC MSS 127/NU/PO/1/11 AGM 7 July 1947.

²⁶ Denis Healey, *The Time of My Life*, London: Penguin, 1990, p.75.

prevent the situation arising again.²⁷ This stipulated that,

Political Organisations not affiliated to or associated ... with the Party on January 1, 1946, having their own Programme, Principles and Policy for distinctive and separate propaganda, or possessing Branches in the Constituencies, or engaged in the promotion of Parliamentary or Local Government Candidatures, or owing allegiance to any political organisation situation abroad, shall be ineligible for affiliation to the Party.²⁸

The aim was 'to end the possibility of communist affiliation once and for all',²⁹ since, as Seyd explains, 'individual membership of the Party is not possible for anyone belonging to an organisation which is deemed ineligible for Party affiliation'. Thus this constitutional change 'provided the Party leadership with the means to control the extent of organised factionalism within the Party.'³⁰

This factionalism, organised and unorganised, was a problem for the government. There was a gap between the expectations of the rank and file of the Labour Party and the unions and their respective leaderships. As Schneer points out, 'Some of Attlee's sharpest and most effective critics were on the Left, and belonged to his own party.'³¹ Thus, as expected, in many areas, the views of the rank and file of the labour movement were to the left of their leadership. This occurred within the Labour Party and the Labour government, most notably amongst the group of left-wing backbenchers, who in May 1947 produced the pamphlet *Keep Left*. Written by Richard Crossman, Michael Foot and Ian Mikardo, *Keep Left* was critical of the government's domestic, and, in particular, foreign policy, repeating the call for a

²⁷ Ibid.

²⁸ *Labour Party Conference Report*, 1946, p.174.

²⁹ Healey, *The Time of My Life*, p.75.

³⁰ Seyd, *The Rise and Fall of the Labour Left*, p.7.

Third Force. However, *Keep Left* was careful not to appear to be allying itself with the extreme left. Thus, 'Although the "Keep-Left" position showed some sympathy for the Soviet Union, it also contained a good deal of scepticism about the USSR.'³² No Member of Parliament who was concerned about their future political career within the Labour government could afford to be accused of co-operating with the Communist Party. The authors of *Keep Left* were MPs who 'saw their role as being that of a "ginger group" rather than implacable rebels', and 'even if they had been willing to carry their dissent to greater lengths and risked certain expulsion from the PLP, the Communist Party would scarcely have constituted an attractive potential ally'.³³ The *Keep Left* initiative was to be short lived, for the arguments over foreign policy collapsed with the announcement of Marshall Aid in the summer of 1947.

Once the Soviet Union had refused to participate in the Marshall Plan, Schneer notes that there was a 'revolution' in the attitudes of the parliamentary left towards the US.³⁴ Thus, the *Keep Left* rebels came back within the fold, muting their criticism over foreign policy, coming to accept the economic necessity of Marshall Aid, as relations with the Soviet Union deteriorated and 'avoiding the stigma of "fellow-travelling" became a priority for many Labour MPs'.³⁵ Cliff and Gluckstein have noted that '*Keep Left* holds the record as the shortest-lived left rebellion in the

³¹ Schneer, *Labour's Conscience*, p.2.

³² G. Norris, 'Communism and British Politics, 1944-48', unpublished MA thesis, University of Warwick, 1981, p.105.

³³ Ibid.

³⁴ Schneer, 'The British Labour Left', p.220.

³⁵ Norris, 'Communism and British Politics, 1944-48', p.106.

history of Labour. Marshall Aid from America killed it stone dead.’³⁶ According to Crossman in the House of Commons, it was the Marshall Plan that changed his opinion over the government’s policies:

I will be frank. My own views about America have changed a great deal in the last six months. Many members have had a similar experience. I could not have believed six months ago that a plan of this sort would have been worked out in detail with as few political conditions.³⁷

Only a handful of ‘hard left’ MPs continued with their criticism of Bevin’s foreign policy, most notably Konni Zilliacus, D. N. Pritt, and John Platts-Mills. They were among the six MPs who were either marginalised, expelled by the Parliamentary Labour Party or denied support for re-election by Labour’s National Executive Committee.³⁸

While this left-wing rebellion was limited and short-lived, the ‘rebelliousness’ of the left in the trade union movement was more problematic, being more widespread and long lasting. Harrison notes that ‘most of the votes cast in opposition to the government’s policies came from the unions’ and ‘During this period the unions were further to the left than usual - perhaps even slightly to the left of the local parties.’³⁹ While much of the criticism from the constituency and Parliamentary Labour Party came from ‘soft’ left socialists, the non-communist and more moderate left was weak in the trade unions, and there was a ‘militant and well disciplined

³⁶ Tony Cliff and Donny Gluckstein, *The Labour Party, a Marxist History*, (2nd edn.), London: Bookmarks, 1996, p.284.

³⁷ *Parliamentary Debates (Hansard)*, 5th series, Vol.446, 23 January 1948, col.566.

³⁸ Schneer, ‘The British Labour Left’, pp.213-214.

³⁹ Martin Harrison, *Trade Unions and the Labour Party Since 1945*, London: Allen & Unwin, 1960, p.224.

Communist minority'.⁴⁰ Trade unionists, however, were more of a threat as they were harder to control and regulate, and accusations of communism or fellow-travelling were not necessarily seen as a problem by large sections of the membership. Thus the Communist Party's 'potential contribution to an anti-Bevin alliance would have been its strength in the trade unions and its ability to organise extra-parliamentary activity and protest.'⁴¹ The government required support from the unions over their policies, and could not afford to lose a public confrontation with the militant left. Alan Bullock, Bevin's official biographer, has pointed out that,

The importance of union support to the government extended beyond the industrial and economic sphere; it was an essential element in enabling Bevin to carry out his foreign policy and the key to holding steady behind the government the political support of a party which was liable to ideological division.⁴²

The gap in expectations between left and right in the unions had a greater potential for harm than that in the Labour Party, since it was not under their control, or subject to the same kinds of constraints as Members of Parliament. In order for the Labour government to be able to govern effectively, it needed to breach this gap and to be able to control these expectations, whilst maintaining the co-operation and support of the trade unions. For the trade union leadership, it was a case of finding a way of controlling the more militant sections of the working class in order to consolidate its own hegemony within the movement, and prevent internal dissent. That this could be achieved was due to the nature of the trade union movement in Britain and the

⁴⁰ Bernard Hennessy, 'British Trade Unions and International Affairs 1945-53', unpublished PhD thesis, University of Wisconsin, 1955, p.385.

⁴¹ Norris, 'Communism and British Politics, 1944-48', p.105.

⁴² Alan Bullock, *Life and Times of Ernest Bevin*, Vol. 3, Heinemann, 1983, p.215.

relationship between the unions and the Labour government.

4.2 The Trade Union Movement in Britain

In some respects, the immediate postwar period can be seen the coming of age of a responsible trade union movement. The advent of a majority Labour government at this time meant that the unions thought they could achieve many of their aims regarding their role, not only in industrial relations, but in wider policy issues such as the nationalisation of major utilities and the implementation of a policy of full employment. However, having a Labour government also meant increased responsibility for the trade unions in that they felt that they needed to support and act in the interests of the government. This viewpoint was partly due to the nature of the trade union movement and of its leadership at the time. While this provided opportunities for the unions, in terms of representation on government committees, consultation on industrial questions, and for the government in terms of leverage over the unions, it also posed problems.

One key example is that of strike activity. Despite an actual decline in strike activity in the years from 1945 to 1950,⁴³ there was a realistic concern that union criticism and industrial unrest could prove debilitating for the government. As Hyman points out, 'After the Second World War, relative price stability helped prevent major conflicts [i.e. strikes]; but the actual number of stoppages (despite some decline from

⁴³ See J. Durcan et. al, *Strikes in Post-War Britain*, London: Allen & Unwin, 1983, especially table 6.1.

the peak of 1945) was at a record level. In this sense, the Attlee government presided over a period of exceptional conflict.⁴⁴ Also of concern would be the worry of a repeat of the situation after the First World War, when the number of strikes and number of working days lost had been high.⁴⁵ On average, during the years 1919 to 1922, 41 million working days had been lost.⁴⁶ Thus, while the Labour government did preside over a period of falling strike activity in the late 1940s, the level of strike activity was still comparatively high, which led the government to look for ways to control it.

One method was the continued use of legislation. The 1940 Conditions of Employment and National Arbitration Order, No. 1305 was kept in place. This meant that practically all strikes that occurred were unofficial, and therefore not recognised by the Executive Committee of a union.⁴⁷ This provided the government and the trade unions with the perfect opportunity to condemn such strikes as due to pernicious communist activity. According to Hyman, 'Government hostility to strikes frequently stemmed – at least after 1947 – from a manichaen vision of industrial relations as a battleground between a national effort for economic survival

⁴⁴ Richard Hyman, 'Praetorians and Proletarians', in Jim Fyfe (ed.), *Labour's High Noon, The Government and the Economy 1945-51*, London: Lawrence & Wishart, 1993, pp. 179-180.

⁴⁵ For information see *British Labour Statistics, Historical Abstract 1886-1968*, London: HMSO, 1971, Table 197.

⁴⁶ See John Sheldrake, *Industrial Relations and Politics in Britain 1880-1989*, London: Pinter, 1991, p.44; and E. Wigham, *Strikes and the Government 1983-1981*, London: Macmillan, 1982 (2nd ed.), chapter 6.

⁴⁷ See J.F.B. Goodman and T.G. Whittingham, *Shop Stewards in British Industry*, London: McGraw Hill, 1969, p.173, citing K.G.J.C. Knowles, *Strikes: A Study in Industrial Conflict*, Oxford: Basil Blackwell, 1952, p.30, for the definition of an unofficial strike.

and a systematic communist campaign of sabotage.’⁴⁸ The Labour government went so far as to twice evoke the 1920 Emergency Powers Act, the first time that it had been used since the 1926 General Strike, in response to unofficial dock disputes.⁴⁹ In fact ‘Between 1945 and 1951 troops were introduced during no fewer than eleven separate strikes. Never before, or since, has a government intervened on such a massive scale during industrial disputes.’⁵⁰

The unofficial nature of most strikes meant that the government had an obvious target at which to aim their condemnation. It also affected the union leadership’s reaction to the strikes. According to Davis Smith,

The readiness of the union leadership to accept the deployment of troops was due in large measure to the unofficial nature of the disputes. Union leaders were as anxious as the government to stamp out unofficial organizations and reaffirm union discipline.⁵¹

However, it also meant that the ‘responsible’ union leaders had less control over the grievances of their members who felt that they were not being represented. The union leaders’ co-operation on Order 1305, their condemnation of unofficial strikes, and support for the government’s wages policy, meant that they were open to the charge by their left-wing critics of being part of the governing structure rather than acting in the interests of their members. Continuing strikes also highlighted the weakness of the union leaderships’ ability to regulate and control their members.

⁴⁸ Hyman, ‘Praetorians and Proletarians’, p.181.

⁴⁹ Cliff and Gluckstein, *The Labour Party*, p.234; see also Justin Davis Smith, *The Attlee and Churchill Administrations and Industrial Unrest, 1945-1955: A Study in Consensus*, London: Pinter, 1990; K. Jeffrey and P. Hennessy, *States of Emergency*, Routledge & Keegan Paul, 1983.

⁵⁰ Davis Smith, *The Attlee and Churchill Administrations and Industrial Unrest*, p.43.

⁵¹ *Ibid.*, p.50.

Trade Union Organisation

The British trade union movement has long been marked by its fragmented and decentralised nature, which meant that the first line of defence for union members were the shop stewards in the workplace. During World War II, the shop stewards had gained in stature, and tended to be on the left of the union movement.⁵² They were well organised, with their own publications and meetings.⁵³ This situation threatened the trade union leadership's continuing acceptance of the anti-strike legislation. While the mass of trade union members were loyal, unofficial strikes still broke out despite the exhortations of their leadership, and resolutions critical of government economic, industrial and foreign policy were forwarded. To some extent, this was due to the distance between those on the shop-floor, and the full time trade union officials working at the union headquarters. As Taylor has noted, 'an enormous gulf remained between the perceptions of full-time trade union officials and their mass memberships.'⁵⁴ This view has been established in the work of Vic Allen,⁵⁵ and of Goldstein, who carried out research into the structure of the Transport and General Workers' Union (TGWU) in the late 1940s. According to Goldstein, the TGWU was 'an oligarchy at every level of its structure, failing to elicit the active participation of its members.' He went on that, 'In treating the rank

⁵² For information see Richard Croucher, *Engineers at War, 1939-45*, London: Merlin Press, 1982; James Hinton, 'Coventry Communism', *History Workshop*, Issue 10, 1980, pp.90-118, and Hinton, *Shop Floor Citizens*, Aldershot, Hants: Elgar, 1994.

⁵³ For instance, regular publications from the shop stewards in the engineering industry were *The Conveyor*, *The Aeroplane* and *The New Propeller*.

⁵⁴ Robert Taylor, *The Trade Union Question in British Politics*, Oxford: Blackwell, 1993, p.45.

⁵⁵ Vic Allen, *Power in Trade Unions*, London: Longmans, 1954, and Allen, *Trade Union Leadership*, London: Longmans, 1957.

and file as cogs in the union's administrative machinery, the psychological nexus between the member, his union leader and official union policy has been broken.'⁵⁶ In some respects, this led to the strengthening of shop stewards, of which many were left wing and who could prove reluctant to fall into line with the union leaders.

The Main Unions

The main characteristics of the trade union movement in Britain at this time were the overall number of individual trade unions, the domination of the movement by a few, very large unions, and the decentralisation of the shop stewards system. In 1945, there were as many as 781 registered unions, with 7,875,000 members. Of these unions, 192 were affiliated to the British trades union national centre, the Trades Union Congress (TUC), covering 6,671,120 trade unionists.⁵⁷ It was felt in many sectors that the trades union structures and organization needed to be reformed and modernised, but the TUC was reluctant to tackle the problem as it was 'aware of the danger of appearing to infringe on trade-union autonomy'.⁵⁸ Thus,

While so many European labour movements were of necessity constructed anew after 1945, Britain remained uniquely characterised by a multiplicity of mainly tiny associations overshadowed by a handful of competing giants.⁵⁹

Half of the 192 unions affiliated to the TUC had less than 5,000 members, while there were nine unions with over 100,000 members each, which accounted for nearly

⁵⁶ Joseph Goldstein, *The Government of British Trade Unions*, London: Allen & Unwin, 1952, p.271.

⁵⁷ Pelling, *A History of British Trade Unionism*, p.326.

⁵⁸ *Ibid.*, p.224.

⁵⁹ Hyman, 'Praetorians and Proletarians', in Jim Fyrth (ed.), *Labour's High Noon, The Government and the Economy 1945-51*, London: Lawrence & Wishart, 1993, p.166.

65 per cent of total trade union membership.⁶⁰ There were six unions with over 250,000 members each, which together contained more than half the total membership of the TUC.⁶¹ These unions, the 'big six', had a clear majority of votes at any Congress meetings. These were the Amalgamated Engineering Union (AEU), the National Union of General and Municipal Workers (NUGMW), the National Union of Mineworkers (NUM), the National Union of Railwaymen (NUR), the Transport and General Workers Union (TGWU), and the Union of Shop, Distributive and Allied Workers (USDAW). The TGWU was by far the biggest with 975,000 members.⁶²

The leaders of these largest unions were, on the whole, on the right of the labour movement, anti-communist, and conservative in their attitudes. They were strongly supportive of the Labour government and its policies, strongly dismissive of its critics, and they 'joined forces to present the Labour Government with solid institutional support throughout its life'.⁶³ The TGWU was led by Arthur Deakin, who also went on to play an important role in the international trade union movement, and the GMWU by Tom Williamson. Both of these men were anti-communist and fiercely loyal to the TUC and to the Labour Party.⁶⁴ Jack Tanner, initially a left-winger who after the War 'became convinced that communism was a

⁶⁰ Ken Coates, 'The Vagaries of Participation', in Ben Pimlott & Chris Cook (eds.), *Trade Unions in British Politics*, London: Longman, 1982, p.171.

⁶¹ Pelling, *A History of British Trade Unionism*, p.225.

⁶² Coates, 'The Vagaries of Participation', p.173.

⁶³ Ibid.

⁶⁴ See, for example, the biographical information in Robert Taylor, *The Trade Union Question in British Politics*, Oxford: Blackwell, 1993, Appendix 1, pp.348-360.

threat to the British labour movement, and thenceforward joined forces with the other union leaders',⁶⁵ led the Engineers. The Miners' leadership was split: Arthur Horner, its General Secretary was a communist, whilst William Lawther, its President, had shifted from being a fellow traveller to an anti-communist during the 1940s. James Figgins, a left-winger who had pro-Soviet attitudes, became General Secretary of the Railwaymen in 1948.⁶⁶ However, it was those on the right, such as Deakin, Lawther, and Williamson who held the balance of power amongst these union leaders.

The Trades Union Congress (TUC)

The leaders of the largest unions also sat on the TUC General Council. This provided a phalanx of support for the General Secretary of the TUC, who played a very important role both within British and international trade unionism. Vincent Tewson replaced Walter Citrine, who had been the General Secretary since 1926, in 1946. Both Citrine and Tewson were staunch anti-communists, who, despite the necessity of co-operating with the Soviet trade unions towards the end of the Second World War, saw themselves as far more closely aligned to the non-communist unions of the West than the communist unions of Eastern Europe.

The TUC saw itself as the central pillar of the union movement, but due to the decentralised nature of the unions it actually had little real power of regulation and control. The most that the TUC could do was to revoke a union's affiliation. Like the

⁶⁵ Coates, 'The Vagaries of Participation', p. 174.

largest unions, the TUC had also become increasingly oligarchic and hierarchic in nature, seeing any challenge to its leadership as evidence of subversion. Its newly found respectability and responsibility resulting from its close relationship with the Labour government probably added to the sense of conservatism permeating its leadership. The outcome was a strong emphasis on 'loyalty', not only to the TUC, but to the Labour government as well. This resulted in the position whereby the leadership was ever more protective of its position and resentful of any activity that it saw as damaging to its image, or as a challenge to its leadership. As Taylor points out, 'The union leaders at the top of the TUC in the years immediately after 1945 were tough, dependable right-wingers who often treated the opposition in their own ranks as nothing less than subversion.'⁶⁷ In many ways this confirms Michels' 'Iron Law of Oligarchy'. According to Michels, once the Socialist Party (or in this case the trade union movement) gains a sense of responsibility,

it reacts with all the authority at its disposal against the revolutionary currents which exist within its own organization . . . [and] becomes increasingly inert as the strength of its organization grows; it loses its revolutionary impetus, becomes sluggish, not in respect of action alone, but also in the sphere of thought.⁶⁸

Also, as Attlee had pointed out,

There are Unions in which the everyday work is so much a matter of co-operation with the employers that their leaders tend to forget or ignore the ultimate aims of the movement. They have become so constitutional that they are in essence Conservative.⁶⁹

The tendency for an organisation of this size and type to become increasingly

⁶⁶ Ibid.

⁶⁷ Taylor, *The Trade Union Question in British Politics*, p.38.

⁶⁸ R. Michels, *Political Parties*, New York: Dover, 1959, p.371.

hierarchical, inert and conservative, combined with the intense loyalty that the TUC felt towards the Labour government (in return for which it expected full employment and a new social contract), explains the stance taken by the TUC on many issues. It was repeatedly argued that the social reforms of the Labour government could only be maintained 'if there is the fullest co-operation and loyalty on the part of the workers of the nation'.⁷⁰ The TUC not only supported the government's policy of continuing wartime anti-strike legislation, and fervently condemned any unofficial action as communist inspired, but also went on to support a wages policy. Based on the 1948 White Paper, the *Statement on Personal Incomes, Costs and Prices* (Cmd. 7321, 1948), this largely amounted to a wages freeze. The trade union leadership accepted this policy in early 1948, even though they had previously been vehemently against any interference in their right to collective bargaining over wages, with Arthur Deakin declaring at the Labour Party annual conference in May 1947 that, 'I do want to utter a word of warning [on] . . . the idea of an incomes policy. We will have none of that.'⁷¹ As Pelling points out though, a policy of wage restraint was a 'dangerous one for the unions to pursue, particularly in peace-time.'⁷² This was because,

It threatened to drive a wedge between union officials and their members, just at a time when there was a good deal of rank-and-file suspicion of those of their leaders who took, or wanted to take, posts on the boards of the nationalised

⁶⁹ Attlee, *The Labour Party in Perspective*, p.65.

⁷⁰ *TUCR*, 1948, p.337.

⁷¹ *Labour Party Annual Conference Report*, 1947, p.146. On the wages policy, and Deakin's role in particular, see Vic Allen, *Trade Union Leadership*, London: Longmans, 1957, p.131. See also Hugh Clegg, *A History of British Trade Unions, Vol.III 1934-1951*, Oxford: Clarendon Press, 1994, pp.363-365; and Leo Panitch, *Social Democracy and Industrial Militancy: the Labour Party, the Trade Unions and Incomes Policy, 1945-1974*, Cambridge: Cambridge University Press, 1976.

⁷² Pelling, *A History of British Trade Unionism*, p.230.

industries.⁷³

The wages policy was a point of major contention when agreed in 1948, and fell apart after eighteen months.

Both the government and the trade union leadership presented disobedience as due to communist influence. While the Attlee government could 'justify' its anti-strike policy as 'an economic necessity', 'it also sought to justify its action by pointing to the fact that the disputes were not legitimate trade disputes but communist conspiracies.'⁷⁴ For example, Bevin, in a speech to the United National General Assembly on 25 September 1950, announced that Britain's recovery had been hampered 'at every stage by the Fifth Column . . . led by the Cominform and instigated by Moscow to produce chaos, strikes and difficulties of all kinds'.⁷⁵ Such condemnation was also made by the trade union leadership, with, for example, Tom Williamson of the NUGMW forwarding a successful resolution condemning unofficial strikes at the 1948 TUC annual congress. He argued that small numbers of mischief-makers were instigating the strikes, which were undermining trade union solidarity and responsibility as well as national recovery.⁷⁶

Many trade union officials at the lower levels of the movement were communists, and communists were the strongest organised force among the shop stewards.⁷⁷

⁷³ Ibid.

⁷⁴ Davis Smith, *The Attlee and Churchill Administrations and Industrial Unrest*, p.94.

⁷⁵ Ibid.

⁷⁶ *TUCR*, 1948, pp.337 & 338.

⁷⁷ Hinton, *Labour and Socialism*, p.166.

Because of their positions as local trade unionists on the shop floor, communists must have played some role in organising strike activity. However, the argument that they were responsible for strike activity at this time is not particularly persuasive. From the time that the Soviet Union had entered the war to the middle of 1947 (a time when strikes were rising), the British Communist Party had done its best to prevent strikes, arguing that everybody should produce more to help the war effort. It was not until the middle of 1947 that the CPGB reversed this line, but, after this point, strikes fell. However, it was more the *perception* of a communist threat than the reality that was important in terms of driving certain actions by the centre-right leadership of the labour movement.

The Far Left and the Anti-Communist Campaign

Attlee had summarised the view held by many in the labour movement in 1937 that ‘Nothing has done so much to create hostility to the Communist Party as their underground activities on the industrial field.’⁷⁸ For the centre-right of the union leadership, one of the most significant problems in dealing with trade unionists who were also CPGB members was that they were supposed to put the interests of the Party before those of the individual union and to use the unions as an instrument for political change. While an authorised account of the CPGB points out that ‘The party had never made any secret of its industrial activities or the way in which they were organised,’⁷⁹ communist activists were still perceived as a threat by the centre-right

⁷⁸ Clement Attlee, *The Labour Party in Perspective*, London: Victor Gollancz, 1937, p.64.

⁷⁹ Noreen Branson, *History of the Communist Party of Great Britain, 1941-1951*, London: Lawrence & Wishart, 1997, p.183.

of the trade unions. This was because they felt that communists could not be trusted as their allegiance lay outside the confines of the respectable left, to a party which was under the influence of the Soviet Union. Furthermore, the communist within the unions were a problem because 'the Labour Party itself had no equivalent industrial organisation through which it could propagandise amongst or mobilise factory workers.'⁸⁰ The very efficiency with which the CPGB members were organised, the strength of communism within the rank and file of the labour movement, and their allegiance to a body outside that of the Labour Party, caused concern to the union leadership. In Healey's words, the CPGB,

was itself a negligible factor in Parliament, with only two avowed MPs, though a handful of Labour MPs were thought to be secret communists, and there were a larger number fellow-travellers . . . who always took the communist line on foreign policy.

In the trade unions, however, the Communist Party had power out of all proportion to its membership.⁸¹

There was a strict line of information running between trade unionists on the ground and the CPGB's leadership. CPGB members met to discuss 'not only immediate issues concerning wages and conditions, but how to spread the wider political message.'⁸² The industrial work of Communist Party members was co-ordinated by District Committees covering the regional areas concerned, and was in turn overseen by the party's Industrial Department at 16 King Street, London, the CPGB's headquarters. This Department maintained contact with leading CPGB members via

⁸⁰ Croucher, *Engineers at War*, p.370.

⁸¹ Healey, *The Time of My Life*, pp.74-75.

⁸² Branson, *History of the CPGB, 1941-1951*, p.183.

a number of Industrial Advisory Committees. There were, for example, a Mining Committee, a Rails Advisory Committee and a National Agricultural Committee. 'These advisory committees not only discussed urgent questions; they drew up plans for the future of the industries concerned, setting out what they believed to be the way forward. They also discussed union affairs, including which candidates should be supported in union elections.'⁸³ The election of communist officials in the unions were also seen as a problem by the centre-right leadership, who felt that communists benefited by 'exploiting the pitifully low proportion of trade unionists who bothered to vote in union elections.'⁸⁴

Communists in the unions were also seen as a problem by the anti-communist trade union leadership because of the extent of communist sympathy at this time. The wartime alliance with the Soviet Union meant that the Soviet Union in particular, and communism in general, had gained a legitimacy that it had not previously enjoyed in the eyes of the British public, and there were many communists and communist sympathisers active in the trade union movement.⁸⁵ Communists were particularly well represented amongst the shop stewards, who, due to decentralised wage bargaining and Joint Production Committees, had grown in influence.⁸⁶ CPGB membership had shot up from 22,783 in December 1941 to 56,000 in December

⁸³ Ibid., p.184.

⁸⁴ Healey, *The Time of My Life*, p.75. See also the Morgan Phillips circular cited below.

⁸⁵ See, for example, James Hinton, 'Coventry Communism', *History Workshop*, Issue 10, 1980, pp.90-118.

⁸⁶ Willie Thompson, *The Good Old Cause: British Communism, 1920-1991*, London: Pluto Press, 1992, p.76.

1942, though it dropped to 42,123 by 1946.⁸⁷ The CPGB had also been attempting to make their relationship with the Labour Party official, having decided at its 1945 November Congress to again apply for affiliation to the Labour Party. Herbert Morrison spoke on behalf of the Labour Party's National Executive Committee against the motion. The arguments he used included that the CPGB was not democratic but a 'dictatorship', not a political party but a 'conspiracy', that the CPGB would be an 'embarrassment to the Government', and that 'they do only what Moscow wants them to do.'⁸⁸ Not unsurprisingly, the motion on their affiliation was rejected by 2,678,000 votes to 468,000.⁸⁹

Whilst most trade unions in at this time were led by anti-communists, there were a considerable number of unions with a communist leadership. According to a survey of Communist Party influence in the trade unions published in *The Times* in February 1948, the CPGB and its supporters controlled four out of the seventeen largest unions with a membership of over 100,000, and exercised 'appreciable influence' in a further six. The four were the Electrical Trades Union, the Amalgamated Engineering Union, the Civil Service Clerical Association and the Tailors and Garment Workers' Union. The six were the TGWU, NUM, NUR, the Shop, Distributive and Allied Workers, the Union of Post-office Workers and the National Union of Teachers.⁹⁰ The accuracy of this survey is questionable, since, for

⁸⁷ Figures taken from Branson, *History of the CPGB, 1941-1951*, Appendix 1, p.252.

⁸⁸ *Labour Party Annual Conference Report, 1946*, pp.169-173.

⁸⁹ *Ibid.*, p.174.

⁹⁰ *The Times*, February 8 and 9, 1948, cited in G. Norris, 'Communism and British Politics, 1944-48', Appendix 4, 'The CPGB and the Trade Unions', pp.148-9.

example, the TGWU had mostly anti-communists at the top of its leadership. In 1948 there were eight communists on the TGWU's executive,⁹¹ but these represented very specific geographical regions, most notably the London busworkers who were led by Bert Papworth. He was a member of the CPGB's Executive Committee while also being a member of the TUC's General Council. Dennis Healey's view was that the Communist Party 'had total control of a few unions which had vastly expanded their size during the war, like the Fire Brigades union. In many others its members got into key positions'.⁹²

The CPGB had taken a positive attitude towards the Labour government when it was first elected, but this had changed during 1947. The timing of this reflected international events, with the hardening of the Cold War following the deliberations over the Marshall Plan, and 'The rejection/opposition to Marshall Aid marked a key change in the Communist Party's overall approach to post-war reconstruction.'⁹³ As far as they were concerned, the Marshall Plan 'was intended both to forestall the possibility of economic crisis leading to greater communist influence in Western Europe and to tie those states more firmly to the US chariot.'⁹⁴

The change in the British communists' approach towards the Labour government also reflected the establishment of the Cominform by the Soviet Union in the autumn

⁹¹ Branson, *History of the CPGB, 1941-1951*, p.179.

⁹² Healey, *The Time of My Life*, p.75.

⁹³ Stephen Parsons, 'Communism in the Professions: the Organisation of the British Communist Party among Professional Workers, 1933-1956', unpublished PhD thesis, University of Warwick, 1990.

⁹⁴ Thompson, *The Good Old Cause*, p.78.

of 1947. Branson's official history of the CPGB at this time notes that 'there was no doubt that its [the CPGB's] policies would be influenced by the attitudes taken up by such a body'.⁹⁵ At the October 1947 meeting, the CPGB's Executive Committee welcomed the nine parties' Cominform declaration and its 'call for the strengthening of the forces of peace and democracy in the struggle against the plans of American imperialism for the enslavement of Europe.' It also said that it would intensify its campaign for a reorganisation of the government and the removal of 'those Ministers responsible for the present disastrous position'.⁹⁶ Branson notes that 'ironically, the executive was adopting the very tactic it had repudiated two years earlier when the "Bevin must go" policy suggested by Bill Rust was rejected.' A further irony, as indicated above, was that the CPGB was not included in the Cominform, as it was not a party of government. 'The British party was not represented in the Cominform, nor did it play any part in its deliberations though, as some party members were later to recall, Pollitt was privately somewhat annoyed that it had not been asked to participate.'⁹⁷ At the CPGB's 20th Party Congress, held in February 1948, the new anti-government line was 'agreed unanimously', and there was a call for the dismissal of the government's right-wing leaders and the formation of a 'Labour Government of the left'.⁹⁸ The Communist Party,

thus found itself pitched into the front line of the Cold War conflict and confronted with the necessity for even further intensification of its attack upon US stooges in the British [labour] movement. The Labour leadership was now denounced for craven subservience to the dictates of Washington and Wall Street.⁹⁹

⁹⁵ Branson, *History of the CPGB, 1941-1951*, p.157.

⁹⁶ *World News and Views*, 22 October 1947, cited in *ibid.*

⁹⁷ *Ibid.*

⁹⁸ 'For Britain Free and Independent: Report of the 20th Congress', p.38, cited in *ibid.*

⁹⁹ Thompson, *The Good Old Cause*, p.79.

The Anti-Communist Campaign

The actions of the centre-right leadership of the labour movement reveal that communism within the unions was a cause of concern for them. At the 1946 annual conference the National Executive of the Labour Party had secured its amendment to the constitution to prevent the CPGB from reapplying for affiliation. On 21 December 1947, a circular from Morgan Phillips, the Secretary of the Labour Party, was sent out to every affiliated organisation. 'The Communists: We Have Been Warned', urged Labour Party members to fight against communist influence in the unions. The circular accused the Communist Party of 'slavishly following' Cominform policy, and warned that it would try to use its influence to 'sabotage' the Labour government. 'In all countries . . . the Communists use the trade unions to attack and disintegrate the Labour movement' by taking advantage of members' 'apathy' and their own 'iron discipline' to gain control.¹⁰⁰

Now is the time to go out on a great campaign against communist intrigue and infiltration inside the Labour movement. . . . It would be a tragedy if the communists, who have been rejected time and time again by a free vote of the electors, were to win political power and influence through the back door of trade union branch meetings.¹⁰¹

According to Branson, the charge of communist infiltration of the unions was absurd, as 'Most of the party's male members had, indeed, been keen trade unionists *before* they joined the Communist Party.'¹⁰² Despite the plea from the Labour Party,

¹⁰⁰ *Manchester Guardian*, December 22, 1947, p.3, cited in Weiler, *British Labour and the Cold War*, ff.174, p.368.

¹⁰¹ Branson, *History of the CPGB, 1941-1951*, p.177.

¹⁰² *Ibid.*, p.178.

Branson points out that communists were still elected to positions within trade unions, and within the Trades Councils.¹⁰³

This circular was preceded by a number of speeches and pamphlets criticising the communists and reasserting the government's line on domestic and foreign policies. This reflected an increased willingness from the government by spring 1947 to publicly confront their left-wing critics rather than trying to placate them.¹⁰⁴ The Labour backbenchers' *Keep Left* was quickly followed by Healey's *Cards on the Table*, an official Labour pamphlet which sought to rebut the criticisms of Bevin's foreign policy. This stated that 'The idea that we should have extricated ourselves from the quarrel between Russia and the USA does not make sense; during the period under review, Britain was the main target of Russian hostility, while until a few months ago America was an undecided spectator.'¹⁰⁵ It argued that it was 'both undesirable and impractical' for Britain to remain completely independent of both Russia and the US after the War since 'Britain herself was too weak to cut herself off from American aid'.¹⁰⁶ The arguments in *Cards on the Table* were reinforced by the unfolding external events of the Marshall Plan, which provided concrete evidence of the difficulties of finding common ground with the Soviet Union, and the realities of an increasingly fraught international situation in which it was impossible for Britain to maintain some kind of 'third way'. Thus, one of the most significant short-term

¹⁰³ Trades Councils were associations of members from a variety of unions operating within a geographic area, and were one area where communist members were very active.

¹⁰⁴ Gordon, *Conflict and Consensus in Labour's Foreign Policy*, p.139.

¹⁰⁵ 'Cards on the Table', p.112 in Denis Healey, *When Shrimps Learn to Whistle*, London: Penguin, 1990.

impacts of the Marshall Plan was to reinforce the anti-communist campaign and the marginalisation of the hard left already being implemented by the Labour government.

Another confrontational action from the Labour government was the banning of communists from holding office in the civil service. Attlee announced on 15 March, 1948, that the government had decided to ban communists, or those associated with communism in such a way as to raise legitimate doubts about his or her reliability, from being employed in connection with work that was vital to the security of the state.¹⁰⁷ While the same applied to fascists, this was widely taken to be an attack on the left and on the Civil Service Clerical Association. Those 'purged' would be moved to less sensitive posts, if they could be found, otherwise they would be sacked. While this move raised protests from amongst the trade unions, especially since those removed were not allowed to be represented by a trade union official if they appealed, this was not successful.¹⁰⁸ By including fascists in the ban the government could argue that this policy was not biased, and it was difficult for those on the left to argue that members of the CPGB were not subject to a dual loyalty, that is, to the British and Soviet governments. Thus, by 'choosing its targets with care, the government employed anti-communist purges to split the left-wing popular front

¹⁰⁶ Ibid., p.111.

¹⁰⁷ For more information on this, see Schneer, *Labour's Conscience*, pp.136-139; Weiler, *British Labour and the Cold War*, pp.219-228.

¹⁰⁸ See, for example, *TUCR*, 1948, pp.305-6 of the General Council's Report, and the resolution on p.532

and discredit its trade-unionist critics.’¹⁰⁹

The TUC also played its part in limiting the influence of communists within the union movement. The General Council issued a ‘Warning to Trade Unionists’ on October 27, 1948. This urged union executive, district and branch committees,

to counteract every manifestation of Communist influences within their unions; and to open the eyes of all workpeople to the dangerous subversive activities which are being engineered in opposition to the declared policy of the Trade Union Movement.¹¹⁰

The TUC issued a further statement on 24 November, which was published as a pamphlet entitled *Defend Democracy*. ‘This asserted that it would be fatal to the trade union movement if it permitted its democratically determined policies to be disrupted at the behest of an outside body.’ It noted the change of the CPGB’s line on production, and suggested ‘that unions should investigate the extent to which “interference” had gone in their own particular industries.’¹¹¹ Many union leaders regarded shopfloor militancy at this time as due to communist agitation and ‘as nothing less than national treason’.¹¹² *Democracy versus Communism*, a pamphlet comprising anti-communist speeches made by Arthur Deakin of the TGWU at union conferences in 1948, was also published. Comments included ‘Cominform dictates policy to communists’, and the ‘Communist Party in this country has declared war on Labour.’¹¹³ This was followed in March 1949 by a TUC pamphlet called *The*

¹⁰⁹ Schneer, *Labour’s Conscience*, p.136.

¹¹⁰ Cited in *The TUC and Communism*, London: TUC, 1955, p.3. See also *Trades Union Congress Report*, 1949, pp. 274-5.

¹¹¹ Branson, *History of the CPGB, 1941-1951*, p.185.

¹¹² Taylor, *Trade Union Question in British Politics*, p.43.

¹¹³ Arthur Deakin, *Democracy versus Communism*, London: TGWU, 1948, pp.5 & 10.

Tactics of Disruption, and one based on a statement by representatives of the TUC, the American Congress of Industrial Relations and the Netherlands' Confederation of Free Trade Unions, *Free Trade Unions Leave the W.F.T.U.* This laid out the reasons for their withdrawal from the international trade union body, the World Federation of Trade Unions, one of them being the Russians' refusal to discuss the issue of Marshall Aid.

The anti-communist campaign gained further momentum when at the TGWU's biennial conference in July 1949 Arthur Deakin put forward a proposal to bar communists from holding any office in the TGWU. This was passed by 426 votes to 208. This meant that the eight communist members of the TGWU's General Executive Council could no longer stand for election, including Bert Papworth, the only communist on the TUC's General Council, from which he was also removed. According to Clegg, 'Deakin almost certainly decided to move against the Communists in his union because of the cold war',¹¹⁴ though Deakin had been staunchly anti-communist for years. Deakin also encouraged other unions to take the same line, though unions that were more tolerant towards communism, such as the Amalgamated Engineering Union refused. By this time, the divisions between the communists and non-communists within the trade unions were hardening into distrust and enmity. The removal of the only communist on the TUC's General Executive Council gave the TUC the ability to proceed with its policies with the minimum of dissent, both nationally and internationally. It was helped in all of this

by the anti-communist campaign pursued by the government.

The leadership of the Labour government, with the support of the bulk of the trade union leadership, sought to control not only industrial relations, but wider aspects of trade union opinion through a process of consolidation and change. Through the appropriation of notions of progress and growth arising out of the climate of opinion generated by the implementation of the European Recovery Programme, the leadership of the labour movement was able to control the parameters of political, economic and industrial debate amongst the left in Britain. Crucial to the success of this was the nature of the relationship between the Labour government and the trade unions, particularly their leadership, at this time.

4.3 The Trade Union/Government Relationship

The relationship between the trade unions and the first Labour government to have a majority in the House of Commons was close but complex. The TUC, the TGWU and the Labour Party shared headquarters at Transport House at this time, which gave the unions easier access to the Labour Party, if not the Labour Government. Ernest Bevin, from the Transport and General Workers Union, was Foreign Secretary, there were five other union-sponsored MPs in the Cabinet, and out of the total of 393 Labour MPs, 120 of them were trade union sponsored. The TUC was represented on sixty government committees.¹¹⁵ The trade unions had a large section

¹¹⁴ Clegg, *History, Volume III 1934-1951*, p.308.

¹¹⁵ V. L. Allen, *Trade Unions and the Government*, 1960, pp. 260, 263-4.

on the Labour Party's National Executive Committee (NEC) and a massive block vote at the annual party conference.

While Roberts has argued out that 'of all the pressure groups to which the Labour Government might be vulnerable the trade unions were the most powerful and the most awkward to deal with',¹¹⁶ Tomlinson has pointed out that 'The existing historiography generally paints a picture of a compliant trade union movement, almost always anxious, in some eyes over-anxious, to support "its" government through thick and thin.'¹¹⁷ Pelling notes how 'responsibility' became the 'keynote' for the unions throughout the 1940s.¹¹⁸ As Pelling points out,

The leadership had become closely integrated with the government at every level; in return for the privilege of being consulted and of taking part in innumerable administrative decisions, it gave up, albeit only temporarily, some of its own most precious rights, including the right to strike.¹¹⁹

Clegg has argued that in relation to their influence in the wartime coalition under Churchill, trade unions' political influence declined. 'It may seem paradoxical to assert that the political influence of the trade unions declined in the post-war years, despite the increase in union membership and the replacement of the wartime coalition by a Labour government; but it was so.'¹²⁰ This was partly due to the change in personnel at the top of the trade union leadership, with many of the most

¹¹⁶ B. C. Roberts, *National Wages Policy in War and Peace*, London: Allen & Unwin, 1958, p.62.

¹¹⁷ Jim Tomlinson, 'Labour and the Trade Unions, 1945-51', in Nick Tiratsoo (ed.), *The Attlee Years*, London: Pinter, 1991, p.91.

¹¹⁸ Pelling, *A History of British Trade Unionism*, p.236.

¹¹⁹ Ibid.

¹²⁰ Clegg, *History, III*, p.318.

able figures leaving to take up other posts, often in the nationalised industries.

In the immediate post-war years, therefore, the top leadership of British trade unions fell below the standard of its predecessors who had led the unions before the war and, with the exception of Bevin, through the war years. This change affected both the conduct of union business and the influence of trade unions on the government.¹²¹

Allen also notes that the role of trade unionists declined over the lifetime of the Labour government, reflecting a shortage of competent trade unionists.¹²² Thus, in their dealings with the government, trade union leaders did not necessarily have the same skills as their predecessors.

The political influence of the unions also declined because of the tension that existed between the interests of the two wings of the labour movement, and even within the trade union movement itself. Attlee himself had analysed this in his book published in 1937, *The Labour Party in Perspective*. He noted that trade unions worked within the capitalist system 'in order to defend its members from injustice and to gain for them advantages.' But, the trade union movement also acted as 'an opposition to the existing system of society which it seeks to alter.'¹²³ Thus, the union movement has to find a 'balance' between the sectional interests of its members and its wider political aims. With the election of a Labour government, this actually became harder as the trade union leadership identified with, and strongly supported, the aims and the policies of the government. This could lead to a confusion of roles. For instance, the *Political and Economic Planning Report on British Trade Unionism of*

¹²¹ Ibid., pp.318-319.

¹²² Vic Allen, *Trade Unions and the Government*, London: Longmans, 1960, p.265.

¹²³ Clement Attlee, *The Labour Party in Perspective*, pp.62-63.

1948 found that,

The national [trade union] official or member of the national executive is in constant touch with the T.U.C., the Ministry of Labour, and perhaps the Government itself. He becomes impressed with the Government's point of view and feels himself responsible, as it were, for the good behaviour of his union; the militancy and drive which made a name for him in his days as a branch or district committee member gives way as he grows older in his job to increasing caution.¹²⁴

This report also made the point that 'since the end of the war several disputes have occurred in which, had the same grounds for complaint existed in pre-war days, the strikes would certainly have received official backing.' Moreover, it found that 'T.U.C. support of Government policy is sometimes baldly conveyed and inadequately defended.'¹²⁵

In Zweig's postwar study of *The British Worker*, he noted that that 'The trade unions have become not only trade organisations but also political bodies supporting the Labour Party. The leaders are supposed not only to represent the members but to support the Labour Government.'¹²⁶ Confusion and tension over the role of trade unionists arose because of this. As one union official said in Zweig's study,

This close co-operation with the Government is a golden opportunity for us . . . but it deprives us of independence, and you know what independence means to a movement like ours. It makes us have a double loyalty. The loyalties clash all the time and no one has yet told us how to combine them.

Another complained that,

We were not meant to be public servants to guard the interests of the nation; we were appointed to protect our members and to guard and further their interests

¹²⁴ Political and Economic Planning Report on *British Trade Unionism*, PEP: London, 1948, p.170, cited in Knowles, *Strikes*, p.95.

¹²⁵ Knowles, *Strikes*, p.95

¹²⁶ F. Zweig, *The British Worker*, Harmondsworth: Penguin Books, 1952, p.182.

within the framework of the law. Does anyone ask the employer to have the national interest in mind instead of the interests of his firm? It is all right having the national interest in mind but we are not the right people to have it.¹²⁷

The TUC simply ignored this confusion by repeatedly calling for the unions to act in the national interest, collapsing the notion of the unions' sectional interest not only with the nation but also with the interests of the Labour government itself, namely to stay in power. Vic Allen's conclusion from his study of this period was that,

The main advantages from a trade union and Labour Government relationship have gone to the Government. Trade unions from 1945 to 1951 were loath to exert pressure on the Government, because they did not want to embarrass it and they made concessions to enable the Government to implement its policy.¹²⁸

The policy issues that were involved in this were many, from the question of workers' control in the nationalised industries, to Britain's relationship with the United States.

Overall, the trade union leadership was intensely loyal to the Labour government. Minkin notes that 'A tight alliance between major Ministerial figures and major trade union leaders . . . from 1949, organised and co-ordinated every major vote at the [Labour Party] Conference'.¹²⁹ Hyman argues that 'Any potential challenge within the Party to the Government's policy decisions was firmly despatched by a "praetorian guard" of major right-wing union leaders.'¹³⁰ Walter Citrine, in his last speech as the General Secretary of the TUC said at the 1946 Congress that the

¹²⁷ Ibid., pp.182-3.

¹²⁸ Vic Allen, *Trade Unions and the Government*, p.312.

¹²⁹ Lewis Minkin, *The Labour Party Conference*, Manchester: Manchester University Press, 1978, p.24.

¹³⁰ Hyman, 'Praetorians and Proletarians', p.166.

unions 'have passed from the era of propaganda to one of responsibility.'¹³¹ Why was this?

Firstly, the trade union leadership was prepared to provide solid support for the Labour government and full co-operation in return for the promise of full employment and social reform. Secondly, the leaderships of the Labour government and of the trade union movement had much in common in terms of their viewpoints, interests and instincts. Both were inherently anti-communist and suspicious of the militant left, both wanted to maintain their position of hegemony over a troublesome constituency. As Taylor writes of the co-operation of the trade union leadership with the Labour government,

This was no slavish, unthinking obedience to whatever the Labour government wanted, but at the same time there was a recognition that on the broad range of economic and social policy no genuine division of opinion existed between the Attlee Cabinet and the TUC Establishment.¹³²

Morgan argues that there was an 'intimate symbiosis between unions and the Labour Party'. He sees the main causal factor for this being a 'community of outlook between the ideas and instincts of the Labour Party and the TUC at every stage, from 1945 onwards.'¹³³ This included a common vision of what a Labour Britain should be like. This was not to be based on social revolution, but on social reorganisation leading to a slightly fairer sharing of power and resources and the improved running of the capitalist economy. This resulted in the unions acting both as a power *for* their

¹³¹ *TUCR*, 1946, p.269.

¹³² *Ibid.*, p.39

¹³³ Kenneth O. Morgan, *Labour in Power 1945-1951*, Oxford: Oxford University Press, 1984, p.79.

members and a power *over* their members.¹³⁴ They were part of the governing structure, but were implicitly critical of it due to their sectional interest. From the government's point of view, it was able to use its relationship with the unions to help in the governing process. This is demonstrated by the next three chapters of the thesis.

Conclusion

This chapter has shown that reactions and attitudes towards the Marshall Plan were to provide the litmus test of loyalty to the Labour government, and a vital weapon with which to fight communists at home. The Marshall Plan gave the government the opportunity to present British communists, and those who sympathised with them, as taking orders from another country and as trying to block British recovery. In this way, the domestic fight against communists tallied with the growing suspicion of the Soviet Union, especially since the main grievance articulated by the left-wing was over the Labour government's abandonment of a 'socialist' foreign policy. That the government was able to defeat the far left rested on the nature of the relationship between it and the leadership of the British trade union movement, which was, on the whole, on the right of the movement. These actors, through both their domestic and international actions, shaped trade union attitudes towards the

¹³⁴ As Richard Hyman points out, 'If a union is to be effective in wielding power *for* its members and against the employer, the possibility exists that this organisation power will be exerted over them, possibly on behalf of external interests. Precisely because the secure existence of unionism appears to require at least the acquiescence of governments and major employers, these "significant others" can influence union representatives to eschew policies which may invite repression, and event to transmit their own imperatives back down to the membership.' *The Political Economy of Industrial Relations: Theory and Practice in a Cold Climate*, London: Macmillan, 1989, p.40.

Marshall Plan and the nature of postwar Britain, and the postwar international situation. Thus, throughout this next section, the common thread is that the Labour government and the leadership of the trade union movement used the Marshall Plan to manage the more militant section of the working class.

Chapter 5

The Trade Union Response to the Marshall Plan

Introduction

In order to understand the impact of the Marshall Plan on British trade unions, it is necessary to put events into their international as well as domestic context. This chapter looks at the British and international trade union response, and argues that the Trades Union Congress (TUC) effectively used the Marshall Plan to push forward the split in the international trade union movement, successfully manipulating the response of the communist unions in order to portray them as hostile. The result of this was to further isolate the far left in Britain by removing them from their main form of external trade union support. In this way, the domestic and international impacted upon each other to a very significant extent. For this to be successful, it meant that the overwhelming British trade union response to the Marshall Plan had to be positive. This chapter starts by examining the TUC's role in the international trade union movement at this time, and the links between the TUC and the Foreign Office. The chapter then examines the response of British trade unions to the Marshall Plan. It shows that the response successfully divided the labour movement into communist and anti-communist camps, as those on the left were forced to choose between the US and the Soviet Union, which they had avoided up to this point. It argues that the resulting split in the international trade union movement was important in that it not only reflected the split between East and West but also helped to cement it, strengthening the hand of the British government.

5.1 British Trade Unionism and its International Role

The British trade union movement has had a long history of involvement in labour affairs overseas, and in the international trade union movement.¹ This was partly due to Britain having been the first highly industrialised nation, and partly due to Britain's position in the world with its extensive Empire. In 1945, the Trades Union Congress came to the peak of its position in the international trade union world, and London had become the wartime refuge of several national trade union movements and international bodies, such as the International Transport Workers Federation (ITF).

Historically, there had been two forms of international trade union organisation, both of which emerged around the turn of the twentieth century. Firstly, there were the International Trade Secretariats (ITSs). These were transnational associations of unions in a given industry, which tended to focus their activities in areas directly related to their industrial sector. The second type of international trade union organisation consisted of federations of the national trade union centres of various countries such as the TUC in the UK and the American Federation of Labor (AFL) in the US.² While the ITSs tended to focus their

¹ For general information on the international trade union movement, see Gary K. Busch, *The Political Role of International Trade Unions*, London: Macmillan, 1983; Robert Cox, 'Labour and Transnational Relations', special issue of *International Organization*, Vol.25, No.3, 1971, pp.554-584; Lewis Lorwin, *The International Labour Movement*, New York: Harper, 1953; John P. Windmuller, *American Labor and the International Labor Movement, 1940 to 1953*, Ithaca, N.Y.: Cornell University Press, 1954, and Windmuller, *The International Trade Union Movement*, Deventer: Kluwer, 1980.

² In 1945, the American Federation of Labor (AFL) was the larger of the two trade union national centres in the US, the other being the more recently established Congress of Industrial Organizations (CIO). These were rivals until the mid-1950s when they merged. See, for example, Windmuller, *The International Trade Union Movement*.

activities on industry specific questions, the federations had a more active political role. This was largely because the federations of national congresses tended to parallel the division of the labour movement into communist and non-communist camps. Before the Second World War, the two main federations were the International Federation of Trade Unions (IFTU), a non-communist federation consisting of some European centres and the American Federation of Labour (AFL), and the communist Profintern, also known as the Red International of Labour Unions (RILU), which had been set up in the early 1920s. This organization was in direct competition with the IFTU, and as the RILU affiliates were charged with the task of infiltrating and taking over their national trade union centres, great hostility existed between the two. MacShane highlights that it was the establishment of the Profintern, rather than events after the Second World War which led to an irreconcilable split in the international trade union world, and that,

the trade unions' international experience and institutional memory dating back to the 1920s that were the main source for the elaboration of labour-movement thinking and policy after 1945.³

This situation had apparently changed in 1945, when an increased desire for, and optimism about, international solidarity led to the formation of the World Federation of Trade Unions (WFTU), which, uniquely, included communist and non-communist unions. The decision to set up this new International was taken at the World Trade Union Conference, convened by the TUC for February 6-17, 1945, and held in London. The conference was attended by 164 delegates and

³ Denis MacShane, *International Labour and the Origins of the Cold War*, Oxford: Clarendon Press, 1992, p.279.

forty observers from sixty-three trade union organisations.⁴ Winston Churchill sent his greetings, and Clement Attlee, then Deputy Prime Minister, addressed the conference,⁵ thus providing an official seal of approval.

However, the decision to hold the conference, and to establish a new International, was not to everyone's liking. Some members of the TUC had certain doubts about co-operation with the Soviet Union, but 'felt that it was at least desirable to try, through the medium of some international organization, to cultivate the friendly relationships with Soviet Russia which had developed during the dark days of the war.'⁶ Bevin and the Foreign Office were against the idea of the World Conference, but felt it best not to interfere.⁷ Bevin advised Arthur Deakin against holding a post of authority in the resulting International, as he was concerned that it would 'gradually move over into the Russian sphere of influence', and that the non-communist members 'would be used to give an appearance of unity which in fact would be non-existent.'⁸ The American Federation of Labor (AFL) notably refused to be involved as they objected to the presence of Soviet trade unionists. The AFL's view, as stated by George Meany, its Secretary-Treasurer, was that co-operation with the Soviet Union entailed 'grovelling in the dust of a false unity which would simply replace one form of totalitarianism with another'.⁹ Instead, the AFL's main rival, the Congress of

⁴ *Trades Union Congress Report*, (hereafter *TUCR*), 1945, p.101.

⁵ *Ibid.*

⁶ Arthur Deakin, 'The International Trade Union Movement', *International Affairs*, Vol.26, No.2, April 1950, p.168.

⁷ Victor Isaac Silverman, 'Stillbirth of a World Order: Union Internationalism from War to Cold War in the US and Britain, 1939-49', unpublished PhD thesis, University of California, 1990, p.150.

⁸ Vic Allen, *Trade Union Leadership*, London: Longmans, 1957, p.290.

⁹ MacShane, *International Labour*, p.80, citing J. Goulden, *Meany*, p.125.

Industrial Organizations (CIO), attended as the US representatives, thus boosting their international profile and further annoying the AFL. According to Sydney Hillman of the CIO, a new international was needed in order to establish,

a powerful international labour organisation which can speak, and act with authority on behalf of the workers and the common men and women of the world . . . The workers, who have had so great a part in winning the war, cannot leave to others - however well-intentioned they may be - the sole responsibility for making the peace.¹⁰

It was felt that if workers across the world could not find common ground upon which to build a constructive relationship, then governments would never be able to do so. However, although the WFTU was to last several years, the differences between the viewpoints of communist and non-communist unions were never reconciled, and both sides had their own vision of the role that the new International was to play. Walter Citrine, General Secretary of the TUC, was clearly unhappy with the new International, but felt that it was better to be on the inside controlling events than an onlooker. At the Paris October conference to draw up the new constitution, he gave a note of caution about the political aspirations of the new organisation.

[L]et us always remember that our job here is to build a trade union International, an International to carry on practical day-to-day trade union work, to guide the activities of our different trade union centres and to secure practical results for the individual members of our unions. I say that because some of the speakers seem to be under the impression that our job is to build a political International.

He went on to warn, somewhat prophetically, that,

If once we get into the maze of politics, as surely as I am standing here on this rostrum, this International will perish. It will split because the different

¹⁰ Betty Wallace, *World Labour Comes of Age*, London: Lawrence & Wishart, 1945, p.143.

conceptions of political aspiration, desire, method and policy are so wide that they would divide us.¹¹

Despite Citrine's warning, many of the delegates insisted that the new labour International must be concerned with both political and trade union affairs. Any effort to separate them was, according to the leader of the Ceylonese trade union delegation (and head of the Ceylonese Communist Party), 'attempting to divide the indivisible.'¹² As a consequence, the constitution of the new International, drawn up between February and September, 1945, reflected the wider concerns of the union movements at this time. The prime purposes of the WFTU were 'to organise and unite within its ranks the trade unions of the whole world', but also 'to carry on the struggle for the decisive defeat of the fascist powers and for the extermination of all fascist forms of government and every manifestation of fascism, under whatever form it operates and by whatever name it may be known'. To 'plan and organise the education of trade union members on the question of international labour unity', and also 'to combat war and the causes of war and work for a stable and enduring peace.'¹³

It has been pointed out that nobody at the end of World War II was likely to disagree with these goals, which were stated in such general terms that even the AFL could have endorsed them.¹⁴ Indeed, in the US, despite initial fears, the

¹¹ TUC files, Modern Records Centre (hereafter MRC), University of Warwick, MSS 292/910/2, doc. Ref. R.1853, History of the World Federation of Trade Unions.

¹² Morton Schwarz, 'Soviet Policy and the World Federation of Trade Unions, 1945-49', unpublished PhD thesis, Columbia University, 1963, p.119, citing the *Report of the World Trade Union Conference Congress*, p.111.

¹³ *Constitution of the World Federation of Trade Unions*, published by the WFTU, no date, 'Preamble – aims and methods', pp.7-9; also printed in *TUCR*, 1945, p.109.

¹⁴ Windmuller, *American Labor and the International Labor Movement*, p.62.

Office of Strategic Services (OSS, the wartime precursor to the Central Intelligence Agency), in May 1945 told Truman that the structure drawn up for the WFTU would limit Soviet strength, and so the OSS felt confident the Russians would not dominate the organisation.¹⁵ In 1945, it was fascism, and not communism, that exercised most people's minds. The constitution of the WFTU would not seem so acceptable to the West once the Cold War was underway. The WFTU became one of the first sites of Cold War tension, and, as Hyman puts it,

The uneasy existence of [the] WFTU reflected an interplay of ideology and opportunism: all the main union movements were guided by the foreign policy goals of their respective government, but were caught up in the rhetoric of international unity and reluctant to assume primary responsibility for a breakdown.¹⁶

The associations between the trade unions and their own countries' foreign policy, which will be examined next, meant that the WFTU could not last once relations between the communist and non-communist states had broken down.

The TUC and Foreign Policy

For the British TUC, its international role was not confined to participation in international trade union bodies, but also included direct involvement in state diplomacy and direct involvement in activities of the trade unions of other states. Harrod notes that 'unions have served the nation both knowingly and unknowingly in the exercise of its foreign policy through cooperative as well as independent activity.'¹⁷ In general, the foreign policy of the TUC rested on the belief that it should play a major role in the international trade union movement,

¹⁵ Silverman, 'Stillbirth of a world Order', p.279, citing OSS, 'Memorandum for the President', 13/5/45, *Declassified Documents Retrospective*, 316E Fiche 803, pp.5 & 9.

¹⁶ Hyman, 'Praetorians and Proletarians', in Jim Fyrth (ed.), *Labour's High Noon*, London: Lawrence & Wishart, 1993, p.177.

and that its activities should not in any way embarrass or conflict with those of the Labour government. One example of how the TUC's foreign activities could be seen to be in contradiction with its supposed trade union ideals was over its attitudes towards the left in Greece. In the immediate postwar years it acted to curtail WFTU protests over suppression of Greek trade unionism by the ultra-right (and British backed) government and to keep them low-key.¹⁸ According to Weiler, in Greece the British government 'stymied the communists' in Greek politics and the trade unions, and 'eventually remade the trade union movement into a conservative force'. He points out the 'The TUC cooperated with the British state in this process, providing yet another example of its growing corporatist role in foreign policy.'¹⁹ For Silverman, the TUC's foreign policy at this time 'oscillated between the necessity . . . of embracing the perspective of international labor and the contrasting compulsion to defend the country's national interest.'²⁰

With the advent of a Labour government, the TUC's contact with the Foreign Office increased. Bevin provided a direct channel of influence and as Bullock notes, 'Throughout his ten years of office as a minister, Bevin kept in constant and close touch with Arthur Deakin . . . and other members of the TUC's General Council.'

These were not men of straw - they could not have carried their unions with them if they had been - but they were prepared to listen to Bevin not only on foreign affairs, but on economic, industrial and political issues, as they would

¹⁷ Jeffrey Harrod, *Trade Union Foreign Policy: A Study of British and American Trade Union Activities in Jamaica*, London: Macmillan, 1972, p.46.

¹⁸ MacShane, *International Labour*, pp.126-7.

¹⁹ Peter Weiler, *British Labour and the Cold War*, Stanford, CA: Stanford University Press, 1988, p.136.

²⁰ Silverman, 'Stillbirth of a World Order', p.116.

have done to no other minister because they regarded him as still one of themselves. In return, Bevin's position in the Government gave them access to the Cabinet, inside knowledge of what was happening and a guarantee that their point of view would never go unrepresented.²¹

Bevin's Private Secretary at the Foreign Office, Sir Roderick Barclay, commented that 'Ernie undoubtedly felt stronger loyalty towards his old Trade Union colleagues than towards the Labour Party as a whole.' Bevin often spoke with Arthur Deakin, who would seek his advice over union affairs, and 'When, as sometimes happened, he failed to appear at the Foreign Office at the expected time after lunch, we usually discovered that he had gone off to Transport House for a gossip.'²² It was not likely, however, that the trade union leadership would actually have much opportunity to provide any critique of foreign policy, as Bevin had a 'tendency to personalize his views and policies'. This 'inhibited some responsible criticism of foreign policy because those who knew Bevin were wary of saying anything which he might interpret as an attack upon himself.'²³

There was a constant flow of information between the TUC and government departments, in particular the Foreign Office, and advice and support from the government over political and economic developments that were of interest to the TUC in its national and international role. Labour Attachés, appointed from 1946 onwards to the various British Embassies, were provided with information from the TUC. In return, the TUC received reports by the Attaches which were felt to be very useful as 'they provided information which was not obtainable from any

²¹ Allan Bullock, *Ernest Bevin: Foreign Secretary*, Oxford: Oxford University Press, 1983, pp.58-59.

²² Sir Roderick Barclay, *Ernest Bevin and the Foreign Office*, London: Roderick Barclay, 1975, p.80.

²³ Bernard Hennessy, 'British Trade Unions and International Affairs 1945-53', unpublished PhD thesis, University of Wisconsin, 1953, pp.162 & 163.

other source.’²⁴ The relationship between the trade unions and the Foreign Office was further strengthened when in April 1947, Hubert Gee, who had been a member of Bevin’s wartime Ministry of Labour staff, was appointed as a special Labour Relations Officer at the Foreign Office. His remit was to liaise between the TUC and the Labour Party. This was to be done through Denis Healey, the Party’s International Secretary. Healey had been a communist in his youth, but had been moving increasingly to the right and by 1947 was firmly in the anti-communist camp.²⁵ Gee was also to keep in direct contact with Bevin’s office. According to Carew, while this might, ‘on the surface, have seemed a progressive move to enable party and union thinking to filter into Foreign Office policy-making circles,’ the reality was somewhat different.

In fact the intention was quite the reverse, to create a mechanism for keeping the Labour Party and the TUC on a course approved by the Foreign Office. From an early stage it was clear that the job would be mainly concerned with combating the thrust of Communism in the international field.²⁶

One of Gee’s tasks was to brief trade unionists travelling abroad,²⁷ while Denis Healey had responsibility for anti-communist propaganda and publicity.²⁸ Healey was in contact with the Information Research Department (IRD), the covert anti-communist propaganda agency created in 1947. Healey was involved in tasks

²⁴ TUC, MRC, MSS 292/900/5, ‘Labour Attaches 1946-60’, letter to TUC International Department, 24 February 1949; memo of interview, at the Ministry of Labour, between Tewson, Ernest Bell (head of TUC International Department), and H. Watkinson, MP (Parliamentary Secretary to the Minister of Labour), 30 October 1952.

²⁵ Denis Healey, *The Time of My Life*, London: Penguin, 1990, Chs. 2 & 4.

²⁶ Anthony Carew, ‘The Schism within the World Federation of Trade Unions: Government and Trade Union Diplomacy’, *International Review of Social History*, Vol. 29, No.3, 1984, pp.298-299.

²⁷ Weiler, *British Labour and the Cold War*, p.299; see also Public Records Office, Kew, London, (hereafter PRO), Foreign Office files (hereafter FO) 371/67613 for information regarding Gee’s post and activities.

²⁸ Healey was also good friends with Ernest Bell, the head of the TUC’s International Department, with whom he had been a student at Oxford. Healey, *The Time of My Life*, p.73.

such as providing favourable publicity for the Marshall Plan (including writing an article for the Labour Party publication, *Labour Woman*),²⁹ and helping with anti-communist propaganda. One example of this activity was the drawing up of a 'Memorandum on the Use of Words in Publicity about Communism' to be used in public statements, news bulletins and so on. While the term 'Dictator' was to be encouraged, as 'this proved very useful against Hitler and is suitable for general audiences', 'Red' was out as 'This is liable to cause confusion with Socialist Parties and tends to be used as a term of reactionary abuse'. 'Kremlin imperialism' could be used as 'This is a graphic and sinister term that can be employed to cover the entire field of Soviet foreign policy', but 'protectorate', 'dependency' and 'colony' should be avoided as 'These are technical terms for our own possessions and should therefore not be used to describe areas under Kremlin control'.³⁰

The closeness of the relationship between certain trade union leaders and the Foreign Office can be demonstrated by the way that the response of the trade union movement to the Marshall Plan was shaped to reflect the policy of the government. The Marshall Plan gave rise to the most comprehensive international intervention and mobilisation by British and other Western trade unions, in terms of involvement in the international trade union movement, engagement in state diplomacy and direct intervention in overseas trade unions.

²⁹ Labour Party Archive at the National Labour History Archive, Manchester, Labour Party International Department, Denis Healey files, Box on Anti-Communist Propaganda 1947-50.

³⁰ Labour Party Archive, Manchester, Labour Party International Dept., Denis Healey files, Articles Box 1947-50, File for 1949, PR 704/G.

Before these activities can be analysed, it is necessary to chart the trade union response to the Marshall Plan.

5.2 The Trade Union Response to the Marshall Plan

For the Marshall Plan to succeed in its economic and political aims the support of the trade unions in Europe was vital. As Weiler points out, this was realised by the American policymakers from the beginning, who felt that the Marshall Plan's 'success or failure [would] depend in great part on the attitude of European labor movements.'³¹ Workers were needed to transport and unload the Marshall Aid goods, and strike activity amongst dockworkers in particular could have caused considerable problems. In late 1947 strikes broke out in France and Italy, which seemed to be in part a response to Marshall Aid. It was Victor Reuther's view that the Soviet Union was mounting attacks on the European Recovery Programme not only through political channels but through the communist-controlled unions in France and Italy.

They were clearly out to undercut Western Europe's chances for industrial recovery. Specific examples were the flooding of the mines in northern France and the efforts to prevent the unloading of crucial supplies on the docks of southern France.³²

As Weiler points out, 'Communist trade unionists abandoned the cooperative attitude they had maintained for the first two years after the war and began to organize working-class opposition to the ERP and to all measures calling for any

³¹ Peter Weiler, 'The United States, International Labor, and the Cold War: The Breakup of the World Federation of Trade Unions', *Diplomatic History*, Vol.5, No.1, 1981, p.13, citing Cleon Swayze to Paul Nitze, 23 July 1947, 851.504/7-2347, Decimal Files, Department of State, US, National Archives.

³² Victor Reuther, *The Brothers Reuther and the Story of the UAW*, Boston: Houghton Mifflin, 1976, p.330. Victor Reuther was the CIO's European Representative at this time, while his brother, Walter Reuther was the leader of the powerful United Automobile Workers.

form of wage freeze.’³³ The importance given to the need to get labour support for the Marshall Plan was reflected in the appointment of a number of US trade unionists and labour experts to the Economic Co-operation Administration staff.³⁴

Such was the US concern over communist dominated trade unions in Europe, that in France, Irving Brown from the American Federation of Labor not only channelled AFL money to the breakaway, non-communist union, Force Ouvrière, but also money from the recently established Central Intelligence Agency.³⁵ In Italy, the Soviet Union and the Cominform ‘provided massive aid’ to the communist trade union national centre ‘through the donation of money from the WFTU’, while the US provided assistance to the breakaway non-communist unions through Irving Brown, ‘ostensibly from union funds but primarily from the CIA’.³⁶ According to Reuther, Brown also used CIA money to pay ‘the notorious Ferri Pisani and his entourage of Corsican thugs’ for breaking ‘Communist instigated strikes in Marseilles [which were] an effort to block the unloading of Marshall Plan supplies’.³⁷

³³ Weiler, *British Labour and the Cold War*, p.103.

³⁴ For information, see TUC, MRC, MSS 292/564.1/2 ‘Notes on ERP’ by Lincoln Evans at the TUC, no date; also Anthony Carew, *Labour Under the Marshall Plan*, Manchester: Manchester University Press, 1987, p.82.

³⁵ Weiler, ‘International Labor and the Cold War’, p.14; Radosh, *American Labor*, pp.310-25; Reuther, *The Brothers Reuther*, p.412. For more information see Richard Fletcher, ‘How CIA Money Took the Teeth out of British Socialism’, in Philip Agee & Louis Wolf (eds.), *The CIA in Western Europe*, Secaucus, NJ: 1978, pp.188-200; Sallie Pisani, *The CIA and the Marshall Plan*, Edinburgh: Edinburgh University Press, 1991. For a more general approach, see Trevor Barnes, ‘The Secret Cold War: the CIA and American Foreign Policy in Europe, 1946-1956: Part 1’, *Historical Journal*, Vol.24, No.2, 1981, pp.399-415.

³⁶ Gary Busch, *The Political Role of International Trade Unions*, London: Macmillan, 1983, pp.64-65.

³⁷ Reuther, *The Brothers Reuther*, p.412

In Britain, the trade unions were less likely to cause so many problems, or require such drastic action from the US. However, support was needed to contain and limit communist and non-communist far left criticism of the Marshall Plan within the unions; to prevent this from spreading to the 'soft' left; to prevent sympathetic strikes breaking out in the docks or the mines, where the more militant left was well organised; and to bolster the line being taken by the Labour government, that Marshall Aid was not intended to divide Europe and the Soviet Union. Hennessy's study shows that 'at least in their more public pronouncements',

the [Labour] Party and the unions often attempted to soften the implications of Western orientation connected with support for Marshall Aid with expressions of their desire (sincere, no doubt, at least up until 1950) for greater trade with the U.S.S.R.³⁸

Support was also needed from the trade union movement for the TUC to effect a withdrawal from the World Federation of Trade Unions without being placed in the compromising position of seeming to sacrifice the ideal of world trade union unity for the politics of the developing Cold War.

The Response of the Trade Union Leaderships to the Offer of Marshall Aid

The response that the TUC and trade union leadership took was of crucial importance, since it would set the tone for the rest of the trade union movement. The TUC, once it had decided to commit itself, came out in near unanimous support for the Marshall Plan, forging for itself a central role in the Marshall Plan machinery and creating positive propaganda and support from trade unionists. However, unlike other trade union national centres, the TUC was not to make a

³⁸ Hennessy, 'British Trade Unions and International Affairs', p.226.

public statement about the Marshall Plan until December 1947. This was surprising given that Tewson, the TUC's General Secretary, had been involved in discussions in June for a proposed meeting of the Independent League of European Co-operation to discuss 'what action can be taken to support the Marshall offer'.³⁹ Furthermore, communist trade unionists had referred to the Marshall Plan as a 'Marshall Plot' at the 1947 TUC congress in September and, unsuccessfully, had called for Bevin to 'resist the pressure of dollar diplomacy'.⁴⁰ The AFL, at their annual convention in September, came firmly out in favour of the Marshall Plan, while the President of the CIO spoke in favour of the plan at its annual convention in October. The International Transportworkers' Federation, which had its headquarters in London and close links with the TUC, passed a resolution at the end of November stating that it 'Welcomes the renewed willingness of the United States of America to come to the aid of the countries of Europe', and pledged 'the willingness of the I.T.F. to cooperate in the execution of that Plan'.⁴¹ It also announced the decision to convene its own conference on the Marshall Plan for the following April.⁴²

According to Carew, the TUC refrained from making any announcement before this point because, with the last attempt to settle the German question in the Conference of Foreign Ministers due for November-December 1947, the TUC

³⁹ A comprehensive trawl of the TUC files did not throw up any references to discussions on the ERP before 16 December, 1947, apart from the reference to the proposed meeting of the Independent League of European Co-operation. Tewson was initially on the list of British committee members to be invited to the conference, along with Harold Butler, Harold Macmillan, and four others, TUC, MRC, MSS 292/564.1/1, 'Independent League of European Co-operation : Action to be Taken on Marshall's Offer', 23 June 1947.

⁴⁰ *TUCR*, 1947, pp.427 & 487-9.

wished 'to avoid any step that would antagonise the USSR and embarrass Foreign Secretary Ernest Bevin'.⁴³ Another likely explanation is that the TUC was waiting for the Soviet trade unions to commit themselves to an anti-Marshall Plan line before they made their announcement. This came when the newly established Cominform issued a statement on 5 October referring to the Marshall Plan as a Wall Street plot aimed at dominating Europe. This signalled an end to the policy of a united front in the labour world, represented most clearly by the WFTU, branding the non-communist labour movements as the 'reactionary forces of capitalism'.⁴⁴

The TUC's announcement on the Marshall Plan came following the December 17 General Council meeting at which they approved a statement drawn up by the TUC's International Committee and the newly created 'Special Committee on the Economic Situation'. This proclaimed that the TUC's General Council 'regard the principles put forward by the United States Secretary, Mr. Marshall, in his speech on June 5, 1947, as being a statesmanlike approach to the problems of Europe'.⁴⁵ They congratulated 'American labour on the contribution they have made in their work on the Harriman Committee', and stated that,

The General Council instruct their representatives on the World Federation of Trade Unions to urge acceptance of the principle of aid to Europe, and of co-operation among Trade Union Centres of the countries concerned in an

⁴¹ International Transportworkers' Federation (ITF) files, MRC, MSS 159/1/12/7 'Document MPC (Marshall Plan Conference) 5', referring to ITF General Council meeting, 25-27 November 1947.

⁴² Ibid.

⁴³ Carew, *Labour under the Marshall Plan*, pp. 73-74.

⁴⁴ Ibid., p.73, based on an article in *Bolshevik*, 15 November 1947, reported in British Ambassador, Moscow, to Hankey, 17 December 1947, PRO, FO 371/71648.

⁴⁵ TUC files, MRC, MSS 292/901/8, First meeting of the Special Committee on the Economic Situation (E.S.C.) and the International Committee (I.C.), 'Relief and Rehabilitation of Europe', 16 December 1947. The statement was approved and released by the TUC's General Council the following day.

examination of the practical steps to be taken to ensure the most effective utilisation of such aid.’⁴⁶

Thus, this statement not only set the tone for the British trade unions response to Marshall Aid, but also drew out the battle line to be taken with regard to the WFTU, who were refusing to discuss the issue of the Marshall Plan. The statement was printed in full in the WFTU’s February *Information Bulletin*.⁴⁷

The main public justification that the TUC gave for its support for the Marshall Plan was that,

The attitude of the American Trade Unions on this question is an almost sufficient answer to the accusation that the offer of American aid to Europe disguises a deep-laid Wall Street Plan for an expansion of ‘dollar imperialism’. The essence of the Marshall Plan is self-help.⁴⁸

While for those on the left this argument would not have been of great comfort, for the American trade unions were not generally perceived as a neutral judge of American policy, for others such information on the American unions unequivocal stance on the issue of Marshall Aid may have been reassuring. This ties in with Putnam’s argument that messages from abroad can provide what he calls ‘suasive reverberation’ in terms of changing minds and moving the undecided, and they are ‘often cited by participants to domestic audiences as a way of legitimizing their policies.’⁴⁹ In this instance, the point was also made repeatedly that if there was anything to be concerned about, then British trade unions would not have involved themselves in the European Recovery

⁴⁶ Ibid.

⁴⁷ WFTU, *Information Bulletin*, No.3 (53), 15 February 1948, held in Warwick University Library.

⁴⁸ *Labour*, TUC, December 1947, p.105

⁴⁹ Robert Putnam, ‘Diplomacy and Domestic Politics: The Logic of Two-Level Games’, Appendix in Peter Evans, Harold Jacobson and Robert Putnam (eds.), *Double-Edged Diplomacy*:

Programme. At the 1948 Trades Union Congress, Florence Hancock in her President's Speech said,

Let us be clear about this if we are in doubt about anything else - that if the offer of American aid to Europe could be perverted from its declared purpose of protecting the political integrity of the European nations and promoting their economic recovery, then the British Trade Union Movement would have no part in it.⁵⁰

This despite the fact that the TUC had itself pointed out, in a memo 'to help the General Council of the TUC reach a conclusion on the proposed US aid', that from a reading of the Harriman Report issued in the US on 9 November 1947, it was obvious that the aid proposals 'are not entirely altruistic in their conception'.⁵¹

The TUC publicly maintained the line that Marshall Aid was not intended to divide Europe, and that they did not intend to divide the international trade union movement, countering such suggestions with references to their role in establishing the WFTU and their support for the campaign for greater East-West trade.⁵² Secretly, however, it was accepted by the Foreign Office that the Marshall Plan was a political issue over which a communist/anti-communist split could be pushed within the trade union movement. For instance, soon after the TUC's Marshall Plan announcement, Bevin had instructed the British Ambassador in Washington to reassure the AFL about the TUC's anti-communist aims:

International Bargaining and International Politics, Berkeley, CA: University of California Press, 1993, p.455.

⁵⁰ *TUCR*, 1948, p.79.

⁵¹ TUC, MRC, MSS 292/564.1/1 memo, joint meeting of E.S.C. & I.C., 16 December 1947.

⁵² A fairly comprehensive examination of trade union demands for East-West trade can be found in Hennessy, 'British Trade Unions and International Affairs', pp.226 & 354-375.

I hope that the American Federation of Labour will have noted the steps which the Trades Union Congress and the Labour Party are taking here to deal with the problems of communist infiltration before it becomes a danger. Among other things the Trade Union Council recently passed a resolution with only one dissentient vote to back the Marshall Plan.⁵³

Bevin also told Secretary of State Marshall at the Council of Foreign Ministers Conference in London in December - on the same day that the TUC made its public pronouncement of its support for the Marshall Plan - that he had been 'much fortified' by a decision of the TUC General Council, with one dissenting voice, to approve his foreign policy and pledge its support for the Marshall Plan. It had also 'decided to oppose the communists resolutely if they attempted to start any trouble here.' He reassured Marshall that 'He might be able to say more about this' on the next day, 'after he had discussed the position with Mr. Deakin'.⁵⁴ Given the extremely close links between the TUC and the Foreign Office at this time, and the frequent conversations between Bevin and Arthur Deakin, who had by that point become the President of the WFTU, it is unlikely that the TUC saw the Marshall Plan as an apolitical issue. This, however, was the way that it was presented to the trade union membership.

All of the largest trade unions followed the line set by the TUC, though most announcements were not made until the spring of 1948. According to Hennessy, the 'big-six' unions were waiting until the expected controversy with the WFTU was over before making their official statements.⁵⁵ Nevertheless, despite the

⁵³ Public Record Office (hereafter PRO), Kew, FO 800/493, Bevin to British Ambassador in Washington, 23 December 1947. The 'dissentient' vote belonged to Bert Papworth from the TGWU, who was also an Executive Committee member of the Communist Party of Great Britain.

⁵⁴ *Foreign Relations of the United States*, (hereafter *FRUS*), 1947, Vol.II, Washington: Department of State, memo of conversation between Secretary of State Marshall and Bevin, held on December 17, 1947, p.816.

⁵⁵ Hennessy, 'British Trade Unions and International Affairs', p.227.

efforts of the anti-communist trade union leadership there were criticisms made of the Marshall Plan.

Discontent Amongst the Rank and File

Unions that tended to express concern over the Marshall Plan were those where there were left-wingers in positions of authority, such as the AEU, or where there was a strong militant presence in the union branches.⁵⁶ For example, as noted in the previous chapter, at the National Union of Railwaymen's 1947 AGM, three resolutions highly critical of Bevin's foreign policy and which contained direct or indirect reference to Marshall Aid, which were all defeated, were put forward by regional branches.⁵⁷ The London Branch of the Sign and Display Trade Union sent the TUC a resolution at the end of July 1947 stating,

That our present Foreign policy is detrimental to the well being of our country, and must change away from the American reactionaries, (with their high prices, Anti-Labour Bill and coming slump), who seek to impose on Europe an American economic domination by the Marshall Plan, which upholds the policy of a powerful Germany controlled by American big business.⁵⁸

This suggests that for some trades unionists, at least, the issue of Marshall Aid was seen as important, though this does appear to have been a minority.

Many more criticisms were voiced through the trades councils. For example, during 1947/8, Coventry Trades Council passed only resolutions criticising

⁵⁶ The Marshall Plan is not an issue that often arises in the trade union archival holdings, except in terms of resolutions being sent in from their membership expressing either support or concern over Marshall Aid, or resolutions sent from the unions to the TUC. For example, in the case of the National Union of Railwaymen, the files of the Political Office of the General Council contain hardly any direct references to the Marshall Plan.

⁵⁷ National Union of Railwaymen (NUR) files, MRC, MSS 127/NU/PO/1/10 AGM, 7 July 1947, resolutions proposed by the Polmadie, Warrington and Glasgow No.9 branches.

⁵⁸ TUC, MRC MSS 292/564.1/1 Secretary of London branch of Sign and Display Trade Union to TUC, July 31 1947.

Bevin's foreign policy and the Marshall Plan. At the Executive Committee meeting of August 7 1947, 'American Dollar Donation was discussed and it was felt that sacrifice was being made by the nation which was out of all proportion to benefits gained'. Instead there should be a British Soviet Trading Agreement.⁵⁹ While Coventry may have been unusually politicised and leftwing (the Communist Party was strongly represented within the engineering unions), the extent of the discontent was significant. At a delegates meeting of 21 August, 1947, a request from the 5/155 TGWU branch for support for the following resolution was agreed 'as this was in line with the policy of the Trades Council'. The resolution stated that the delegates 'demand' a 'complete change in the British Foreign Policy':

The present Foreign Secretary's subservience to the Dollar Diplomats and isolation of European and Russian Trade proposals can only mean a further demand on the overtaxed workers of this country. We also congratulate the Labour MPs who are forcing the Socialist Programme promised at the last election.⁶⁰

At the Coventry Trades Council special meeting to discuss the economic crisis in September 1947, at which between 150 and 160 trade unionists were present, delegates called for a complete change of foreign policy and one 'suggested that [the] finest gesture to be made to the Movement was the removal of Ernest Bevin from the Foreign Office'.⁶¹ Such resolutions were also passed by other trades councils, such as the Horsham and District Trades Council and the Barrow and District Trades Council.⁶²

⁵⁹ Coventry Trades Council files, MRC, MSS 5/1/3, p.106, Executive Committee meeting of 7 August 1947

⁶⁰ Coventry Trades Council, MRC, MSS 5/1/3, p.111, Delegates meeting 21 August 1947

⁶¹ Coventry Trades Council, MRC, MSS 5/1/3, p.117 Special delegates meeting of 2 September 1947

⁶² TUC, MRC, MSS 292/564.1/1 Horsham and District Trades Council to TUC, 4 February 1948, and Barrow and District Trades Council to Tewson, 20 March 1948.

Many of the left's criticisms over foreign policy and the Marshall Plan followed the same formula: that Marshall Aid was a form of American imperialism; that Britain should have closer trading links with the Soviet Union; and that the issue of Marshall Aid was likely to split the international trade union movement. These were the points repeatedly made by the CPGB. Branson notes that 'From the start . . . British party leaders were sceptical about the Marshall Plan.' John Gollan, a member of the Party's Political Committee, pointed out in early June that 'dollar assistance would be made available only to countries willing to toe the American, anti-Communist line'.⁶³ Palme Dutt, a leading Party member, called it a plan which the advocates of the Truman Doctrine 'hope to use for promoting a dollar-dominated Western European Bloc against democracy in Europe with Western Germany as its main base and Britain as the American agent to put it through.'⁶⁴ Branson notes that 'In Britain, the attitude of the Soviet Union to the Marshall Plan helped to confirm the belief of Communist Party members that it was a device to enable the Americans to dominate Europe, and should therefore be opposed.'⁶⁵ However, the very fact that it was the far left which criticised the Marshall Plan most vociferously, and that the language used - for example 'dollar imperialism', 'Wall Street plot', 'American reactionaries' - reflected the terminology to be found in Soviet and Communist Party statements, indicates that those who opposed the Marshall Plan could be branded as communist trouble-makers. This gave the TUC the perfect opportunity to marginalise those

⁶³ *World News and Views*, the CPGB's paper, 14 June 1947, cited in Branson, *History of the CPGB, 1941-1951*, p.153.

⁶⁴ *Labour Monthly*, July 1947, p.194.

⁶⁵ Branson, *History of the CPGB, 1941-1951*, p.154.

who raised concerns about the Marshall Plan, both communists and non-communists.

The strength with which the trades union leadership could fight back against this criticism arose through its strong links with the Labour government and the way with which it was able to isolate its critics as being pro-Soviet and communist. Any opposition from the 'soft' left in the unions could be easily dealt with, since it was not well represented or organised, whereas the stronger opposition from the far left could be easily condemned. After 1947 the far left became increasingly isolated as the lines for the Cold War were drawn, and those who were equivocal about the Marshall Plan and links with the Soviet trade unions were forced to choose sides or be branded as 'traitors' by the TUC or the CPGB respectively. This was to occur not only nationally within Britain, but internationally as well, resulting in the split in the International established in 1945 with the aim of international trade union unity, the World Federation of Trade Unions.

5.3 The World Federation of Trade Unions

Many accounts of this organisation see its demise as inevitable, given the inherent differences between the ideological outlooks of the unions involved, and between the centralism of the Soviet trade unions and the (relative) decentralisation of Western unions, without even the intervening factor of the deepening of the Cold War, which meant that 'the cohesion of the WFTU in its

existing form was doomed.’⁶⁶ MacShane argues that the split in the WFTU came from within, and that,

Instead of seeing the WFTU fall victim to global power politics, diplomatic chicanery, or the Cold War it would be better to admit that it was set an impossible task – that of expressing international working class interests at a moment when these were being most effectively asserted in the national context.⁶⁷

Accounts that do not see the WFTU’s split as inevitable come from the far left, and tend to see it as a victim of national government cold war politics enforced from above.⁶⁸

Studies of the WFTU are more deeply divided over the aims of the various trade unions (and their respective governments). While some see the WFTU as a genuine attempt at world trade union unity, others feel that the Soviet Union wanted to use the WFTU to gain access to the industrial working class in Europe, and ‘until it split in 1949, the WFTU was the most substantial of the postwar Communist “front” operations.’⁶⁹ Deakin himself felt the changing venues of the various WFTU Executive Bureau meetings were designed to bolster Soviet policy, given that the Bureau would take the opportunity to address mass trade union demonstrations. At the June 1947 meeting in Prague, communist and non-communist WFTU executive members supported a communist mass trade union

⁶⁶ Busch, *The Political Role of International Trades Unions*, p.66; see also Anthony Carew, ‘The Schism within the World Federation of Trade Unions: Government and Trade Union Diplomacy’, *International Review of Social History*, Vol.29, No.9, 1984, p.335; Peter Weiler, ‘The United States, International Labor, and the Cold War: The Breakup of the World Federation of Trade Unions’, *Diplomatic History*, Vol.5, No.1, 1985, p.22.

⁶⁷ MacShane, *International Labour and the Origins of the Cold War*, p.282.

⁶⁸ Richard Saville, ‘Politics and the Labour Movement in the Early Cold War’, *Our History Journal*, Journal of the History Group of the Communist Party, No.15, April 1990, p.31; Silverman, ‘Stillbirth of a World Order’, p.327.

⁶⁹ Schwartz, ‘Soviet Policy and the WFTU’, p.vi.

rally. Deakin was later to believe that this was in fact a 'full-scale dress-rehearsal' for the communist coup in February 1948.⁷⁰ As Vic Allen points out,

The presence of Deakin and other non-Communist trade union leaders at the demonstration helped to give credulous masses the impression the Communists wanted to convey to them – that the cause was an internationally supported one. To this extent Bevin's warning to Deakin was correct.⁷¹

Whatever the interpretation of the activities of the WFTU, it is clear that it was the issue of the Marshall Plan that caused the actual split within the WFTU. With the announcement of Marshall Aid, the very ideals of the WFTU became untenable, based, as they were, on the improvement of 'the living and working conditions of the people of all lands.'⁷² As far as the non-communist unions of the West were concerned, despite the 'strong resolutions adopted by the WFTU to support rehabilitation programs, the Soviet bloc managed to use the WFTU as an instrument to sabotage the efforts of both Europe and the US' and, in spite of the efforts made by the US and European trade unionists, the WFTU refused to support the Marshall Plan.⁷³ It was soon clear that 'the very situation against which [Citrine] had twice warned the participating countries in 1945 was rapidly approaching.'⁷⁴

The issue of the Marshall Plan was first raised within the WFTU at the November meeting of its Executive Bureau in Paris. At this meeting, James Carey of the American Congress of Industrial Organizations had proposed that

⁷⁰ Allen, *Trade Union Leadership*, p.292.

⁷¹ Ibid.

⁷² *TUCR*, 1945, Constitution of the WFTU, 'Preamble', p.108.

⁷³ Reuther, *The Brothers Reuther*, pp.330-331.

⁷⁴ Walter Citrine, *Two Careers: A Second Volume of Autobiography*, London: Hutchinson, 1967, p.238

the WFTU should endorse the Marshall Plan. It was agreed that the Marshall Plan should be left for discussion at the next meeting, as it had not been on the agenda.⁷⁵ However, it then proved impossible to agree on a date for the meeting, as the communist members of the executive wanted to delay such a vote for as long as possible as it was one which would publicly divide the WFTU leadership between communists and non-communists. Tensions rose, with both sides trying to gain the propaganda advantage. While the TUC was producing its publicity statement and calling for the WFTU 'to acceptance the principle of aid to Europe,'⁷⁶ the communist unions were producing their response. This was that,

The concrete expression of U.S.A. expansion tendencies are the so-called 'Truman Doctrine' and 'Marshall Plan' . . . Labour leaders and other Right Wing Socialists give active assistance to the realisation of the Marshall Plan. . . One of the chief aims of the Marshall Plan is to revive imperialist power in the new democracies and bring about the severance of their intimate economic and political collaboration with the U.S.S.R.⁷⁷

While such statements could only act to irritate the TUC and other non-communist national centres, it also provided them with the necessary ammunition with which to present international trade union criticism of the Marshall Plan as communist inspired (which of course could be added to the anti-Marshall Plan statements of the British Communist Party). This was especially so given that the above article concluded,

In order to strengthen the forces of democracy it is necessary to make use of all social organisations created during and after the war, amongst them - the W.F.T.U. - the most numerically important labour organisation . . . It is thus obvious that the [World] Federation is called to fight not only for the

⁷⁵ TUC, MRC, MSS 292/901/8 I.C. minutes, 21 January 1948, 'Report of November 1947 Paris Executive Bureau of WFTU'.

⁷⁶ TUC, MRC, MSS 292/901/8 joint E.S.C. and I.C. meeting (no. 1), 16 December 1947.

⁷⁷ TUC, MRC, MSS 292/918/1 copy of December 1947 issue of the Soviet publication *Trade Unions*.

economic but for the political interests of working people of all lands as well.⁷⁸

This could be read as a threat, and of course did imply that the communist faction of the WFTU would try to take it over and use it for political ends. By the end of December 1947 several powerful trade union centres, in particular both the AFL and CIO in the US, and the union centres in the Benelux countries, were calling for an international conference of trade union national centres to discuss the Marshall Plan.

The Marshall Plan Conference, March 1948

The decision to convene the conference to discuss the Marshall Plan signalled the break-up of the WFTU, although this was not to officially occur for another twelve months. This provoked deep concern from left-wing unionists in Britain, who passed resolutions deploring the 'present effort of the American Federation of Labour, to undermine the newly formed World Federation by convening a sectional conference to discuss the Marshall Plan.'⁷⁹ It also revealed the tensions already developing within the international community of trade unions who were united in their support for the Marshall Plan, resulting in the intervention by both the British Foreign Office and the US State Department. Because of this high level intervention, the decision to organise the conference will be mapped out in some detail.

⁷⁸ Ibid.

⁷⁹ TUC, MRC, MSS 292/564.1/1 Maidenhead and District Trades Council to Vincent Tewson, 24 November 1947. Similar resolutions were sent in from the Crayford branch of the AEU to the TUC on 4 February 1948, and the Secretary of the Barrow and District Trades Council to TUC on 20 March 1948.

The idea of convening an international trade union conference to discuss the ERP was first put forward by the American Federation of Labour.⁸⁰ At its October 1947 Convention it published a statement to this effect, and it is obvious from the tone of this statement that the AFL saw this as the preliminary to a new international trade union movement:

Because the World Federation of Trade Unions is controlled by Communists, we must give free unions an international organisation through which they can operate, so they will not be used against themselves by the Soviet Union. The A.F.L. as the strongest body of free unions in the world, is taking leadership.⁸¹

Reluctantly, the AFL decided to wait before calling a conference until it was clear that the European trade unions especially the TUC, were ready and able to co-operate. They were impatient however, as Busch points out, as 'both the CIO and the AFL wanted to demonstrate to the US Congress that the European labour movements supported the Marshall Plan which was scheduled to come to a vote in Congress in April 1948'.⁸² In December the executive of the Belgian trade union centre passed a resolution in which they proposed calling an international trade union conference to discuss the ERP, though it was realised by the TUC and the Foreign Office that 'the whole proposal for the Conference was hurriedly thought up to get rid of the likelihood of A[merican] F[ederation] of L[abour] auspices.'⁸³ The TUC General Council, however, urged that no action be taken on convening a conference until the matter had been considered by the World

⁸⁰ TUC, MRC, MSS 292/564.1/1 letter from Irving Brown of the AFL to Tewson, 29 December, 1947

⁸¹ TUC, MRC, MSS 292/564.18/1, cited in memo on the 'ERP International Trade Union Machinery', March 1949

⁸² Busch, *The Political Role of International Trades Unions*, p.67. A similar point was made by the WFTU once the CIO had left it, in *Free Trade Unions Remain in the WFTU*, Paris: WFTU, 1949, p.41.

⁸³ TUC, MRC, MSS 292/564.1/1 note from A.E.C. of phone call from Gee, 31 December 1947.

Federation of Trade Unions' Executive Bureau due to meet in February 1948.⁸⁴ Belgium and the other Benelux trade union centres which were also in favour of a conference, decided to defer to this wish and wait until after this event. They wanted the TUC to add its signature to the conference invitations and to 'contact AFL and CIO and call for their eventual collaboration'.⁸⁵ The implication was that they would rather such a conference be in the hands of the TUC than the American union centres.

The American Federation of Labor became increasingly impatient, and at the end of November Irving Brown made a 'personal and social visit' to Mr Tracey of the TUC Publicity Department during which the idea of an ERP conference was discussed.⁸⁶ Anthony Carew point out that this 'appeared to be an attempt to bounce the organisation [TUC] into the arms of the AFL.'⁸⁷ The problem was felt to be sufficiently delicate to warrant the interference of Ernest Bevin. On 23 December Bevin cabled the British Ambassador in Washington about the WFTU and how the British and American trade union centres should act. He pointed out that the TUC had to be seen to be loyal to the WFTU and so could not at this point take part in a trade union conference on the Marshall Plan. Neither could it push the WFTU too hard to discuss the Aid without losing support amongst the trade union members in Britain. Rather, the TUC should wait until the proposed WFTU Executive Bureau meeting in February. Bevin pointed out that,

⁸⁴ TUC, MRC, MSS 292/564.18/1 memo on the 'ERP International Trade Union Machinery', March 1949.

⁸⁵ Ibid.

⁸⁶ Ibid.

⁸⁷ Anthony Carew, 'The Schism within the World Federation of Trade Unions: Government and Trade Union Diplomacy', *International Review of Social History*, Vol.29, No. 1984 p.307

At that meeting they [the TUC] are going to back the Marshall Plan and, if it is avoided or there is a refusal to discuss it, or any steps are taken to block it, it looks very much as if it will lead to a break-up. In that case their [TUC] hands would be clean and this would carry the Trade Unions in this country with them. If on the other hand they did as the American Federation of labour suggested, they feel they would be unlikely to get the desired support.⁸⁸

Bevin further instructed the British Ambassador, revealing a clear interplay between union and foreign policy interests, and between union and foreign office diplomacy, that, 'In speaking to the American Federation of Labour people on the above lines, you should emphasise that the difference between us is not one of objectives but one of tactics.' He went on that 'I am sure that the TUC will show itself ready and determined to act in the international field at the right time'.⁸⁹

The issue of what to do about the WFTU was a delicate one, for whereas the TUC centre-right leadership wanted to withdraw from an organisation that, to them, had become a liability, to do so successfully they needed to carry with them the sentiments of the British trade union members. The WFTU was a popular body amongst the rank-and-file, as evinced by the number of resolutions put forward at meetings and conferences praising the very existence of the inclusive, international trade union body. At the 1948 and 1949 annual TUC congresses, resolutions were moved expressing regret at the breakdown of the WFTU and requesting that the TUC remain within it.⁹⁰ Although both came from unions with a strong far left presence and were easily defeated, in 1948 the TUC was so

⁸⁸ PRO, FO 800/493, cable from Bevin to British Ambassador in Washington, 23 December 1947.

⁸⁹ Ibid.

⁹⁰ *TUCR*, 1948, pp.441-451; *TUCR* 1949, pp.329-339. The vote for the 1949 resolution, from the Amalgamated Union of Foundry Workers, was combined with that for a resolution welcoming the TUC's withdrawal from the WFTU from the National Union of General and Municipal Workers, (p.327). The resolution supporting the TUC's policy received 6,258,000 votes, while that against only received 1,017,000 votes, (p.339).

concerned that if put to a vote trade unionists would vote in favour of remaining in the WFTU, that they went to considerable lengths to 'keep this question off the floor of Congress . . . [and] persuade the people responsible for this resolution to withdraw it.'⁹¹ Deakin managed to side step the issue by making a passionate speech in which he asked for the issue of WFTU membership to be left in the hands of the TUC.⁹² The British trade union leadership, if it was to assert its dominance and prevent communist challenges to its authority, needed to be able to act with the blessing of the bulk of its members, otherwise it would hand its opponents a valuable propaganda weapon.

While the TUC did not want to work at the same speed as the Americans, they did go so far as to endorse the recommendation of the TUC International Committee on 28 January 1948 that the WFTU be given an ultimatum. This was that if the WFTU Executive Bureau did not meet by the middle of February to discuss the Marshall Plan, the TUC would feel free to participate in or to convene a conference to do so.⁹³ This ultimatum was not met, with Saillant, the communist General Secretary of the WFTU, offering to convene a meeting of the Executive Bureau in the first fortnight of April. The AFL had become impatient by this point, and tried to force the Belgian trade union's hand, informing them at the beginning of February that if they did not send out invitations for a conference within eight days, they would act independently.⁹⁴ Subsequently the TUC held talks with Benelux representatives and on 18th February the TUC

⁹¹ TUCR, 1948, p.446.

⁹² Allen, *Trade Union Leadership*, pp.306-7; TUCR, 1948, pp.446-451.

⁹³ TUC, MRC, MSS 292/564.18/1 memo on the 'ERP International Trade Union Machinery', March 1949

⁹⁴ Ibid.

General Council endorsed the International Committee's recommendation that invitations should be sent out for a trade union conference on the ERP to be held between the 8th and 10th March.⁹⁵ The AFL were not pleased however, feeling that the TUC had stolen the ground from under their feet and that the AFL were being sidelined. George Meany, the anti-communist Secretary-Treasurer of the AFL was said to be 'absolutely mad', and the AFL initially refused to attend the conference as they were due to have a meeting of their Political Committee at that time.⁹⁶

The above situation proved highly awkward, to the extent that the Foreign Office, the State Department and embassy staffs in Washington and London intervened to try and patch up the quarrel. Ernest Bevin cabled reassurances directly to the AFL, and to the British Ambassador in Washington, giving a message to be passed on to the AFL setting out the delicacy of the situation. He emphasised that the TUC had been forced to act because of their obligation to be seen to be doing the right thing by the WFTU, and that he himself had told the TUC not to delay holding the conference later than 9th March.⁹⁷ This high level intervention was eventually successful, with the AFL eventually agreeing to send a delegation to the conference. While this revealed the ways in which the links between the Foreign Office and the TUC could be used to good effect, it also revealed the tensions that existed between trade union national centres even when they were on the same side, each unwilling to be sidelined by the others.

⁹⁵ TUC, MRC, MSS 292/901/8 meeting of the International Committee, 17 February 1948.

⁹⁶ TUC, MRC, MSS 292/564.18/1 report of phone call from Oldenbroek, leader of the International Transport Workers Federation to the TUC, 19 February 1948.

⁹⁷ PRO, FO 371/71806, cable from Bevin to the British Ambassador in Washington, 19 February 1948.

It was not only the timing of the conference that proved contentious. Tensions also existed over the purpose of the conference. Publicly, the TUC maintained that it was purely to discuss the ERP, proclaiming that,

The Conference will be explanatory and consultative in character, having as its sole aim the correlation of trade union views in the various countries before the United States legislation is finally completed.⁹⁸

Privately, of course, it was seen as a way of engineering a split in the WFTU. This was necessary since it was not possible for the non-communist unions to control the WFTU and force the communists out. Neither was it possible for the non-communist unions to remain within the WFTU as it would have given valuable propaganda to the Soviet Union and its very existence would have promoted sympathy for the Soviets from the working class world-wide. As it was, the concern that was being generated over the fate of the international trade union movement was shown by the level of interest that it produced amongst Foreign Office and State Department staff. For instance, the US Ambassador in London cabled Lovett, the Under-Secretary of State in the US, about the matter:

March 8-9 conference on ERP represents first step in break-up of WFTU and formation of new international trade union centre . . . we think AFL presence essential in order to strengthen anti-Communist and anti-WFTU elements in TUC and other European trade unions who have always been suspicious or hostile to WFTU, sympathetic to AFL position, and who wish to use conference in order [to] lay groundwork for new bona fide trade union international. . . . Ultimate break-up of WFTU seems to us to be inevitable but AFL can accelerate break-up if they act skilfully at this time.⁹⁹

⁹⁸ *Labour*, London: TUC, March 1948, p.197.

⁹⁹ Cable from US Ambassador in London to Lovett, February 21 1948, quoted in Carew, 'Schism', p.314

This makes it clear that the issue of the Marshall Plan was being used to draw the lines of demarcation and to split the trade union world into their communist and anti-communist camps. The labour conference to discuss the Marshall Plan was successful in this in that it did provide the opportunity for establishing a new, temporary international body, the European Recovery Programme Trade Union Advisory Committee, which shall be examined in the next chapter. This organisation not only shaped the response of the non-communist trade union world to the Marshall Plan, but to the developing Cold War, eventually turning itself into the International Confederation of Free Trade Unions (ICFTU). The ICFTU was in direct competition with the WFTU. Not only did the British TUC play a prominent role in this, but it also used the international split to further entrench its own leadership in Britain and abroad, using along with the other powerful national centres the international situation to get rid of communists and establish the hegemony of the centre-right trade unionists. Before we turn to a detailed analysis of this organization, it is necessary to comment on the final split of the WFTU.

The WFTU Splits

As we have seen, the convening of the conference to discuss the international trade union response to the Marshall Plan marked the end of the pretence at international trade union unity, although the WFTU was to stumble on for another year. At the meeting of the WFTU Executive Committee and Bureau in Rome at the end of April 'prolonged and acrimonious discussions on the general administration of the WFTU' were brought to a conclusion with the acceptance of a compromise proposal aimed at 'curbing the powers of the [communist]

Secretary General and other officials and preventing them from assuming political attitudes opposed to the opinions of affiliated unions'.¹⁰⁰ The TUC and the CIO also protested against the WFTU's 'May Day' message to the world that had condemned the Marshall Plan, and which was embarrassing for them to be associated with.¹⁰¹ That the meeting was tense was shown by the Foreign Office report, which said of the British TUC delegation that,

Tewson worked hard - too hard for he wore himself out and was nervy at the end . . . There were moments when all three [TUC representatives], Tewson, Deakin and Tom O'Brien were at cross purposes with one another . . .¹⁰²

However, it was not until January 1949, after the TUC and others had already put in place the machinery for a new trade union international, that the WFTU was to split. According to Busch, the TUC was reluctant to 'just quit the WFTU and leave behind the money, the assets and the presses of the rump organisation in the hands of its opponents.'¹⁰³ At the January 1949 meeting of the WFTU Executive Bureau Deakin proposed that the WFTU be suspended for twelve months. The communist representatives for the Soviet Union, Italy, China, and Louis Saillant, the French General Secretary of the WFTU tried to prevent this, and with 'much screaming and waving of the constitution in Deakin's face they refused to be swayed.'¹⁰⁴ Deakin insisted on putting the matter to the vote. The British, American and Dutch representatives duly voted to suspend the WFTU, while the others refused to take part in the vote. The long-awaited stalemate had been reached. With Deakin declaring the meeting closed, he and Tewson, along with

¹⁰⁰ *Keesings Contemporary Archives, Vol. VI, 1946-8*, London: Keesings, 1948, p.9294.

¹⁰¹ Busch, *The Political Role of International Trades Unions*, p.67.

¹⁰² PRO, FO, 371/72855, UNE 2315/387/93, note from W. Braine at the British Embassy in Rome to Herbert Gee, the Labour Official at the FO, 14 May 1948.

¹⁰³ Busch, *The Political Role of International Trades Unions*, p.68.

the CIO and Dutch members, led by James Carey and Evert Kupers, swept out of the room. The rest of the Executive Bureau continued with their meeting.

Within a few weeks, the TUC and others had launched a publicity campaign explaining why they had left the WFTU, and other non-communist unions quickly followed. The TUC, with the CIO and the Dutch trade union centre, produced the pamphlet *Free Trade Unions leave the WFTU*, which was circulated amongst the western unions. This urged the 'Free Trade Union Movements of the world' to consider 'their own position in the W.F.T.U., now completely dominated by Communist organisations, which are themselves controlled by the Kremlin and the Cominform.'¹⁰⁵ The British Communist Party responded with their pamphlet, *Wreckers!* while the remaining WFTU unions produced their pamphlet, *Free Trade Unions Remain in the WFTU*. This in turn accused the British and US trade union centres of wanting to dominate the WFTU, the CIO of trying to use the WFTU 'to pursue a policy inspired by the American State Department aimed at economic expansion based on the control of foreign markets', and of ultimately splitting the WFTU, for which Deakin, Tewson, Carey and Kupers would 'carry as a stigma to the end of their lives.'¹⁰⁶ All of the other non-communist unions were also soon to withdraw from the WFTU, the last being Finland who decided to leave on May 25, 1949.¹⁰⁷ Insult was added to injury when the French government ordered the exile of the WFTU,

¹⁰⁴ Ibid.

¹⁰⁵ TUC, CIO, NVV, *Free Trade Unions leave the WFTU*, London: TUC, 1949, Forward, p.3.

¹⁰⁶ WFTU, *Free Trade Unions Remain in the WFTU*, Paris: WFTU, 1949, pp.13, 2 & 5.

¹⁰⁷ *Keesings Contemporary Archives, Vol.VII, 1948-50, p.10760.*

as it was one of several 'agencies of Soviet propaganda acting against the interests of France.'¹⁰⁸

Conclusions

This chapter has shown that the short run effects of the Marshall Plan were to result in the division of opinion within the trade unions reflecting that of the wider world between communists and non-communists. The linking of the Aid package with the developing Cold War resulted in criticism of the Marshall Plan being seen as the result of a destructive communist wing. In Britain, this gave the TUC the opportunity to strengthen its hand against its left-wing critics, and to isolate the far left from any 'soft' left support. British communist trade unionists were further isolated once the TUC used the issue of the Marshall Plan to withdraw from the WFTU, which was a main source of their international support. For the Western trade unions, as for their governments, their continued involvement in the WFTU would have proved embarrassing at the very least since it would have provided the semblance of international unity which Bevin had warned against. It would also have undermined the anti-communist campaigns being waged domestically. The close links between the TUC and the Foreign Office were therefore strengthened as the TUC acted not only in their own interest, but, as far as they were concerned, in the wider national interest to combat communism at home and abroad, thus raising the profile of the TUC. This chapter has also revealed that while trade unions that were ostensibly on the same side could organise and reach agreement, they were still jockeying for power and position amongst themselves as the apparatus for a new, anti-

¹⁰⁸ *Keesings Contemporary Archives, Vol.VIII, 1950-52, p.11231.*

communist International was put into place. This, and the intervening organisation, the European Recovery Programme Trade Union Advisory Committee, which played a significant role in international trade union politics, will form the focus of the next chapter.

Chapter 6

The European Recovery Programme Trade Union

Advisory Committee

Introduction

Chapters 4 and 5 have mapped out how the centre-right leadership of the labour movement was able to use the Marshall Plan to effect the short-term marginalisation of the far left through control of the agenda on trade union issues and institutions. Chapters 6 and 7 turn to the issues and new institutional structures that were developed after 1948. While Chapter 7 examines the Anglo-American Council on Productivity, Chapter 6 assesses the role of the European Recovery Programme Trade Union Advisory Committee (ERPTUAC, often referred to as TUAC).

The ERPTUAC is an under-researched organisation. The fairly general accounts of international trade unionism by Busch, Lorwin and Windmuller offer the most extensive coverage available, but these do not include a great deal of information on its activities.¹ Both Hogan and Wexler refer to it briefly in their comprehensive accounts of the Marshall Plan.² Wexler highlights that the

¹ Gary K. Busch, *The Political Role of International Trades Unions*, London: Macmillan, 1983, see Ch.4; Lewis Lorwin, *The International Labour Movement*, New York: Harper, 1953; John Windmuller, *American Labor and the International Labor Movement 1940-1953*, Ithaca, NY: Cornell University Press, 1954.

² Michael Hogan, *The Marshall Plan: America, Britain and the reconstruction of Western Europe, 1947-1952*, Cambridge: Cambridge University Press, 1987; Imanuel Wexler, *The Marshall Plan Revisited: The European Recovery Program in Economic Perspective*, London: Greenwood, 1983.

establishment of the ERPTUAC ‘amounted to the creation of a permanent machinery, through which labor could continuously assert its self-conceived role in the implementation of the Marshall Plan.’³ However, the ERPTUAC is largely ignored in much of the literature on labour and the Marshall Plan. While both Carew and Weiler refer to the ERPTUAC, it is in reference to the activities of other organisations, such as the Economic Co-operation Administration (ECA),⁴ or in reference to the split that arose in the World Federation of Trade Unions (WFTU).⁵ According to Weiler,

Although ostensibly formed to defend working-class interests in the European Recovery Program, in reality the ERPTUAC’s basic goals were political: to rally labour’s support for the Marshall Plan and to encourage opposition to communism.⁶

However, he does not explain how this was done, or provide an in-depth analysis of the ERPTUAC.

This chapter argues that the ERPTUAC played an important role in the Marshall Plan machinery. It provided a transitory organisation that could be used as a framework for an anti-communist alternative to the WFTU, and as the basis for the establishment of a new trade union International. It also helped to legitimise the Marshall Plan in the eyes of British and European labour by initiating a large-scale propaganda drive on behalf of the ERP, thus shaping the response of trade

³ Wexler, *The Marshall Plan Revisited*, p.39.

⁴ Anthony Carew, *Labour Under the Marshall Plan*, Manchester: Manchester University Press, 1987, pp.83, 134, 234; Peter Weiler, ‘The United States, International Labor, and the Cold War: The Breakup of the World Federation of Trade Unions’, *Diplomatic History*, Vol.5, No.1, 1981, p.18.

⁵ Anthony Carew, ‘The Schism within the World Federation of Trade Unions: Government and Trade-Union Diplomacy’, *International Review of Social History*, Vol.29, No.3, 1983, pp.297-335; Peter Weiler, *British Labour and the Cold War*, Stanford, CA: Stanford University Press, 1988, pp.118-9.

unionists to the European Recovery Programme. In some respects it also acted to diffuse the anti-Marshall Plan campaign of the communist unions. The communists were mainly concerned with presenting the creation of the ERPTUAC as an act of treachery that demonstrated that the British and US unions had been planning to break up the WFTU before they actually left it, and that their support for the break-away non-communist unions in France and Italy 'was a grave infraction of the duties of international solidarity'.⁷ This reinforced the growing differences between the unions of the East and West, and focused debate on the issue of the communist/anti-communist split rather than on the actual conditions attached to the Marshall Plan. Thus, the ERPTUAC was important in terms of the issues and ideas it was propounding, in terms of the attitude that communist unionists took towards it, and because it provided an organisational structure with which to counter the communist trade unions. The crucial role that the TUC leadership played within this organisation provided it with another organ through which it could get its views across and shape those of its own membership base along the appropriate anti-communist lines. This chapter focuses on the functions and activities of the ERPTUAC, and the role that the TUC played within it.

6.1 The Establishment of the ERPTUAC

As discussed in the previous chapter, on 9-10 March, 1948, the TUC, in conjunction with the Benelux trade union centres, convened the International Trade Union Conference on the European Recovery Programme (ERP), a

⁶ Ibid., p.118.

conference of trade union national centres to discuss the Marshall Plan. The first action of the Conference was to unanimously approve a declaration of its aims and principles, which included three politically important points. Firstly, the conference expressed its 'earnest desire to see other countries brought within the scope of the European Recovery Programme. We repudiate firmly and emphatically any policy of aligning East against West.'⁸ Politically, this point could be used to counter criticism from the left in Britain and elsewhere that the conference was designed to split the trade union movement, even though by this time it was obvious that the Soviet Union would not allow any of its satellites to support the Marshall Plan. Secondly, the Conference declared its support for the ERP and emphasised the role that trade unions had to play in the success of Marshall Aid. Trade unions,

must contribute to the establishment of the social, economic and political conditions which are essential to safeguard the principles of free citizenship and democratic institutions, and which alone can assure a progressive improvement in the life and labour of the people.

Trade unions were 'to give their wholehearted support to the necessary measures that each country must take to fulfil the requirements of each national production programme of economic renovation and modernisation'. Thirdly, the Conference reassured trade unionists that there were no unacceptable strings attached to Marshall Aid.

The Conference has satisfied itself by an examination of the principles underlying the present American proposals that no unacceptable conditions are attached to the offer of American aid, and that in particular there shall be no interference in the internal affairs of any participating country.⁹

⁷ WFTU, *Free Trade Unions Remain in the WFTU*, Paris: WFTU, 1949, p.4.

⁸ TUC files, Modern Records Centre (MRC) at the University of Warwick, MSS 292/564.11/1 Declaration of the ERP Trade Union Conference, 10 March 1948.

⁹ *Ibid.*

This message was repeated at future international conferences, despite the fact that there were internal misgivings over certain conditions of the ERP as laid out in the Foreign Assistance Act, which will be examined later in the chapter.

Apart from the mapping out the response of the anti-communist unions to the Marshall Plan, the second action of the Conference was the decision to establish a continuation committee, the European Recovery Programme Trade Union Advisory Committee (ERPTUAC), to provide the necessary institutional structure. This was to be a 'joint representative organisation to maintain continuous association with the Administrative machinery established by the governments of the participating nations'.¹⁰ This was to be 'open to all bona fide trade union organisations', usually taken to mean non-communist, 'that may later decide to participate in the co-ordinated and co-operative activities which we have taken in hand.' The functions of the Committee 'which shall be consultative and advisory in character' were to collect and circulate information; to conduct the work of the Conference between meetings, with the full International Trade Union Conference on the ERP being reconvened periodically; to convene future conferences and to determine the basis of representation; to 'secure the greatest measure of unified action between constituent organisations'; and to seek contact with the Organisation for European Economic Co-operation (OEEC) to 'determine the form in which the greatest measure of representation or co-operation can take place'.¹¹

¹⁰ Ibid.

As this chapter will demonstrate, some of these functions were met more readily than others. While the Committee proved to be a valuable information and propaganda machine, it could not always agree on the work that was to be conducted between conferences, or when to convene meetings.¹² Unified action was achieved, but, as Hogan points out, 'Its work was slowed by internecine rivalries and personal jealousies, particularly by the AFL's resentment over TUC control of key posts in the TUAC and by its reluctance to concede the CIO an equal status in the new international.'¹³ Lastly, while contact with the OEEC was established, it did not achieve the desired results as the TUAC was not accepted as an advisory body, and it was felt by the OEEC that 'the form and scope and timing of European labor participation in OEEC work are essentially political and public relations questions.'¹⁴

The Conference also recommended that the national centres 'be urged each to approach their governments with the object of being associated with the machinery concerned with the administration of the European Recovery Programme'.¹⁵ This was seen as a key component to the success of the Marshall Plan, which, trade union leaders felt, could not achieve its desired goals without their support and involvement. While this reflected the trade unions enhanced status in the postwar world, it also reflected their desire to cement formal relations with their

¹¹ Ibid.

¹² See correspondence between Tewson and Walter Schevenels (Secretary of the TUAC Liaison Office) during 1949, TUC, MRC, MSS 292/564.151/4.

¹³ Hogan, *The Marshall Plan*, p.202.

¹⁴ 'Labor participation in the Organization for European Economic Cooperation', Department of State, RG 59, 840.5043/5-1448, cited in Weiler, *British Labour and the Cold War*, p.119.

¹⁵ Ibid.

governments in order to build up their domestic profile and importance. It was agreed,

That each national centre should seek every opportunity of participating in the machinery established in their respective countries to deal with their national production programme and with the allocation of goods and services available to each country in its effort to fulfil its part of the Recovery Programme.¹⁶

Consequently the TUC set up a special committee to consult with the British inter-departmental committee that had been established by the government to administer the ERP in Britain.¹⁷

Eleven members were elected to form the ERPTUAC, two each from Britain, the USA and France, one each from Italy, Scandinavia, Benelux and Germany, and one to represent both Austria and Switzerland. The British representatives were Vincent Tewson, the General Secretary of the British TUC, and George Chester.¹⁸ The American members were Frank Fenton from the American Federation of Labor, and James Carey from the rival the Congress of Industrial Organizations. The appointment of Frank Fenton, who was not one of the AFL's most high-ranking individuals, reflected their annoyance at the TUC having convened the conference without the AFL's involvement,¹⁹ and he was soon replaced by Irving Brown, the AFL's ubiquitous roving representative in Europe. Tewson was unanimously elected the Secretary of the Committee, with Evert Kupers from the Netherlands

¹⁶ TUC, MRC, MSS 292/564.11/1 Resolution on Continuing Machinery, International Trade Union Conference on the ERP, 9-10 March 1948.

¹⁷ Reported in the TUC publication, *Labour*, June 1948.

¹⁸ George Chester, of the National Union of Boot and Shoe Operatives, had been on the TUC General Council for a number of years. Although he was at this stage a member of the TUC's International Committee, his appointment as a member of the ERPTUAC was surprising in that he did not have a particular record of involvement in international union affairs. He was knighted in 1948, but died a few months later. A short obituary is in *TUCR* 1948, p.87.

trade union national centre as its Chairman (later to be called President). Tewson's was the most important post in the organisation, and its headquarters were subsequently established at Transport House in London. This ensured strong British influence over the course of the TUAC, and placed British trade unionism at the centre of the fight against the communist unions and for the Marshall Plan.

One immediate effect of the International Conference and the creation of the ERP Trade Union Advisory Committee was to enhance the status and establish the international credentials of the non-communist break-away unions in France (Force Ouvrière) and Italy (the CGIL-Minority Group). The much larger communist dominated national centres had not been invited as they were against the Marshall Plan and were still operating within the WFTU. By becoming the official trade union representatives of their countries for the ERP in the international trade union movement these two organisations gained in prestige and power. The ERPTUAC was also the first occasion where there had been 'a joint US coalition of the AFL and the CIO',²⁰ setting a precedent which was to ease the path towards their integration in 1955.

6.2 The Role and Activities of the ERPTUAC

The activities of the ERPTUAC are important to this study as this organisation shaped the response of the non-communist unions to the Marshall Plan and created the institutional structure through which a new, anti-communist International could

¹⁹ See TUC, MRC, MSS 292/564.18/1 report of phone call from Oldenbroek of the ITF to the TUC, 19 February 1948.

²⁰ Busch, *The Political Role of International Trades Unions*, p.64.

be established without creating widespread criticism from the rank-and-file of the trade unions, some of whom retained a commitment to the WFTU. As American trade unionists pointed out to Averell Harriman, the ECA's special representative in Europe, the ERPTUAC would provide an organisation that would 'work parallel with Marshall Plan activity in the various Marshall Plan countries to combat Communism within the trade unions.'²¹

The ERPTUAC established two main component organisations, apart from its Executive of eleven members. The first of these, the ERTPUAC Emergency Committee, was a small body consisting of Vincent Tewson from the TUC, Leon Jouhaux of the French trade union centre Force Ouvrière, and Evert Kupers of the Netherlands National Centre (NVV). Their remit was to keep the work of the ERPTUAC going between the meetings of the whole organisation; to maintain contacts between the unions; to conduct the negotiations between the ERPTUAC and the OEEC on its attempt to acquire advisory status to the OEEC on labour questions, and to attain the official status of the Trade Union Advisory Committee to the OEEC.²² The second body to be created, at the urging of the American trade union representatives, was the ERPTUAC Liaison Bureau. This was to be based in Paris, and was designed to act as an information centre; to provide material for propaganda; to increase the unity of action between the trade union organisations involved in the TUAC; and to provide closer contact between the trade union

²¹ Thomas Finletter to Averell Harriman, August 2, 1948, Papers of the Mutual security Agency, RG 286/53A405/Box1/File: Special Representative's Office, 1948, cited in Weiler, *British Labour and the Cold War*, p.119.

²² TUC, MRC, MSS 292/564.11/1 report of 3rd ERPTUAC meeting, 29 June 1948.

national centres, the ERPTUAC, the OEEC and the ECA. Tewson was keen to stress that,

the Bureau while itself an information centre would subsequently be able to provide material for propaganda, and that its establishment would in no way lessen the need for adequate activity on the part of the several trade union national centres.²³

It was expected that the Bureau would act as a way of increasing the unity of action between the trade union organisations involved in the TUAC.

While the ERPTUAC never fully achieved its aim of gaining official status as the Trade Union Advisory Committee to the OEEC, it did receive extensive support from the Marshall Plan administrators which helped to cement its position as the representative body of the non-communist unions. At the ERPTUAC meeting of 29 June, 1948, Averell Harriman made an address to the meeting at which he ‘stressed the important role national trade union movements have to play in the successful implementation of the European Recovery Programme’. Furthermore, ‘He himself and his staff would at all times be accessible to the E.R.P. Trade Union Advisory Committee for advice and consultation’, as would Paul Hoffman, the head of the ECA.²⁴ Harriman made another speech to the ERPTUAC at its second international trade union conference in July 1948,²⁵ where the AFL unsuccessfully lobbied for the TUAC to move its headquarters from London to Paris so that it could maintain closer contacts with Harriman and the ECA staff. The ECA’s labour advisor in Harriman’s Paris ECA mission,

²³ TUC, MRC, MSS 292/564.151/3 minutes of 4th ERPTUAC meeting, 22 September 1948, and 292/564.11/1 report of the 4th ERPTUAC meeting.

²⁴ TUC, MRC, MSS 292/564.1/1 minutes of ERPTUAC meeting 29 June, 1948.

Boris Shishkin, attended, as did Bert Jewel (from the AFL), and Clinton Golden (from the CIO), who were Paul Hoffman's trade union advisors in Paris.²⁶ On October 8, 1948, these and other key labour officials from the ERP countries met in Paris to discuss labour's part in the recovery programme and to hear an address by Secretary of State Marshall himself.²⁷

Despite the common interests of the unionists involved in the ERPTUAC, such as anti-communism and support for the Marshall Plan, there was difficulty in gaining agreement between the trade union centres from different nations. This was highlighted by the controversy surrounding the Emergency Committee's appointment of Walter Schevenels to the post of Secretary of the Liaison Bureau. Schevenels had a long record of international trade union activity, having been the last Secretary General of the now disbanded International Federation of Labour. At this point he was attempting to remove himself from his post as a Vice-President of the WFTU. As far as the AFL were concerned, Schevenels' involvement in the WFTU meant that he had sold out to the communists. The AFL put out a press statement saying that,

The A.F. of L. is unalterably opposed to Mr. Schevenels because he is unfit to hold so high an office in the ranks of democratic world labor.

The record of Mr. Schevenels in the former International Federation of Trade Unions shows that, though he may be an indefatigable factionalist, he is incapable of serving as a responsible and constructive general organisation spokesman.²⁸

²⁵ TUC, MRC, MSS 292/564.11/1 'Report of the Second International Trade Union Conference on the European Recovery Programme', July 1948.

²⁶ TUC, MRC, MSS 292/564.1/1 see comments by Harriman at ERPTUAC meeting of 29 June, 1948, and press release by ECA, July 5, 1948.

²⁷ TUC, MRC, MSS 292/564.1/1 calendar of meetings for 1948.

²⁸ TUC, MRC, MSS 292/564.151/3 press statement by AFL, 'A.F. of L. Opposes Schevenels in TUAC Post', 2 February 1949.

This damning indictment of Schevenels also suggested that he was guilty of financial irregularities, a claim which was strongly denied by the TUC and of which there was no evidence, and that,

As a secretary of the W.F.T.U., he worked hand in glove with the Communists in all their undertakings and especially in their drive to wipe out the effectiveness and independence of the international trade secretariats which are the bloodstream of healthy international free trade unionism.²⁹

Of course, if having held office in the WFTU disqualified trade unionists from holding office in the ERPTUAC, then practically all but the AFL representatives would have had to resign. However, it seems that the main reason that the AFL refused to accept Schevenels' appointment was that,

AFL officials here interpreted the action of a majority of the European non-Communist trade unionists in Berne in naming M. Schevenels to a new post as an arrangement made by the British unionists and the CIO to prepare the way for the Belgian trade unionist to head a new world labor body. Such an organization is expected to be formed within the next six months as a rival of the Russian-dominated WFTU, but it will be limited to 'free, democratic trade unions'.³⁰

This disagreement arose for two reasons. Firstly, the AFL wanted to prevent the TUC or CIO from having too much power through the promotion of someone with whom they had good relations, and presumably the AFL wanted to promote someone of their choice to any posts that might lead to the leadership of a new International. Secondly, as with the timing of the establishment of the ERPTUAC, while the TUC was advocating a fairly cautious approach, the AFL wanted to push a more aggressive agenda and to 'propagandize European workers in order to enlist

²⁹ Ibid.

³⁰ Article by Lois Starch in the *New York Times*, 28 January 1949, see TUC file MRC, MSS 292/564.151/3.

their support of [the] ECA and counteract Communist propaganda and sabotage.³¹

In the end, the situation was diffused by Tewson and Jouhaux of Force Ouvrière lobbying the AFL to accept Schevenels, whose appointment had already been reported to the press.³² To have removed Schevenels at this point would have provided embarrassing negative publicity for the ERPTUAC. It seemed that despite the common interest of promoting the Marshall Plan and fighting the communist unions, the union national centres were still subject to internal politicking, with the AFL wanting to be in control while the TUC, CIO and Benelux unions were anxious to prevent this.³³

Despite this problem, the ERTPUAC did achieve remarkable results in terms of its propaganda drive on behalf of the Marshall Plan, and against the communist unions. It co-operated with the ECA in its vast propaganda campaign, which, according to one insider,

tended more and more to become a working alliance with various European groups, including labor unions, groups working for European unification and various anti-Communist elements. More and more its propaganda technique was indirect, and more and more its objectives were to change basic political, social, and economic attitudes in European rather than merely to advertise or explain American policy.³⁴

As Carew points out, 'In this context the information and propaganda aimed at European trade unionists was always regarded as a crucial aspect of the whole

³¹ Sam Berger, 'Second International ERP-Trade Union Conference', August 13, 1948, 850.4 Trade Unions, Box 807, DS, RG 84, cited in Weiler, *British Labour and the Cold War*, p.120. See also TUC, MRC, MSS 292/564.11/1 'Report of the Second International Trade Union Conference on the European Recovery Programme', July 1948.

³² TUC, MRC, MSS 292/564.151/3 letter from Tewson to Green of AFL, 28 January 1949, and Jouhaux to Green, 2 March 1949.

³³ See Carew, *Labour Under the Marshall Plan*, pp.84-85 on the rivalry between the AFL and the CIO within the ECA apparatus.

programme.³⁵ However, while Carew stresses and describes the propaganda campaign carried out by the ECA, he says very little about that carried out by the ERPTUAC itself. This study concludes, however, that the propaganda role carried out by this organisation was crucial to the success of the division of the communist from the non-communist trade unions, and of course united them in their battle to provide support for and be involved in the Marshall Plan apparatus. The ERPTUAC played a crucial role in providing the channel through which American and European trade union centres could co-ordinate their policy on the Marshall Plan, and in providing positive propaganda for Marshall Aid. Through its educational campaign, it helped to shape the appropriate attitude towards the Marshall Plan of trade unionists across Europe.

The Educational Campaign in Favour of the Marshall Plan

The ERPTUAC had decided from the outset that one of its roles was to provide publicity aimed at European labour in support of the Marshall Plan. This was put into action following discussions between Schevenels of the Liaison Bureau and the ECA, and a meeting that had been convened with representatives from the ECA, the OEEC, the TUC Publicity Department, and the editor of the paper *Force Ouvrière*. At the TUAC meeting of 26-27 May 1949, Schevenels reported on these, explaining they aimed at conducting an educational campaign in favour of the Marshall Plan. This was to include the setting up of exhibits at the annual conventions of the national trade union centres, and the sending of delegates to the

³⁴ Harry Price, *The Marshall Plan and Its Meaning*, New York: Cornell University Press, 1955, p.247, citing letter from Nielson to H.B. Price, 16 September 1954.

³⁵ Carew, *Labour Under the Marshall Plan*, p.83.

US to study production methods. 'The E.C.A. agreed also in principle with the proposal that they would print the posters and lend the clichés [sic] to the T.U.A.C. for distribution to Trade Union papers of the E.R.P. National Centres and to labour dailies.'³⁶

The TUAC Liaison Bureau held frequent meetings with officials from the OEEC, the OEEC Technical Committees, and the ECA to gather information, reports and documents that would be of interest to trade union organisations which it then passed on to the national centres. It drafted a number of reports on industries such as coal, electric power, oil products and iron and steel for the national centres and for the International Trade Secretariats (ITSs), with whom they quickly developed a good working relationship. It also published a large number of bulletins. From 15 April 1949 the Liaison Office published four occasional *Information Reports* in three languages, which focused on one particular subject per issue. These were the OEEC and role and structure of the TUAC; the OEEC Technical Committees; the TUAC educational campaign on the Marshall Plan; and how the Marshall plan had curbed unemployment and halted inflation.³⁷ Then from August 1949 the Liaison Office published with co-operation from the ECA a weekly *Information Bulletin*. 'This Bulletin will not only supply the Trade Union Organisations with information . . . but is particularly designed to give items suitable for publication in the Labour press.'³⁸ These Bulletins contained information on the Marshall Plan and its progress, what funds were being used for, developments in the TUAC, and

³⁶ TUC, MRC, MSS 292/564.11/1 TUAC *Information Bulletin*, no.3, July 1949.

³⁷ Copies can be found in the file 292/564.11/1.

discussion of issues such as productivity. Considerable care went into making these publications accessible as well as informative, and, 'In order to make these publications more attractive we have edited drawings, cartoons, picture strips and photographs, of which mats [sic] are sent to the Trade Union and Labour journals receiving our Labour News Bulletin.'³⁹ The Liaison Office also assisted the national trade union centres and the ITSs in supplying additional information on topics published in the bulletins.

The educational campaign in favour of the Marshall Plan was given a boost following the 'conference of experts' on propaganda and publicity from the OEEC, ECA and trade union movements, held in September 1949 to discuss further how to popularise the Marshall Plan. This meeting noted that the Liaison Bureau, with close collaboration from the ECA, had been preparing material for the exhibits mentioned above which would consist of sets of posters, and had published a pamphlet to complement these exhibits. In all 9,000 sets of posters and 1,000,000 pamphlets had been published and were being circulated amongst the trade union organizations. The conference also decided to publish sets of speakers' notes to help trade union leaders and officials.⁴⁰ There were also suggestions to prepare radio-scripts for national trade union centres, but these were dropped because it was thought that the Liaison Bureau 'could not be of much assistance in this field.'⁴¹

³⁸ TUC, MRC, MSS 292/564.151/4. Copies of the bulletins can be found in the file 292/564.171/1.

³⁹ TUC, MRC, MSS 292/564.11/2 Report of the Activities of the ERPTUAC, April 1950.

⁴⁰ TUC, MRC, MSS 292/564.11/2 Report of Activities of the ERPTUAC, April 1950.

⁴¹ TUC, MRC, MSS 292/564.11/2 Report of 7th ERPTUAC Meeting.

Through the educational campaign in favour of the Marshall Plan, the contacts between the TUAC and the ECA increased. From 1950 onwards there was regular correspondence between Tewson at the TUC and the ECA London Mission at the American embassy.⁴² In January 1950 it was also agreed to set up a working party for collaboration with the OEEC and the ECA whenever new aspects of the Marshall Plan campaign arose.⁴³ However, the issue of the propaganda campaign did prove controversial amongst the members of the TUAC. At its meeting of January 1950, Schevenels pointed out that there were countries where the need for an educational campaign was greater than in others, but not all the members of the TUAC were happy about the emphasis being put on the propaganda campaign. Pastore of the Italian trade union centre said that 'in Italy the present propaganda was sufficient', and argued that more could only work 'à rebours', that is, contrary to the way intended. Furthermore,

some Italian workers started to doubt whether American Aid did not help in the first place the upper classes. The problems of manpower and unemployment were of great urgency. In Italy future propaganda on the Marshall Plan had to be made by achievements and facts. If the trade union movement did not take within the scope of the Marshall Plan a lively interest in the problem of manpower and migration, the Italian workers would not have any more confidence in E.R.P.

Pastore was not the only trade union leader concerned at the amount and tone of the Marshall Plan propaganda. Another representative, Bahaud,

advised the E.C.A. to be very cautious in its Marshall Plan campaign in the various countries. He referred to labels with the inscription 'Gift from the Marshall Plan' stucked [sic] on freight cars and to commemorative tablets on hospitals and other public buildings 'thanks to American Aid'. From the psychological point of view these propaganda means often produce an adverse effect.⁴⁴

⁴² Some of this can be found in file 292/564.1/3.

⁴³ TUC, MRC, MSS 292/564.11/2 Report of 7th ERPTUAC Meeting, 20 January 1950.

⁴⁴ Ibid.

While Jouhaux of Force Ouvrière also warned that the Marshall Plan campaign should not be overdone, Evert Kupers of the Dutch national trade union centre argued that close collaboration with the ECA in the propaganda campaign was 'most desirable'.⁴⁵ Thus, while the educational campaign in favour of the Marshall Plan was the one area where the TUAC did excel, it also obviously caused resentment amongst some trade unionists who felt there should be limits to the pro-American propaganda.

One aspect of the Marshall Plan that the ERPTUAC was careful to keep off the agenda of its educational campaign was the conditions attached to it that its own members felt to be unsatisfactory. Despite having proclaimed at its founding conference in March 1948 that 'no unacceptable conditions are attached to the offer of American aid, and that in particular there shall be no interference in the internal affairs of any participating country',⁴⁶ there were three aspects of the Foreign Assistance Act which the ERPTUAC flagged up as problematic. These were firstly, the shipping provisions (Section 111, clause a, part 2), which stated that at least 50% of goods bought in the US under the Foreign Assistance Act had to be transported on American ships. Secondly, the use of the counterpart funds (Section 115, clause b, part 6), which was to be jointly authorised by the governments of the recipient state and the US. Thirdly the necessity of making European raw materials available for stockpiling in the US, and the right of the US to refuse an export licence of goods from Europe to non-participating

⁴⁵ Ibid.

countries (section 117, clause d).⁴⁷ At the TUAC meeting of April 1948, Tewson drew attention to these aspects of the Foreign Assistance Act as these were 'points which might become the focus for opponents of the ERP for propaganda purposes.'⁴⁸ However, the TUAC was careful not to draw *public* attention to these points, to the extent that the concern expressed over them did not even appear in the report of this meeting that was sent out to the national trade union centres participating in the TUAC.⁴⁹ The education campaign in favour of the Marshall Plan was not to include anything that could detract from the ERPTUAC's claim that 'no unacceptable conditions are attached to the offer of American aid', and so provide ammunition for the communist trade unionists.

The above provisions of the Foreign Assistance Act were seen by one trade union centre participating in the ERPTUAC in particular, as clear evidence of unacceptable conditions. On 19 May 1948, Konrad Nordahl, the President of the Norwegian Trade Union Centre and the Scandinavian representative on the ERPTUAC, wrote to Tewson about two of the three above provisions. With respect to the 50% shipping clause, he stated that not only would it hinder Norway's recovery, but that it would place barriers in the way of free trade, which was inconsistent with the free trade policy set out in the Foreign Assistance Act:

⁴⁶ TUC, MRC, MSS 292/564.11/1 'Declaration of the ERP Trade Union Conference', 10 March 1948.

⁴⁷ These clauses of the Foreign Assistance Act can be found in full in the Royal Institute of International Affairs, *Documents on European Recovery and Defence, March 1947-April 1949*, London: Royal Institute of International Affairs, 1949, pp.40, 50-51 & 54.

⁴⁸ TUC, MRC, MSS 292/564.11/1 draft report of second meeting of the ERPTUAC, London, 23 April 1948.

⁴⁹ Compare the above with the 'Report of the Second Meeting of the ERPTUAC, London, 23 April 1948'.

From the point of view that Norway is a comparatively great shipping nation, our organisation finds this provision may lead to unfortunate consequences. The provision will enhance the prices of the goods Norway gets according to the E.R.P., as we ourselves are in possession of tonnage enough to transport the goods, which are to be sent to Norway, and besides the provision will hinder the transport by our ships to other European countries.

Nordahl continued,

it seems right to us to raise objections in principle against this provision, which in our opinion is inconsistent with the free trade policy of the U.S.A., inter alia expressed in section 115 (c, 3), concerning the obligation of each participating country to facilitate and stimulate increased exchange of goods and services among themselves and other countries by reducing trade barriers.⁵⁰

The other provision that Norway objected to was the use of counterpart funds, since 'there may be the possibility that the United States will state as a condition that these deposits are used to further American trade policy by investments [it authorises] in the participating country.' The participating countries would naturally advocate that they 'themselves are to decide in what way and in what form they wish to receive American investments in their own country.' Nordahl concluded by drawing attention to article 12 of the United Nations conference on trade and employment held in Cuba on 21 November 1947, which recognised the right of member states 'to determine whether and to what extent and upon what terms it will allow future foreign investments.'⁵¹

The issues of counterpart funds and the stockpiling of raw materials were not taken up by the TUAC, but the shipping provisions were, especially when in 1949 Judge Bland attempted to get the US administration to pass a bill that would have significantly tightened up the shipping provision. His bill proposed that at

⁵⁰ TUC, MRC, MSS 292/564.18/2 Nordahl to Tewson, 19 May 1948. The section referred to in the quote should actually be section 115, clause b (not c), part 3.

least 50% of all commodities procured by US loans, grants of funds, would have to be transported on US flag vessels at market rates, *computed by countries*, and separately for dry bulk cargo, liner and tanker services.⁵² Up until this point, the 50% shipping provision had been aimed at the overall level of goods transported to Europe, which meant that shipping nations had been using their own vessels to carry more than 50% of goods, while those states without a shipping industry had been carrying less. This issue was discussed at length by the ERPTUAC, particularly at its January 1949 meeting, and generated a flurry of correspondence between Tewson and other members of the TUAC. Evert Kupers, the leader of the Dutch National Centre, and member of the ERPTUAC Emergency Committee, in particular felt that, regarding the Bland Bill, 'It seems to me that is desirable that we on our side take steps in this affair.'⁵³ Tewson favoured a more cautious approach, but did, through the Board of Trade, request the government to encourage the ECA to oppose the Bill. The response he received from the Board of Trade was that,

Arrangements have been made to ensure that E.C.A. are in possession of all the arguments that can be used against the Bill. But in order not to embarrass E.C.A. in their relations with American shipping interests, it has, of course, been essential to avoid giving any publicity to these arrangements.⁵⁴

Avoiding negative publicity for the Marshall Plan was a preoccupation of the ERPTUAC as well as the ECA. The British and most other European trade union leaders did not want to give any anti-Marshall Plan ammunition to the communists to use.

⁵¹ Ibid.

⁵² TUC, MRC, MSS 292/564.1/2 text of Bland Bill.

⁵³ TUC, MRC, MSS 292/564.1/2 Kupers to Tewson, 22 February 1949.

Despite the ERPTUAC's rather low key lobbying approach on the question of shipping, the Emergency Committee did agree 'to make immediate representations to the O.E.E.C. concerning the Bland Bill', and concerning the use of ships using flags of convenience, and 'to make similar immediate representations to the C.I.O. and the A.F.L. requesting their intercession with the American Congress.'⁵⁵ By linking the issue of the shipping provisions with the long-running issue of flags of convenience, the ERPTUAC could direct attention away from the former and towards the latter, which had nothing directly to do with the European Recovery Programme. Again, the ERPTUAC did not make public statements on this, though the TUC did go so far as to comment in its report to the 1949 TUC annual congress that there had been 'intervention with O.E.E.C. and the E.C.A. on the shipping clauses of the U.S. Economic Co-operation Act'.⁵⁶ Surprisingly, British communist trade unionists at the congress did not pick up on this reference to the shipping provisions, thus missing the opportunity to show negative aspects of the Marshall Plan.

While the ERPTUAC was conducting its educational campaign in favour of the Marshall Plan, the WFTU conducted its campaign against the Marshall Plan and the unions leaders of Western Europe. Saillant, the French communist General Secretary of the WFTU who retained control of its propaganda and publicity

⁵⁴ TUC, MRC, MSS 292/564.1/2 Smith of the Board of Trade to Bowers of the TUC, no date, but presumable March 1949.

⁵⁵ TUC, MRC, MSS 292/564.11/1 Report of Joint Meeting of ERPTUAC Emergency Committee and International Trade Secretariats, 12 March 1949

⁵⁶ *TUCR*, 1948, p.181.

organs, from the end of 1947 'began publishing article after article condemning the ERP'.⁵⁷ These articles included attacks on the ERP made by the communist unions of France, the Soviet Union and China, and personal attacks on Western unionists such as Irving Brown and Arthur Deakin.⁵⁸ This could only act to further isolate those in Britain and elsewhere who continued to call for trade union co-operation between the communist and non-communist unions. In particular, personal attacks on their leaders would be likely to alienate those unionists who were not already on the far left, since British trade unionists did not like to feel that foreign unions were trying to tell them what to do or what to think.⁵⁹ The WFTU also condemned the ERPTUAC, and stated that the TUC and CIO had,

cut themselves off from the main body and current of world trade unionism and have joined with a minority group which more and more in the future can only take one path – *that of opposition to the aims of the international working class and support of its worst enemies.*⁶⁰

One of the main effects of the very existence of the ERPTUAC, and of its substantial propaganda campaign in favour of the Marshall Plan was that it further isolated the communists and those close to them. The communist parties of Europe 'rejected the ERP as "an imperialist venture of capitalistic interests" and condemned the trades union[s] organised in the ERP-TUAC as collaborators with the forces of Wall Street and monopoly capitalism.'⁶¹ But, in this, the communists were making a tactical error, in so far as the criticisms of the Marshall Plan were

⁵⁷ Busch, *The Political Role of International Trades Unions*, p.67.

⁵⁸ TUC, MRC, MSS 292/901/8 International Committee document 5/3, 20 April 1948, 'World Federation of Trade Unions: Part III, Press Statements', pp.11-14.

⁵⁹ Vic Allen, *Trade Union Leadership*, London: Longmans, 1957, p.307.

couched in political, polemical language, and based on a general level, which could easily be rebutted as communist propaganda. Rather than raising issues such as the shipping provisions, which could have been presented as directly damaging the interests of European trade unionists, they argued that the Marshall Plan was an American plot. This type of propaganda could reinforce the opinions of those already on the hard left, but it could not be used to persuade others to the communist point of view. For instance, in the WFTU's pamphlet, *Free Trade Unions Remain in the WFTU*, the communist national trade union centres asserted that it was,

difficult to imagine how the [Marshall] Plan could be free of conditions (and only a very foolhardy person would now care to assert this, with the terms of the Marshall Plan known throughout the world) when as early as 19th December 1947, President Truman stated: 'It is essential to realise that this programme is . . . a major segment of our foreign policy.'⁶²

But, the lack of debate over the shipping provisions and the counterpart funds suggests that the 'terms of the Marshall Plan' were not known throughout the world. Instead of focusing on concrete issues, the Moscow line focused on the notion of 'foreign policy', which could be interpreted according to people's existing political allegiances.

One instance when important questions about the conditions of the Marshall Plan were raised was at the 1948 annual TUC congress in Britain. A member of the Union of Shop, Distributive and Allied Workers expressed his desire, 'to draw

⁶⁰ WFTU, *Free Trade Unions Remain in the WFTU*, p.14, italics as in the original.

⁶¹ Busch, *The Political Role of International Trades Unions*, p.64.

⁶² WFTU, *Free Trade Unions Remain in the WFTU*, p.39.

attention of delegates to certain aspects of the Marshall Plan which are bound to retard the economic recovery of this country.' He stated that,

Despite declarations by Ministers and others to the effect that there are no strings attached to this Aid and no political motive, it is a fact that, as President Truman stated in December, 1947: 'It is essential to realise that this programme is a major segment of our foreign policy.'⁶³

This was the same evidence given in the WFTU pamphlet above. However, on this occasion specific examples of the 'strings' attached to the ERP were explained, namely that the goods received were not the goods Britain requested, but the goods that 'America wants to get rid of.'

For instance, we did not ask for fish, yet the Plan includes 42 million dollars worth of fish this year. We did not ask for vehicles, but we are allocated four times the amount received last year. On the other hand, no steel or scrap iron, which we so seriously need, is allocated, and less coal mining machinery than was asked for. . . The cut in the allocation of steel to the shipbuilding industry is already having its effect, resulting in reduced shipbuilding, despite the fact that the British mercantile marine is still below pre-war strength.⁶⁴

This trade unionist also pointed out that 'we are required to transfer reasonable quantities of materials which we may need to America in order to make up deficiencies in their own resources.'⁶⁵ Unfortunately for him, a colleague from the same union made clear that these were not the views of the Distributive Workers' Union, and, having run out of time, the issues raised were not discussed.⁶⁶

The above incident was unusual, in that someone on the communist left had raised specific issues which could have proved damaging to the ERPTUAC and

⁶³ *TUCR*, 1948, p.451.

⁶⁴ *Ibid.*

⁶⁵ *Ibid.*

⁶⁶ *Ibid.*, pp.451-2.

its educational campaign in favour of the Marshall Plan. In general though, criticism was based in abstract and general terms, which was harder for rank-and-file trade unionists, concerned more with day-by-day issues at the local level, to mobilise around. In Britain, the Communist Party followed the critical line set by the Cominform regarding the Marshall Plan, at the same time as it was becoming increasingly critical of the Labour government, calling at the Party's 20th Congress in February 1948 for the 'dismissal of the government's right-wing leaders and the formation of a "Labour Government of the left".' Again, this could only alienate those on the left who were not communists but who may have had concerns over the Marshall Plan, since in Britain the only likely alternative to the existing Labour government was a Conservative one. This was symptomatic of a situation where it was difficult for the Communist Party to mobilise trade unionists to take a stand against a Labour government when the criticisms being made were not directly related to British trade union concerns. Callaghan points out that since those on the 'soft left' perceived the Marshall Plan as 'a road to full employment rather than the economic slump and poverty predicted by the Communists', it meant that 'the scene was set for the Party's isolation on this issue.'⁶⁷ This situation continued until 1950 when the ICFTU was established, effectively forming a long-term anti-communist International which took over the work of the ERPTUAC.

⁶⁷ John Callaghan, 'Towards Isolation: the Communist Party and the Labour Government', in Jim Fyrth (ed.), *Labour's Promised Land? Culture and Society in Labour Britain 1945-51*, London: Lawrence & Wishart, 1995, p.96.

6.3 The ICFTU Takes Over the ERPTUAC

Discussions had taken place concerning the need for a new international trade union body since the end of 1948, with the AFL publicly calling for a new organisation to counteract the communist dominated WFTU in April 1949.⁶⁸ In May the TUC sent out letters to non-communist trade union centres inviting them to a preliminary conference in Geneva in June to discuss the establishment of the new International.⁶⁹ The 'Free World Labour Conference' of non-communist unions was then held in London 28 November to 9 December 1949, at which the new organisation, the International Confederation of Free Trade Unions (ICFTU) was set up. Oldenbroek, the leader of the International Transport Workers who had strong links with the AFL, was unanimously elected General Secretary after the two other nominated candidates dropped out in favour of him,⁷⁰ presumably to prevent a repetition of the in-fighting that had occurred over the appointment of Schevenels to the ERPTUAC Liaison Bureau.

At this point the ERPTUAC co-existed with the ICFTU. At the ERPTUAC meeting of January 1950, the Chairman, Evert Kupers of the Dutch national trade union centre, expressed his hope for close collaboration between the TUAC and the ICFTU.⁷¹ This was more than likely since the Executive of the ICFTU consisted mostly of TUAC Executive members. Indeed, it seemed that extremely close collaboration was expected, for Irvine Brown, the AFL representative, requested

⁶⁸ For details see file MRC, 292/919/4.

⁶⁹ TUC, MRC, MSS 292/919/4 letter from Tewson to non-communist trade union centres, 12 May 1949.

⁷⁰ TUC, MRC, MSS 292/919/1.

⁷¹ TUC, MRC, MSS 292/564.11/2 Report of 7th ERPTUAC Meeting, 19-20 January 1950, Paris.

that on the agenda of the next ERPTUAC meeting should be the question of the future of the ERPTUAC, for 'The American point of view was that the T.U.A.C. should be integrated into the new International.'⁷² Tewson and some of the other European trade union leaders were strongly in favour of keeping the TUAC going, 'For a number of obvious reasons, particularly the fact that the OEEC has officially recognised the TUAC as an independent body,' and proposed 'that the TUAC would be maintained as the representative body of the ERP Trade Union Organisations'.⁷³ However, the AFL managed to maintain the momentum for integration, and by May 1950, it had been agreed that the functions of the ERPTUAC would be taken over by the ICFTU's European Regional Organisation, which was to consist of the European and US trade union representatives. This was to concern itself, 'with the need for closer European unity; the work of the E.R.P. Trade Union Advisory Committee, and the question of the relationships between the I.C.F.T.U. and the various governmental and non-governmental organisations and their European agencies.' The existing staff of the ICFTU were to act as its Secretariat.⁷⁴ This regional organisation was established in November 1949.⁷⁵ The meeting of the outgoing ERPTUAC was held on 30 January 1951, at which it was decided to hand over all the assets of the TUAC to the ICFTU European Regional organisation. Kupers resigned as President of the TUAC, as he had now retired from his post in the Dutch national trade union centre, and was replaced by the

⁷² Ibid.

⁷³ TUC, MRC, MSS 292/564.11/2 letter from Schevenels to the national centres, 27 April 1950.

⁷⁴ TUC, MRC, MSS 292/910/9 Minutes of ICFTU Executive Board, 25-27 May 1950.

⁷⁵ MRC, 292/919.64/1 Document I.C. 2/4, TUC Report of the ICFTU European Regional Conference, 1-3 November 1950.

unanimously elected H. Oosterhuis, also of the Netherlands. The composition of the TUAC otherwise remained unchanged.⁷⁶

At the last meeting of the TUAC, a new resolution was passed on the Marshall Plan.

The Marshall Plan aims at providing the free peoples of Europe, by means of American aid and the co-ordination of their own efforts, with the widest possible economic independence, and at increasing the productivity of their national economies, encouraging and strengthening social progress in the European countries and achieving the largest possible degree of full employment.⁷⁷

The language used reflected a more overt anti-communist agenda, no doubt caused by the increasing influence of the AFL on the organisation, and by the tensions arising over Korea:

The democratic nations of America and Western Europe are still as determined as ever to serve peace with all their might; however, in order to protect themselves from any threat of war originating from dictators behind the Iron Curtain, they are forced to divert a large portion of their strength and material resources towards building the defences of democracy.

Furthermore, the ERPTUAC 'urges . . . that all Western European governments take effective measures to put a stop to waste or leakages of vital raw materials to countries behind the Iron Curtain', and the ERPTUAC calls for greater economic controls, the continuation of Marshall Aid, and the furtherance of economic and social progress through full employment to raise the standard of living, particularly for the working class.⁷⁸

⁷⁶ TUC, MRC, MSS 292/564.11/2 Document I.C. 5/4, 23 April 1951.

⁷⁷ TUC, MRC, MSS 292/564.1/3 Resolution on the Marshall Plan, adopted by the ERPTUAC, 31 January 1951.

⁷⁸ Ibid.

Just as there were rivalries in the organisational structure of the ERPTUAC, and in terms of its overt ideological outlook, so there were with the ICFTU. While George Meany of the AFL,

argued passionately for an official ICFTU anti-communist crusade against a 'Worldwide totalitarian conspiracy [which] aims to foist on the workers of all free countries a system of economic exploitation and oppression', other trade union leaders favoured a less strident line.⁷⁹

But, by this point, the Marshall Plan was nearing its end, and the communists within the British and other European trade unions had been effectively isolated from their main form of institutional support and from the non-communist colleagues domestically.

Conclusion

The ERPTUAC proved an important institutional structure. Its creation formalised the split with the WFTU, and provided an anti-communist fulcrum round which the non-communist unions could organise. It managed to establish strong links between the national trade union centres (despite the tensions between them), and between them and the Economic Co-operation Administration. It provided a structure with which to counter the WFTU's anti-Marshall Plan stance, and from which the pro-Marshall Plan union leaderships could launch their own propaganda campaign in favour of the Marshall Plan. This acted to legitimising the ERP, and to isolate those on the 'hard' left of the unions who continued to criticise Marshall Aid, both from their colleagues on the

⁷⁹ Busch, *The Political Role of International Trade Unions*, p.70.

'soft' left and from their international allies, while paving the way for the restructuring of the international trade union movement.

Chapter 7

The Anglo -American Council on Productivity

Introduction

This chapter assesses the work of the Anglo-American Council on Productivity (AACP), the other main organisation associated with the Marshall Plan with which the British trade unions were involved. The motivations for the establishment of the ACCP, its activities and its achievements are examined. The chapter argues that the AACP was an important organisation for a number of reasons. Firstly, it provided a framework for the production and circulation of valuable propaganda for the Marshall Plan. Secondly, the AACP was the single most important institution through which the 'politics of productivity' could be transferred to Britain. Thirdly, it provided a mechanism for the British trade union leadership to control and shape the policy agenda of the trade union movement, by involving them in a corporate body that represented 'responsible' trade unionism. Finally, this chapter argues that these achievements were done in a way that supported and strengthened the Labour government and trade union leadership. Thus, rather than the US imposing the agenda of the AACP and the 'politics of productivity' onto Britain, the labour leadership welcomed and shaped the new discourse of productivity according to their own vision of a modernised British economy. Whereas other accounts have failed to

fully explain why the labour leadership was so supportive of the AACP,¹ this study argues that the AACP and the productivity agenda can be seen as a type of modernisation programme that was compatible with the Attlee government's vision of British socialism.

7.1 The Establishment of the AACP

The idea of setting up a Joint Anglo-American Council on Productivity arose out of a discussion between Stafford Cripps, the Chancellor of the Exchequer, and Paul Hoffman, the head of the Economic Co-operation Administration (ECA) in the summer of 1948. According to Hoffman, Cripps first raised the issue when they were discussing economic problems, arguing,

If we are to raise the standard of living in Great Britain, we must have greater productivity . . . Great Britain has much to learn about that from the United States and I think we have a few manufacturing secrets we've been concealing for a generation or so that you might like to learn.²

Hoffman 'jumped at the idea', suggesting a system of transatlantic visits.³ These visits were to be realised under the Anglo-American Council on Productivity. The Council was made up of a British and an American section, consisting of employers' and trade union representatives. The British section was to be independent of the British government, while the US section was run by the Economic Co-operation Administration.

¹ For example, Jim Tomlinson, 'The Failure of the Anglo-American Council on Productivity', *Business History*, Vol.33, No.1, January 1991, pp.82-92.

² Paul Hoffman, *Peace Can Be Won*, London: Michael Joseph, 1951, p.89.

³ *Ibid.*

At the Council's first meeting it was established that,

The purpose of the Council is to exchange views on the question whether there are ways, through E.R.P. and otherwise, in which U.S. industry could co-operate in assisting the efforts of British industry to promote greater productivity and to facilitate any necessary arrangements to that end.⁴

However, the decision to set up the AACP served a wider purpose than this. As far as the British government was concerned, the most public purpose was that of trying to increase production and productivity in order to produce more goods for export and so ease Britain's balance of payments problem. Part of the rationale for setting up the AACP was due to the economic situation after the War. The severe winter of 1947 had resulted in coal shortages, and it was feared that the economic recovery was not proceeding fast enough. The Labour government was aiming for an export-led recovery at a time of a shortage of raw materials and full employment. Home consumption was kept low in order to divert goods for export and allow high levels of investment. Increased exports were needed to help with the balance of payments deficit and in particular with the more intractable problem of the dollar deficit.⁵ Thus, increasing production and productivity were particular concerns of the government. It launched a production campaign in 1946,⁶ and a productivity drive in 1948. The latter will be examined later in the chapter.

⁴ Modern Records Centre (hereafter MRC), University of Warwick, TUC files, MSS 292/552.31/1 Minutes of 1st Meeting of AACP, 25 August 1948.

⁵ For information on the economic situation, see Alec Cairncross, *Years of Recovery*, London: Methuen, 1985, and Worswick and Ady (eds.), *The British Economy*, Oxford: Clarendon Press, 1952.

⁶ For information on the production campaign, see Paul Addison, *Now the War is Over*, London: BBC & Jonathan Cape, 1985, pp.185-189.

A more private purpose for the establishment of the AACCP was that of securing Marshall Aid, since Sir Stafford Cripps was also concerned that Britain might not receive any Marshall Plan aid if it were not seen to be taking a pro-active approach to its economic problems.⁷ In the Treasury, it was felt that 'there will undoubtedly be trouble if the Americans think that we are not sufficiently interested in productivity or that we are not making use of the assistance which they can give us.'⁸ The AACCP was a way of showing the Americans that Britain was taking the issue of productivity seriously. This would appease public opinion in the US and in Congress without looking like special pleading. The US administration had on a number of occasions reiterated the view 'we can help only those who help themselves', and according to Hoffman, at the ECA 'These vital words . . . became our text: Only the Europeans themselves can save Europe. [The] E.C.A. has never departed from the idea that those who receive aid should accept responsibility for making it count, for making the most of it.'⁹

Cripps was correct in his assessment that Britain needed to be seen to be taking action to help its own economic recovery. Regardless of whether the AACCP was actually successful or not in terms of raising productivity, Britain had to be seen to be making an effort. This is highlighted by the manner in which the British section of the AACCP was requested to provide evidence of the ways British industries had

⁷ Anthony Carew, 'The Anglo-American Council on Productivity (1948-52): the Ideological Roots of the Postwar Debate on Productivity', *Journal of Contemporary History*, Vol.26, No.1, 1991, p.53.

⁸ Peter Burnham, *The Political Economy of Postwar Reconstruction*, London: Macmillan, 1990, p.99, citing Public Record Office (PRO), Treasury files (T), 232/101 'American Assistance', 22 July 1948.

⁹ Hoffman, *Peace Can Be Won*, p.79.

benefited from the productivity team trips, since this would be needed when ‘the question of making Marshall Aid appropriations for next year would come up for consideration by Congress’.¹⁰ The British section of the AACCP found that,

We are under considerable pressure from the E.C.A. representative in London . . . to expand our organisation so as to collect a larger volume of data and photographs for the Press and Congress respecting the actual results of Productivity Team visits to the U.S.

We are told that this is in accordance with the express views of Mr. Paul Hoffman, and is required not only as part of the productivity drive in Europe, including the U.K., but also to create a favourable attitude in the U.S. towards E.C.A. and E.C.A. technical assistance.¹¹

From the American point of view, the establishment of the AACCP served one main, but somewhat complex, purpose. Primarily, it was part of the economic fight against communism. Raising productivity in Britain would help stabilise its economic situation, especially vis-à-vis the dollar deficit, and politically would pull Britain more firmly into a liberal world order based on mass production, consumption and free trade. Thus, the Council was seen as a way of not just raising productivity but of selling the ‘American Way’ to Britain. The underlying message was that it was possible to use gains in productivity in the capitalist system to improve the standard of living for the poorer sections of society, rather than welfare and redistribution. This was seen as a useful panacea against ‘belly-Communism’.¹² Ray Gifford, Chairman of the Board of the Borg-Warner International Corporation and ‘one of the country’s

¹⁰ TUC, MRC, MSS 292/552.372/1 AACCP (UK Section), Report of the Council, T.J. Hutton, 14 December 1949.

¹¹ TUC, MRC, MSS 292/552.372/1 ‘Productivity – Policy respecting Publicity’, T.J. Hutton, 13 December 1949.

¹² The term is used by Stirk, ‘Americanism and Anti-Americanism in British and German Responses to the Marshall Plan,’ p.27.

leading foreign trade authorities' had for some time been pushing the idea of making available the services of American industry to the beneficiaries of the Marshall Plan.¹³

He proposed the establishment of an American Council for Aid to European Industry.

The purpose would be,

To seek to improve these nations' manufacturing methods and processes wherever the need for and possibility of improvement may be indicated, thereby increasing productivity abroad, raising the standard of living, and helping to make Western Europe self-sustaining and economically strong enough - under a system of individual business enterprise - to resist the lure of communism.¹⁴

The link between capitalism, improving the standard of living of workers and the prevention of communism was made explicit:

The spread of Marxian doctrines may be stopped by bettering the world's standard of living through the direct application of many of the same methods that have been so conspicuously successful in the world's most productive free society - the United States.¹⁵

It is probable that Gifford's remarks did have some impact in the US, as he appeared, with his pamphlet, *How the Marshall Plan can be Made to Work Effectively*, before the Senate Foreign Relations Committee on January 26, 1948, to present his plan for consideration.¹⁶ Paul Hoffman, the American instigator of the Council, later reiterated similar views to Gifford. He felt that 'In one very real sense, today's contest between freedom and despotism is a contest between the American assembly line and the Communist party line.'¹⁷ As far as Hoffman was concerned, the AACP and other

¹³ FBI files, MRC, MSS 200/F/3/D3/5/41 'An Outline of R.W. Gifford's Plan for Aid to European Industry', p.1.

¹⁴ Ibid., p.2.

¹⁵ Ibid., p.4.

¹⁶ FBI, MRC, MSS 200/F/3/D3/5/41 Ray Gifford correspondence.

¹⁷ Hoffman, *Peace Can Be Won*, p.76.

technical assistance programmes were part of an economic offensive intended to sell the values of capitalist productivity, and hence anti-communism. The members of the productivity teams learnt not only about ‘lathes’ and ‘ploughs’:

They learned that this [the US] is the land full of shelves and bulging shops, made possible by high productivity and good wages, and that its prosperity may be emulated elsewhere by those who will work toward it. But they found out for themselves that the “American Way” is a way marked by the primacy of the person in a setting of teamwork.¹⁸

Overall, the export of Marshall Aid and of technical assistance was seen by Hoffman to have been a success, giving as evidence a ‘correlation between material benefits and election results in Europe’, with the communists losing support in many European countries.

Lastly, another rationale for the AACP, that may or may not have been realised at the time of its establishment, was that the productivity drive and subsequent contacts with American industry would act as useful propaganda material for the Marshall Plan itself. As Carew points out, the AACP was the Marshall Plan’s most visible activity in Britain.¹⁹ The increased links with US unions may have helped the Marshall Plan gain credibility in the UK. These aspects of the AACP will be examined in greater detail later in the chapter, but in order to appreciate them it is necessary to have a greater understanding of the structure, functions and activities of the Council.

¹⁸ Ibid., p.91.

¹⁹ Carew, *The Anglo-American Council on Productivity*, p.52.

The Structure and Role of the Anglo-American Council on Productivity

The AACP was made up of a British and an American section. The British section consisted of representatives from the Federation of British Industries (FBI), the Trades Union Congress (TUC), and, after the first meeting of the AACP, from the British Employers Confederation (BEC).²⁰ Two Joint Secretaries, Sir Norman Kipping of the FBI and Vincent Tewson of the TUC led the British section, which also appointed two Chairmen, Sir Frederick Bain of the FBI and Lincoln Evans of the TUC. The British section was supposed to be independent in its operations and personnel from the British government, but it received most of its funding from the government. Approximately £250,000 came from the government compared to £10,000 each from the TUC, FBI, and BEC between 1948 and 1951.²¹ The UK section became a limited company from February 1949, with Sir Norman Kipping (FBI) and Vincent Tewson (TUC) as Joint Managing Directors.²² Sir Thomas Hutton, who had been working at the Ministry of Health, was appointed General Manager of the AACP, which of course strengthened contacts with the government. For the TUC, other members included Arthur Deakin, Lincoln Evans, Will Lawther, Andrew Naesmith, Jack Tanner and Tom Williamson, that is, authoritative trade unionists from the centre and centre-right of the labour movement.

²⁰ The Federation of British Industries was the predecessor to the current Confederation of British Industries, and as such was a respected pressure group in British politics as the largest employers' organisation. The British Employers Confederation was a smaller and less high-profile organisation.

²¹ Figures collated from TUC files, MRC MSS 292/552.31/1 Mins of 4th Meeting of AACP (UK Section), 13 January 1949.

²² TUC, MRC, MSS 292/552.31/1 Mins of 3rd Meeting of AACP (UK Section), 14 December 1948.

The US section of the Council was run by the ECA, and did not downplay its links with the American government. As we have already seen, Paul Hoffman, the head of the ECA, took a keen interest in the Council. The Chairman of the US section was Philip Reed (Chairman of the Board of General Electric) and the Secretary was Stanley Holme (also of General Electric). Other members included Victor Reuther (Director of the United Automobile Worker's International Affairs Department and the Congress of Industrial Organizations' European representative), who was later made a joint Chairman with Reed.

The first full session of the AACCP, which included members of the US Section, was held in London, October 1948. The aim of the Council was stated in the Report of the Session:

The Council was formed for the purpose of furthering the programme for increasing productivity which has been so strongly advocated and pursued by management and labour in the United Kingdom. The object of the Council is to exchange views on the question as to whether there are ways in which United States industry could co-operate in assisting these efforts and to take such steps as are consistent with this programme and with the similar objectives of the Economic Co-operation Administration.²³

Thus the Anglo-American Council on Productivity, through both its activities and its personnel, had strong links to the European Recovery Programme. Without the patronage of the ECA, the Council would have found it very much harder to manage its transatlantic trips and activities. As Wombwell puts it, 'Though the leadership of the ECA, the "politics of productivity" became the "diplomacy of productivity" for

²³ TUC, MRC, MSS 292/552.31/1 *Report of the 1st Session of the AACCP*, held October 25-29, published pamphlet, London: AACCP, November 1948, p.3.

productivity programs became a key component of the aid the United States provided to the countries participating in the European Productivity Program (ERP).²⁴

The Activities of the AACCP

At the first full meeting the AACCP decided to establish five committees through which to focus its activities. The first, and most high profile, was Committee A. This was to work on plant visits and exchange of production techniques, and was responsible for organising productivity trips from many British industries to the United States. It had a strong trade union presence, involving Arthur Deakin and Will Lawther on the British side and Victor Reuther on the American side. It was 'the view of the Council that the problem of productivity is to a great extent a problem of spreading "know-how" and technique.' The aim of this committee was to make knowledge of the best practice in UK industry more generally available, and to supplement it with that of the best practice in the US, and to organise productivity team visits from UK industries to the US,²⁵ which then produced productivity team trip reports of their findings to be distributed in Britain. However, while over sixty British teams visited the US, only three American teams visited the UK.²⁶ There was no systematic effort to disseminate information about best practice in Britain, and it tended to be assumed that Britain could not match anything the Americans did.

²⁴ James Wombwell, 'Post-War Business-Labor Relations: The "Politics of Productivity" and the Anglo-American Council on Productivity', paper presented at the Economic and Business History Society conference, Savannah, GA, 25 April 1996, p.2.

²⁵ TUC, MRC, MSS 292/552.31/1 *Report of the 1st Session of the AACCP*, p.5.

²⁶ TUC, MRC, MSS 292/552.31/1 *Final Report of the AACCP*, published pamphlet, AACCP, 1951.

The other four committees established by the AACP did not fulfil their remit. Committee B was set-up to work on the 'Maintenance of Productive Plant and Power', to examine the level of capital equipment and power available for production in Britain.²⁷ At the first meeting of Committee B it was stated that 'One of the Committee's objects was to expose sectors of industry where a little help (e.g. via ERP) [sic] in providing capital equipment would do a disproportionate amount of good.'²⁸ The first task was to collect statistical information, but, 'Like the U.S. section, the U.K. section has found the immediate problem most intractable.'²⁹ Apart from reporting that in the US there was two or three times the amount of electric power per industrial worker than in the UK, and that 'While there are other factors which affect productivity, there is no single limitation so restricting as a shortage of power and capital equipment,' this committee did not achieve many objectives.³⁰

The third committee, Committee C, was to work on 'Productivity Measurements'. This Committee was charged with gathering information on the relative levels of productivity in the US and UK, comparing plants and products in the two countries, and examining the factors influencing their relative productivity.³¹ To do this they selected parallel factories making broadly similar products in the US and UK, and invited the management to make comparisons on productivity and supply the Council

²⁷ TUC, MRC, MSS 292/552.31/1 *Report of the 1st Session of the AACP*, p.5.

²⁸ FBI, MRC, MSS 200/F/3/D3/7/23 Meeting of Committee B, 3 February 1949.

²⁹ FBI, MRC, MSS 200/F/3/D3/7/23 Report of Committee B, 22 March 1949.

³⁰ TUC, MRC, MSS 292/552.31/1 *Report of the 2nd Session of the AACP*, held March 29 - April 7, 1949 published pamphlet April 1949, p.7.

³¹ TUC, MRC, MSS 292/552.31/1 *Report of the 1st Session of the AACP*, p.6.

with the results.³² Thirty-two firms in the UK were approached for information, but only seven completed the investigation. In nearly all cases, the firms found that the man-hours taken in the UK to perform a given task was higher than that of the US. The reasons given for the differences varied, but included the use in the US of techniques that Britain knew about but which were not practical due to cost and greater fuel requirements; British firms having to produce small orders for varied types of product; higher wage rates in the US; and lower prices of wholesale goods in Britain.³³ However, it was decided that the findings of this research were not to be publicised, because 'The firms participating in the investigation constitute a small part of the total manufacturing industry in Great Britain and can in no way be considered representative.' Also, 'In the majority of cases the reasons given for the differences' in productivity between the US and Britain, 'are not well established.'

They are, for the most part, little better than expressions of (perhaps informed) opinion . . . The information included in the Productivity Team reports is so much more cogent and comprehensive, that the good effect of those reports would, if anything, be weakened by the publication of a dubious report of Anglo-American Comparisons.³⁴

That the productivity team reports were themselves based on opinion, and probably had less accurate evidence to go on than the investigation criticised above, was apparently not perceived. Attempting to measure and compare productivity in the US and UK was quietly given up. Instead, the AACP relied on individual firms to send

³² FBI, MRC, MSS 200/F/3/D3/7/23 Report of Committee C, 18 March 1949.

³³ FBI, MRC, MSS 200/F/3/D3/7/23 Summary of Information Received by Firms, doc. C3/1, October 1950.

³⁴ FBI, MRC, MSS 200/F/3/D3/7/23 Summary of Information Received by Firms, doc. C3/1, October 1950.

in figures themselves showing how much their productivity had increased since introducing practices and techniques learnt from a productivity trip.

The fourth committee established by the AACP, Committee D, was to look at 'Specialisation in Industrial Production'. It was to examine and report on the development in the US of the standardization, simplification and specialization of production, and to investigate the extent of the applicability of this type of specialisation in the UK.³⁵ While it recognised that the dependence of many branches of British industry upon export markets limited the amount of standardization possible without risking loss of markets, the Council was 'anxious, however, to restate with the greatest possible emphasis the particular benefits that can be gained from standardization, specialization and simplification, and in no other way.'³⁶ It was decided that the productivity teams would study these methods for different industries.

The fifth committee, Committee E, was to specialise on 'Economic Information', as it was felt that 'Greater understanding on the part of the people of both our countries of the reasons for and beneficial results of increased productivity will contribute significantly towards achieving it.'³⁷ The only achievement of this Committee, which had petered out by the summer of 1949, was to raise some interesting issues that were not then pursued. For instance, at the Second Session of the full AACP, Committee E raised 'the problem of cushioning the short term unemployment resulting from major

³⁵ TUC, MRC, MSS 292/552.31/1 *Report of the 1st Session of the AACP*, p.6.

³⁶ TUC, MRC, MSS 292/552.31/1 *Report of the 2nd Session of the AACP*, p.9.

³⁷ TUC, MRC, MSS 292/552.31/1 *Report of the 1st Session of the AACP*, p.6.

technological change.’³⁸ Some members of the Committee noted that this was outside its remit, and ‘It was agreed to refer the matter to the Council for decision as to whether or not a separate Committee might usefully be formed to give the matter further study.’³⁹ This was the first, and apparently only, time that the issue of unemployment created by productivity increases and technological change was discussed by the AACP, even though it was an issue that would be of concern to the average worker. No committee was formed to investigate this matter.

Of these five Committees, only Committee A fulfilled its objectives, with the others finding, for instance, that the issues involved in measuring and comparing productivity between the US and the UK were extremely problematic. Also, some of the techniques used by large-scale American plants were not applicable to Britain, and capital investment would have been required to up-date machinery and to make more fuel available. Because of these problems, the AACP chose to focus its activities on the productivity team trips to the US, and its exhortations in the area of labour productivity and flexibility.

7.2 The AACP and the Productivity Debate

One of the key aspects of the AACP was the way that it portrayed and simplified the productivity question for British assimilation. Up until the late 1940s, production, rather than productivity, was seen as the measure of economic success in Britain, partly

³⁸ FBI, MRC, MSS 200/F/3/D3/7/25 Report of Meeting of Committee E at Second AACP Session, 28 March 1949.

because of the problems of trying to measure or define productivity. One eminent economist who had attempted to make transatlantic comparisons before the work of the AACCP started made a point of saying that as far as his work was concerned the results were not to be regarded as final.

On the contrary I feel that we are still at the beginning of enquiry into the fascinating subject of relative productivity, and I hope that this study will stimulate further research. It shows the limitations on how far we can get *on the basis of available data and information* towards knowing what our relative productivity is *vis-à-vis* other countries; and it shows as well the limitations on our attempts to account for the differences.⁴⁰

However, the AACCP was not so careful about applying such qualifications to the *Productivity Team Reports* published under its auspices. Initially the UK section of the AACCP had stated that 'The Council recognises that industrial productivity is based upon a diversity of elements, each of which must make its full contribution.'⁴¹ Specifically, it noted the better availability of productive power and plant in the US, 'and the consequent increase in the productive capacity of the individual worker through greater mechanisation.' Furthermore, the AACCP recognised that the greater availability of energy available per employee in the US (roughly twice that in the UK), 'in our opinion, accounts in large measure for the greater output per man hour in many industries in the United States.'⁴² However, while the statements and publications, such as the AACCP *Session Reports*, issued by the Council itself in the form of pamphlets tended to reflect the above view, the reports written by the productivity teams, for

³⁹ Ibid.

⁴⁰ L. Rostas, *Comparative Productivity in British and American Industry*, Cambridge: Cambridge University Press, 1948, preface p.ix.

⁴¹ TUC, MRC, MSS 292/552.31/1 *Report of 1st Session of AACCP*, p.3.

⁴² Ibid.

which the AACCP did not accept responsibility, and much of the American publicity, did not.

The productivity team reports were the main form of publicity produced by the AACCP. Concern over the difficulties of making international comparisons or of simply measuring and defining productivity were replaced with a more simplistic, popularised view of productivity as an issue of labour productivity, narrowly defined as a problem concerning workers. However, 'The lesson . . . which the [productivity] teams largely decided to ignore, is that the constant wage demands of American unions keeps management on the alert to improve efficiency by all means'.⁴³ Because other factors, such as capital investment, tended to be overlooked by the publicity, the issue of productivity became increasingly equated with that of the efficiency of labour. Tomlinson refers to this as the growing influence of the 'human relations' approach to industry, and points out its positive aspect:

The term "human relations" embraced a number of different perspectives and was in some ways nebulous, but its central thrust hinged upon an admonition that the workers needed to be treated as more than just a factor of production, especially if real gains in efficiency were to be made.⁴⁴

However, in the development of the debate on productivity, labour was repeatedly treated as the most problematical and troublesome factor of production. Carew points out that,

organized labour found itself more and more cast in the role of scapegoat - its restrictive practices *the cause* of low productivity - as a particular managerialist

⁴³ W. Campbell Balfour, 'Productivity and the Worker', *British Journal of Sociology*, Vol.4, No.3, 1953, p.262.

⁴⁴ Jim Tomlinson, 'Human Relations and Productivity, 1947-51', in Nick Tiratsoo and Jim Tomlinson, *Industrial Efficiency and State Intervention*, London: Routledge, 1993, p.90.

view of productivity and its dynamic came to dominate political debate on the subject.⁴⁵

This was largely because of the way the productivity trips were conceived, organised, and the reports drawn up and publicised.

The Productivity Team Trips and Reports

Sixty-six productivity teams visited the US, forty-seven industry and nineteen specialist ones, while only three American teams visited the UK.⁴⁶ There was no systematic effort to disseminate information about best practice in Britain, and the AACP tended to work on the assumption that Britain could not match anything the Americans did. This assumption was indicative of the way the problem of productivity was perceived by the members of the Council, and was reflected in the productivity team reports. This sometimes created trouble, for instance over the Drop Forgers productivity team. Even though it was accepted by those in the industry in both Britain and the US that Garringtons, a British firm in Bromsgrove, was the most modernised and efficient manufacturer on both sides of the Atlantic, the AACP failed to visit them or to consult with them for advice on raising productivity.⁴⁷ This resulted in some unfortunate publicity, as Garringtons complained to the press that ‘The widely publicised adverse comparison between American and British forging efficiency is typical of the prevalent slavish assumption that we British are

⁴⁵ Carew, ‘The Anglo-American Council on Productivity (1948-52)’, p.52, emphasis in the original.

⁴⁶ TUC, MRC MSS 292/552.31/1 *Final Report of the AACP*.

⁴⁷ FBI, MRC, MSS 200/F/3/D3/7/62 Drop Forging Team, correspondence over Garringtons, May and September 1950.

industrially backward.’⁴⁸ It was felt by other employers that this was ‘likely to do the whole of the Marshall Aid Productivity Scheme great harm.’⁴⁹ This does suggest that, at times, the team trips were little more than a publicity and propaganda stunt, and that the AACP was most concerned with getting their message across, even when their message was incorrect.

The British side of the AACP chose which industries should send productivity teams to the US, though the ECA had some influence over the types of teams that were selected through the US section of the Council. From late 1948 to late 1951, a very wide variety of teams visited the US, from hop growing to management accounting in industry to metal finishing,⁵⁰ though towards the end of this period the British section decided that the team programme would continue ‘with rather more emphasis on defence and economic needs.’⁵¹ The productivity teams were made up of twelve members, covering a selection of employers and employees. Once an industry had been chosen for a productivity trip, firms would be asked to forward nominations for team members in consultation with a workers’ representative. A Selection Committee, composed of employers and trade union representatives for the particular industry, would then take its decision in the light of the geographical situation of the works and the size of the firm ‘and would be able to do so without giving any explanations.’⁵²

⁴⁸ FBI, MRC, MSS 200/F/3/D3/7/62 cutting from the *Financial Times*, 11 May 1950.

⁴⁹ FBI, MRC, MSS 200/F/3/D3/7/62 letter from Stuart Todd of the National Association of Drop Forgers and Stampers to the FBI, 10 May 1950.

⁵⁰ TUC, MRC, MSS 292.552.31/1 *Report of the Third Session of the AACP*, October 1950, published pamphlet by the AACP, appendix.

⁵¹ TUC, MRC, MSS 292/552.31/1 Meeting of Joint Secretaries of UK Section, 20 December 1951.

⁵² TUC, MRC, MSS 292/552.31/1 Mins of 5th Meeting of AACP UK side, 1 February 1949.

However, the choice of worker members was strongly influenced by the security procedures in place for vetting members of teams. The US would not admit communists to the teams, and had the right to approve all nominations on security grounds.⁵³ This meant that only non-communist trade union members would be nominated to take part in the team trips. Checks were then made on all people being selected to go to the US as part of the AACP initiative, with a list of the names and details of individuals being sent to Special Branch at Scotland Yard to run a security check on them for the US Consul.⁵⁴ Thus, to a certain extent, the teams were self-selecting, as those with strong views on the left were not likely to be acceptable to the selection committee. Another constraint on members of the teams was that workers had to be paid for by their employers, and had to be nominated by them. Thus, those seen as trouble-makers were not likely to be put forward for such an honour, and trade unionists complained that management 'fixed' teams, as they decided who was allowed to go.⁵⁵

The organisation of the teams also led to a certain bias. A team leader would be nominated to speak on behalf of the whole team and a secretary to be responsible for keeping notes and writing up the subsequent productivity report. Almost all the team leaders and secretaries were from the management rather than labour side of industry.

⁵³ TUC, MRC, MSS 292/552.311 Mins of 1st meeting of TUC General Council members of AACP, 13 December 1948.

⁵⁴ TUC, MRC, MSS 292/552.3/1 confidential memo from Sir Norman Kipping to Tewson and Burton, 31 Jan 1949.

⁵⁵ TUC, MRC, MSS 292/552.37/2a letter from E. Harries, Organisation Dept. of the TUC, to Sir Thomas Hutton of the AACP. He notes that when the Amalgamated Union of Foundry Workers complained about the selection of workers for the Ironfoundry productivity team being imposed on

This meant that labour had less input into the activities and findings of the teams than management. As Carew points out, 'Although the visits programme was ostensibly a joint union-management venture, it is quite apparent that management personnel dominated the teams.'⁵⁶

Each productivity trip took about fourteen weeks to complete: four spent in the UK before departure studying British industry, six in the US visiting factories, and four weeks back in the UK reporting on the information gathered. The factories in the US that were visited tended to be in the more advanced industrial areas. The Teams did not see areas that were not unionised,⁵⁷ and only saw the best of US industry. Firms had to volunteer to receive a team. Again, self-selection worked to produce a bias, as factories where working conditions were poor or where there were production problems were unlikely to volunteer to be scrutinised by a team from the UK. The teams spent usually only one day in each factory, and so could not gain any in-depth information. As Wombwell puts it, 'From the American point of view, the objective was to present American industry in the best light possible.'⁵⁸ Despite this, problems did sometimes arise with the trips themselves, especially amongst the first visits. The TUC pointed out that 'The tour of the first team (steel foundries) was partly improvised, and if very hasty action had not been taken they would have had in one case to have

them, the trade association representing the employers replied, 'We are *** well paying, so we are *** well saying.'

⁵⁶ Carew, 'The Anglo-American Council on Productivity: (1948-52)', p.56. For more information on selection of teams, see TUC, MRC, MSS 292/552.37/2a.

⁵⁷ Carew, 'The Anglo-American Council on Productivity (1948-52)', p.55. See also Balfour 'Productivity and the Worker' on this.

⁵⁸ Wombwell, 'Post-War Business-Labor Relations', p.10.

crossed a picket line.’⁵⁹ There was also concern that ‘we found that the American trade union members of the Council had not been actively associated with the preliminary work and had not been consulted.’⁶⁰

While the AACCP took the credit for the organising the team trips, and subsequently published their productivity reports, they were anxious to distance themselves from the findings. The AACCP repeatedly pointed out that the reports were the product of the teams and not the Council, and the reports contained a disclaimer saying that each team was solely responsible for its report. The productivity team reports also nearly always stressed that the team had reached unanimous agreement. Most had a preface such as,

The Report is the work of the whole Team, its Findings and Conclusions are the result of careful observation and study, and everything embodied in the Report has been unanimously approved.⁶¹

That the reports were unanimous was due to the way that the teams were selected, due to the fact that any disagreements were ironed out in the lengthy procedure before publication (which took several months), and possibly because disagreements were not allowed to arise in the first place. One worker member of the Metalworking Machine Tools team wrote to Jack Tanner (President of the Amalgamated Engineering Union and TUC General Council member), that after returning to Britain, only one meeting of the team took place. After this he heard nothing for six

⁵⁹ TUC, MRC, MSS 292/552.31/1 National Production Advisory Council on Industry, (TUC General Council Side), 6/7, 9 May 1949.

⁶⁰ Ibid.

⁶¹ *Grey Ironfounding Productivity Team Report*, London: AACCP, 1950, preface p.xii. Although this is taken from one particular Report, they nearly all contain a similar statement.

months and was then sent a copy of the proposed report for his comments.⁶² He complained that,

The task of collating the published report from the reports handed in and information received was undertaken by the team leader, team secretary, and the four other report writers with the team, which must, and in fact did result in many interim meetings. During the whole time however, neither myself nor any other members of the workshop group of five men were called upon, and it is with the object of protesting against this that I have written to you . . .⁶³

Given that the team leaders and secretaries were always employers, it is highly probable that their views were given more prominence than those of the workers were. Goldstone, who carried out an analysis of thirty of the productivity team reports in the early 1950s, found that,

[T]he understandable desire of the Council to present unanimous Reports does not alter the fact that there is, in the compiling of these Reports, a political atmosphere which is not conducive to impartial reporting.⁶⁴

Each productivity team report consisted of two sections, one on technological differences between the UK and the US, and one on more 'psychological' and intangible factors, such as climate of opinion, spirit of competition, and productivity consciousness of workers. It was repeatedly stressed that these cultural factors were conducive to higher levels of productivity. This viewpoint largely reflected the stance taken at an early stage by the Council, particularly the US section. The attitude of Philip Reed, the Chairman of the US Section, is symptomatic of the American way of thinking about Britain at this time. At the end of the first session 'He felt that

⁶² TUC, MRC, MSS 292/552.372/1 Letter from Nickolson to Jack Tanner, 2 February 1953.

⁶³ Ibid.

⁶⁴ Joseph Goldstone, unpublished MA thesis p.7, held in the TUC Library, Congress House, Box HD21.

Britons could solve their own problems if they recognised first, that they have a problem to be solved, secondly that it could be solved. In this connection he felt the problem was partly psychological.’⁶⁵ Of course, no psychologists were employed by the AACCP.

While the technological section of the productivity team reports was generally held to be factual, and actually useful to UK industry, the psychological and cultural section proved more problematic. It was usually the case that no clear differentiation was given between fact and interpretation. According to Goldstone, the reports did not distinguish between actual factual information and interpretations, and that ‘findings and interpretation are often combined and evidence is sometimes presented so as to make inevitable a certain conclusion.’⁶⁶ For instance, in the *Grey Ironfounding Productivity Report*, in the section on ‘Opinions and Findings’, a heading was given for ‘Reasons for Greater Productivity in the U.S.A’. This said that ‘The observations which follow are based upon facts which most impresses the Team.’ These included the ‘fact’ that ‘The citizens of the United States are definitely production minded’ and notes the extra nervous energy they have, which they feel is possibly due to diet or breeding.⁶⁷ This lack of objectivity actually removed much of the value that could have been gained from the whole productivity trip exercise, and gave the actors involved greater reason to be suspicious of each other.

⁶⁵ TUC, MRC, MSS 292/552.31/1 Notes on discussion 29 October 1948, 1st Session of AACCP.

⁶⁶ *Ibid.*, p.8.

⁶⁷ *Grey Ironfounding Productivity Team Report*, London: AACCP, 1950, p.4, TUC Library Box HD21.

The *Grey Ironfounding Productivity Report* did actually cause considerable offence to the union directly concerned, the Amalgamated Union of Foundry Workers (AUFW), to the extent that they published their own counter-report, *Observations on the Grey Ironfounding Productivity Team Report*, refuting the claims of the official version. This stated that:

We are told the American worker lives in a more “stimulating environment” where “food is not so highly subsidised, rent is not controlled, national insurance provides only limited security against unemployment and sickness” and where “it is necessary to save for a rainy day.” *All very stimulating to those who want to indulge in some propaganda against Britain’s social services and what is left of price controls.*⁶⁸

The AUFW also took exception to be being told that ‘productivity must override welfare tradition and ideologies’, seeing this as a call for the ending of social welfare and ‘a return to the jungle law of the survival of the fittest.’⁶⁹ The AUFW stated that it was happy to begin discussions on productivity in terms of ‘the provision of better tools, improved conditions and a higher reward to the foundry worker,’ but that parts of the team report were objectionable to the foundry workers,

many of whom will view the political interpolations as designed to discredit the domestic achievements of the Labour Government in the sphere of State enterprise and of the social services. If this is the measure of the help to be obtained from such visits to America the sooner the whole question of Trade Union participation in Productivity Teams is reviewed by the T.U.C. the better it will be for our movement.⁷⁰

The AUFW was a left wing union with a pro-communist leadership, and its General Secretary, Jim Gardner, was a member of the Communist Party of Great Britain’s

⁶⁸ TUC, MRC, MSS 292/552.372/2b *Observations on the Grey Ironfounding Productivity Team Report*, Amalgamated Union of Foundry Workers, Manchester, circa 1950, p.3. Italics in the original.

⁶⁹ Ibid.

executive committee.⁷¹ However, even the TUC agreed 'that there were grounds for criticism of the Grey Ironfounding Report.'⁷² However, it refused to issue a repudiation of the contents of the official report, but merely stated that,

it was most important that these reports should contain the opinions of the team and should not be subject to censorship. The report in question was a unanimous report. Nevertheless, teams should not extend their observations beyond their terms of reference.⁷³

It was suggested that the remedy might lie in more attention being paid to the selection of trade union participants, possibly by sponsoring unions.⁷⁴ Tewson told the AUFW that he was organising a meeting of the Engineering and Shipbuilding National Advisory Committee to discuss the matter, but did not want to comment further,

but to indicate what you have probably already noted from the Press - that members of the General Council at its last meeting expressed concern at the inclusion in the [Grey Ironfounding] Report of a number of, to say the least, unfortunate sentences.⁷⁵

Such publicity was embarrassing for the TUC and the AACCP, and they attempted to keep it to a minimum. They particularly did not want the ECA to know about such problems. When criticism was made of the *Hosiery Productivity Team Report* by Grocock, the General Secretary of the National Union of Hosiery Workers who had also been a member of the hosiery team trip, Tewson was informed that 'this is all very

⁷⁰ Ibid., p.8.

⁷¹ Noreen Branson, *History of the Communist Party of Great Britain, 1941-1951*, London: Lawrence and Wishart, 1997, appendix II.

⁷² TUC, MRC, MSS 292/552.372/2a Production Committee 1, 2 November 1950.

⁷³ Ibid.

⁷⁴ Ibid.

⁷⁵ TUC, MRC, MSS 292/552.372/2a Tewson to Gardner, 9 November 1950.

unfortunate' as the Economic Co-operation Administration were aware of the issue.⁷⁶

It is clear from this and other references made about the ECA that the British AACP officials wanted the American Marshall Plan officials to feel that everything within the productivity programme was progressing smoothly.

Criticism of the AACP

From the very beginning, most of the criticism of the AACP came from those on the left of the union movement. As far as they were concerned, 'The American Employers have nothing to offer British workers but increased speed-up, longer hours, and repressive T.U. Legislation'.⁷⁷ At the 1948 annual Trades Union Congress, a month after the establishment of the AACP, Haynes of the Amalgamated Union of Operative Bakers, Confections and Allied Workers, who was also the President of the Birmingham Trades Council, stated that, 'While no one can deny that the Americans could teach us something, the monopoly capitalist system of America places its own limits on the functions of a joint Anglo-American Advisory Committee on productivity.'⁷⁸ He continued that British trade unions would be glad to have advice from the US, 'and we in return should be delighted to advise our American Trade Union colleagues how to destroy the vicious shackles of the Taft-Hartley Act, those savage shackles on American free trade unionism'.⁷⁹ The Amalgamated Union of Foundry Workers (AUFW) asserted that 'It is in the knowledge that production is directed for social advance that the stimulus for higher

⁷⁶ TUC, MRC, MSS 292/552.372/2a Hutton to Tewson, 13 November 1950.

⁷⁷ TUC, MRC, MSS 292/552.3/5 Croydon Trades Council to TUC, 4 September 1948.

⁷⁸ *Trades Union Congress Report*, (hereafter *TUCR*), 1948, p.370.

productivity will be found'.⁸⁰ As for the British Communist Party, it stated that the AACCP aimed to transfer American methods of 'capital-labour relations to break the resistance of progressive trade unionism.'⁸¹ Communists argued that 'It is not just a matter of how much is produced per man hour, but which class benefits'. Efficiency is 'a class question.'⁸² Such comments were labelled as communist subversion by the TUC leadership. The fact that most of the criticism came from the far left gave the TUC another weapon with which to isolate them within the trade unions, proclaiming that criticism was generated by the Communist Party, and so could be ignored.

The effect of the nature of the AACCP and the productivity reports was to bring the issue of productivity to the front of the trade union agenda, but to limit the scope of debate on it. Trade union criticism of the productivity programme could be labelled as communist agitation and so be disregarded, while at the same time being seen as evidence of the communists being unwilling to co-operate in postwar reconstruction. Issues such as the possibility of unemployment resulting from technological changes, if they were raised at all, were not then addressed. Factors that had a significant bearing on productivity, such as the superior availability of power and machinery available per worker in the US, tended to be ignored in the publicity, as did the fact that labour

⁷⁹ Ibid.

⁸⁰ FBI, MRC, MSS 200/F/3/D3/7/47 *Observations on the Grey Ironfounding Productivity Team Report*, AUFW, 1950, p.3.

⁸¹ *Labour Monthly*, No. 30, September 1948, p.266, cited in Peter Weiler, *British Labour and the Cold War*, Stanford: Stanford University Press, 1987, note 162, p.384.

⁸² Comments by Margaret Hudson in *World News and Views*, August 14, 1948, pp.342-43, cited in Weiler, *British Labour and the Cold War*, p.255.

tended to be expensive in the US as compared with the UK. Instead of fully opening up discussion, the debate centred on how British workers could become more like the generalisations that were made about their American counterparts.

The productivity debate was also shaped by the attitude that was taken towards management as compared with labour. Management was criticised in the reports, but the extent of this is difficult to assess. Carew feels that labour was made a scapegoat by the reports and that the TUC 'by not criticizing publicly some of the more unacceptable reports handed the employers a huge propaganda advantage'.⁸³ On the other hand, Tomlinson highlights the emphasis that was put 'on the failure of *managerial* techniques in Britain' and proposes that 'The rhetoric of scientific management threatened [management's] traditional way of doing things as much as it threatened labour's traditional prerogatives'.⁸⁴ Broadberry and Crafts feel that both sides came in for well-deserved criticism.⁸⁵ While undoubtedly there was criticism aimed at the two sides of industry, that which was aimed at management was on the whole more muted, and furthermore employers were in a far better position to counteract this criticism than labour. For example, productivity team trip reports repeatedly said that American trade unions were more co-operative than their British counterparts, and that there was evidence of better labour-management relations. This information was gained from asking individual workers and managers what they thought of relations. Given that the factories visited nominated themselves, that

⁸³ Carew, 'The Anglo-American Council on Productivity', p.64.

⁸⁴ Tomlinson, 'The Failure of the AACP' p.85.

⁸⁵ Broadberry and Crafts, 'British Economic Policy and Industrial Performance', pp.83-4.

the teams on average spent less than a day at each plant, that management were eager to present a good picture, and that no worker, when faced with a visiting party, was likely to complain, this evidence was somewhat unreliable. Academic studies at the time refuted the argument that there were better labour-management relations in the US than the UK,⁸⁶ as do some of the studies today. Wombwell has pointed out that 'Contrary to popular perceptions, industrial disputes were much more prevalent in the United States than in the United Kingdom.' He cites information collected by the ECA, which showed that comparative hours lost per man year were 0.82 in the UK compared to 4.59 in the US in 1948, and 0.75 in the UK as opposed to 7.67 in the US in 1949.⁸⁷

There was a massive amount of stress put on the difference in attitudes between UK and US workers, in terms of US labour being more productivity minded and competitive. Comments from a labour member of the Electrical Starting and Control Gear Team were indicative of this: 'your workers of all classes are all-out for efficiency and production. There is no holding back. There is no question of restrictive practices that I have seen.'⁸⁸ But again, this information tended to be based on anecdotal evidence. Balfour's study of the productivity reports in 1953 came to the conclusion that 'In general, the teams tended to show an uncritical admiration of

⁸⁶ See, for example, Balfour, 'Productivity and the Worker'.

⁸⁷ Wombwell, 'Post-War Business-Labor Relations', n 6, p.16, citing from National Archives, Washington D.C., ECA/London, RG469/1406/2/1, Facts About the British Economy', 15 February 1959.

⁸⁸ National Archives, Washington D.C., RG469/178/4/Digest of Team Reports, 'Final Meeting of the Electrical Starting and Control Gear Team (UK Productivity Team No.11), cited in Wombwell, 'Post-War Business-Labor Relations', p.11.

the American worker and there is the danger that a social “myth” is being built on this subject.’⁸⁹ As Balfour pointed out, no social scientist accompanied the teams, and the members of the teams were not really qualified to come up with far-reaching conclusions on the nature of the American worker and trade unions.⁹⁰ The TUC itself felt that whether the productivity teams should have considered themselves competent to put forward their opinions on the wider reasons (such as taxation) for higher productivity in the US than in Britain ‘is itself somewhat debatable.’⁹¹ William Gomberg of the International Ladies Garment Workers Union felt that it was ‘strange to find oddly distorted views of what American trade unionists actually were doing’.⁹² Gomberg also pointed out that British unionists were being told that the American counterparts only put forward ways of increasing productivity in the expectation of a future wage increase, when in reality unions would put forward a wage demand based on the wage that the most efficient producer could afford. Inefficient producers would then be given suggestions by the union on how to increase productivity in order to meet this wage demand.⁹³

Despite this, British workers were not in a position to refute any of these claims, and resistance to new techniques or changes in working practices could simply be put down to obstructionism. Management, on the other hand, were in a better position to counteract any negative publicity by forwarding their own position and point of view

⁸⁹ Balfour, ‘Productivity and the Worker’, p. 265.

⁹⁰ Ibid.

⁹¹ TUC, MRC, MSS 292/552.372/2a Memo on Consultants’ Report, 16 November 1950.

⁹² William Gomberg Papers, British Library of Political and Economic Science, at the London School of Economics, Coll. Misc. 579.

in the press, and through their associations, or by placing the blame for productivity problems on government policy. It is easy to see why the ethos of productivity consciousness might appeal to the employers, 'for it is easily bent in the direction of injunctions to work harder and distracts attention from organization within the factory, let alone issues of ownership.'⁹⁴

The TUC itself had reservations, but did not make them public, even when it strongly disagreed with some of the publicity and conclusions that arose because of it. For instance, in 1950, two consultants, Plemming and Waddell, were commissioned by the AACP to write a report, *The Foundations of High Productivity*, summing up the first fifteen Productivity Team trips and reports. The TUC said of this report that:

The first three sections of the report . . . are necessarily based on rather superficial observations by the [AACP Productivity] teams. They naturally had no time to investigate any of these matters fully and were concerned only to refer to those things in America which appeared good, and not to deal with the unfavourable factors. To some extent they may also have been influenced by the natural desire of Americans to show off their country at its best, and a tendency to draw unfavourable comparisons with conditions in Great Britain as depicted in the American press.

The TUC went on to say that 'The result is a somewhat distorted picture of the American scene which the American members of the Council admitted was hardly recognisable.'⁹⁵ Since such criticisms were not made public by the TUC, this undoubtedly handed not only the employers but also the American side of the

⁹³ Ibid.

⁹⁴ Peter Stirk, 'Americanism and Anti-Americanism in British and German Responses to the Marshall Plan', in Peter Stirk & David Willis (eds.), *Shaping Postwar Europe: European Unity and Disunity, 1945-1957*, London: Pinter, 1991, pp.30-31.

Council a propaganda advantage.⁹⁶ Problems with productivity in Britain continued to be put down to a large extent as due to a lack of 'productivity consciousness' of the British worker.

In this way, the AACP was to shape the contours of the productivity debate, and for workers it meant that they 'had to contend with the "common sense" of productivity, and from the late 1940s onwards that had been appropriated by management.' This 'rhetoric' of productivity politics continued after the end of the AACP. The American section ceased its activities with the end of Marshall Aid on 30 June 1952, and the British section was replaced by the British Productivity Council in November, 1952. The AACP productivity team reports also lived on in a summarised form in Graham Hutton's commissioned work, *We Too Can Prosper*. His message was explicit. 'If British productivity were as high as American, many (indeed, most) of Britain's domestic economic problems would disappear.'⁹⁷ According to Hutton, 'One of the most obvious facts' about productivity 'is the psychological factor: the climate of opinion, the social environment and the morale of a people.' Thus, 'nations live as they deserve'.⁹⁸

⁹⁵ TUC, MRC, MSS 292/552.372/2a Memo on Consultants' Report, 16 November 1950.

⁹⁶ Carew makes this point about a propaganda advantage being given to the employers, 'The Anglo-American Council on Productivity', p.64.

⁹⁷ Graham Hutton, *We Too Can Prosper*, published for the British Productivity Council, London: Allen & Unwin, 1953, p.18.

⁹⁸ *Ibid.*, p.202.

7.3 The 'Success' of the AACCP

It has been persuasively argued that as a government policy mechanism for actually raising productivity, the Anglo-American Council on Productivity was a failure.

According to Tomlinson:

Overall it would seem the government's attempt to use the AACCP to engage the enthusiasm of employers and unions for the productivity drive failed. There is little evidence that the AACCP had much impact except upon the already converted.⁹⁹

Tomlinson argues that the Federation of British Industry, the main employers' organisation embraced the AACCP 'largely in the belief that it would be a useful way to allay "ill-informed" criticism rather than in a more positive light.'¹⁰⁰ This was because the incentives for the FBI to play a dynamic role in the productivity campaign were limited.¹⁰¹ The FBI acted more out of a desire to prevent government interference than a desire to find ways of increasing productivity, regarding any scheme sponsored by the government with a degree of suspicion. Both the unions and the employers were keen to limit government involvement, fearing that this would 'impinge on the sphere of voluntary union-employer agreement'.¹⁰² 'Later on the FBI became somewhat disenchanted with the AACCP when it focused so much attention on managerial shortcomings as the key problem of British industry.'¹⁰³

⁹⁹ Jim Tomlinson, 'A Missed Opportunity? Labour and the Productivity Problem, 1945-51', in G. Jones and M. Kirby, (eds.), *Competitiveness and the State*, Manchester: Manchester University Press, 1991, p.46.

¹⁰⁰ Jim Tomlinson, 'Productivity Policy', in Helen Mercer, Nick Rollings & Jim Tomlinson (eds), *Labour Governments and Private Industry*, Edinburgh: Edinburgh University Press, 1992, p.48.

¹⁰¹ *Ibid.*, p.50.

¹⁰² Jim Tomlinson, in Nick Tiratsoo and Jim Tomlinson, *Industrial Efficiency and State Intervention: Labour 1939-1951*, London: Routledge, 1993, p.96.

¹⁰³ Tomlinson, *Labour Governments*, 1992, p.48.

Broadberry and Crafts have also argued that the AACP was not a success in terms of raising productivity. While they have found in their econometric analysis that exposure of an industry to an AACP productivity report was positively related to an increase in labour productivity, this relationship is statistically insignificant.¹⁰⁴

According to Crafts, the failure to make an impact on productivity levels was due to the postwar settlement between the government and the unions, in which full employment was guaranteed, implying an effective veto on trade union reform.¹⁰⁵

However, this study argues that the AACP was a success in other ways. For the Labour government, as we have already seen the AACP fulfilled a number of purposes. Firstly, the AACP went some way to appease the ECA and US public opinion, and to reassure them that 'socialist' Britain was not too radical. It demonstrated that Britain was trying to help itself out of its economic difficulties, and, while it highlighted differences between the UK and the US, it also highlighted a similarity in terms of economic approach and priorities. Ellwood point out that in Britain,

the [ECA] Mission men were convinced by 1952 that they had done a remarkable job in changing attitudes to work and its modernization, in a situation that appalled the Americans on their arrival. Whether directed at workers or employers the key words were always mass production, scientific management and above all productivity.¹⁰⁶

¹⁰⁴ Broadberry and Crafts, 'British Economic Policy and Industrial Performance in the Early Post-War Period', *Business History*, Vol.38, No.4, 1996, p.79.

¹⁰⁵ Nick Crafts, "'You've never had it so good?': British Economic Policy and Performance, 1945-60", in Barry Eichengreen, (ed.), *Europe's Postwar Recovery*, Cambridge: Cambridge University Press, 1995, p.254. He also points out that the Conservatives, on returning to power in 1951, followed the same policy towards the trade unions.

¹⁰⁶ David Ellwood, 'The Marshall Plan and the Politics of Growth', in Peter Stirk & David Willis (eds.), *Shaping Postwar Europe: European Unity and Disunity, 1945-1957*, London: Pinter, 1991, p.20.

The AACP could be used to actually prevent unwanted US interference, in terms of demonstrating that Britain was taking the productivity problem seriously. According to the US Ambassador in London, the government was beginning to accept that:

To put the matter cryptically . . . the only answer to Britain's difficulties is to work harder and, I fear, for less. The present government is subconsciously beginning to realise this, but because it has for 30 years been promising the opposite, it finds it difficult to say this to its supporters.¹⁰⁷

Secondly, the AACP tied in with the government's own attempts to put the issue of productivity, rather than overall production, onto the British agenda. Tomlinson has argued that 'The Attlee government was the first in peacetime to put a high and continuing premium on raising the level of productivity in British industry'.¹⁰⁸

Cripps, the Chancellor of the Exchequer who initiated the AACP, was a keen proponent of raising awareness about productivity. He pointed out at the 1948 annual Trades Union Congress that, 'there is only one a certain sized cake to be divided up and if a lot of people want a larger slice they can only take it from others.'

There is only one way by which we can with a given volume of employment increase our real standard of living and that is by each of us producing more or in other words putting up our productivity.¹⁰⁹

In October 1948 the government launched a propaganda and publicity campaign over the need for higher productivity. This was principally through the Economic Information Unit, a government agency operating within the Treasury which had

¹⁰⁷ *Foreign Relations United States*, (hereafter *FRUS*), 1948, Vol. III, telegram from US Ambassador in the UK (Douglas) to the Secretary of State, 11 August 1948, p.1116.

¹⁰⁸ Tomlinson, 'Productivity Policy', p.37.

been set up to handle economic information and propaganda.¹¹⁰ The campaign included ministerial speeches and BBC broadcasts, press publicity, posters, booklets, local 'productivity weeks', touring exhibitions, and national conferences for industry. The campaign 'sought to remove the mystique that was attached to the word "productivity"; to bring it down to earth and make it comprehensible to the individual worker and his family'.¹¹¹ The AACCP augmented this campaign, producing publicity and much-needed examples of what could be achieved under high-productivity system. By actively distancing itself from the activities and findings of the AACCP, the government, while largely financing the Council's operations, could avoid responsibility for any success or failure of the AACCP, and could avoid the accusation of interfering in either the activity of the unions or private industry. The AACCP's exhortations could make an impact without raising tension between the trade unions and the government. Instead, any negative impressions could be blamed on the US section of the Council or on the British section's own members.

Lastly, and for this study, most importantly, the AACCP provided a further channel for the centre-right Labour government and trade union leadership to marginalise the far left, and assert their position and further the issues that they felt to be of importance. While there were complaints about American interference from those on the left and the right, since most trade union complaints were couched in the

¹⁰⁹ *TUCR*, 1948, p.362.

¹¹⁰ William Crofts, *Coercion or Persuasion? Propaganda in Britain after 1945*, London: Routledge, 1989, pp.27 and 73.

language used by the Communist Party of Great Britain, it was easy for the union leadership to reject these as communist inspired. Overall, it was very difficult to criticise the AACCP without appearing backward looking and obstructionist. Thus, the AACCP provided useful vehicle for controlling the trade union agenda and for promoting the Marshall Plan.

It is difficult to reach firm conclusions as to why the TUC did not make its reservations about the findings of the productivity teams known, apart from a desire not to undermine the productivity drive, but, it is possible to forward a number of ideas concerning its enthusiasm to embrace the issue of productivity. Firstly, that the TUC wanted to be seen to be in favour of industrial progress. Secondly, that it felt that the AACCP was the best way to prevent unregulated US criticism of British workers. Thirdly, it also seems likely that the TUC saw labour involvement in the pursuit of increased productivity as a way of undermining, to a certain extent, managerial prerogative. Fourthly, according to Carew:

In private, the TUC leaders were much closer to the American position [on restrictive practices] than they dared admit publicly. They were all really agreed on the need to eliminate restrictions on the more 'scientific' use of manpower, machines and raw materials. The problem was how to get the rank and file to see things that way.¹¹²

Lastly, this study argues that for the trade union leadership, which was on the whole on the right of the labour movement, the issue of increasing productivity tied in with their particular view of socialism.

¹¹¹ Ibid., p.73.

¹¹² Carew, 'The AACCP', p.54. See also TUC, MRC, MSS 292/659 and 292/552.1, Report of the AACCP Full Council, 26-29 October, 1948.

7.4 The AACP as a Socialist Modernisation Programme

The Marshall Plan in general, and the AACP in particular, have often been portrayed as US programmes which influenced Britain by exporting the ideas and ideals of mass production, mass consumption, and liberal capitalism. Carew, for example, says it is arguable that the Marshall Plan's greatest achievement was its,

role in developing among European workers a consciousness - indeed an acceptance- of the need for an ever increasing level of productivity, with all that that implies for the role of labour in the workplace and its relationship with capital.¹¹³

As such it is difficult to perceive why those in leadership roles in the British labour movement were so supportive of this initiative, and so open to US influence. However, in the remainder of this chapter, it is argued that far from being purely an American conception, the AACP and its productivity agenda can be seen as a type of modernisation programme that was compatible with the Attlee government's vision of British socialism. Consequently, the British government could utilise the AACP to pursue its own objectives of raising productivity.

For many in the higher echelons of the labour movement, high productivity was seen as a necessary pre-requisite for the functioning of health economy, whether capitalist or socialist. For instance, the government's nationalisation programme was influenced not only by an ideological commitment to the common ownership of the

¹¹³ Anthony Carew, *Labour Under the Marshall Plan*, Manchester: Manchester University Press, 1987, pp.2-3.

means of production, but by the obvious need to streamline inefficient industries in need of modernisation. As Stirk points out,

It had long been a standard thesis of Socialist literature that Capitalists restrained production for the sake of their profits. More specifically, members of the British Labour Party and trade-union movement liked to regard the employers as the source of attachment to outdated traditions. The future, which meant a more prosperous future, belonged to the Labour movement.¹¹⁴

This is highlighted by comments made well before the advent of the AACCP. For instance, Attlee in his 1937 study, *The Labour Party in Perspective*, noted how,

The unwillingness of private enterprise to utilise science is well known . . . in general there is a great deal of conservatism in business. The Labour Government will make far greater use of science than is done to-day, because it alone has the policy which will prevent its frustration.¹¹⁵

On the eve of the 1945 general election, Herbert Morrison spoke of the need to free British industry from the burden of the 'privileged, uncreative . . . amiable, useless, part-time, old school-tie, aristocratic or MP nominee director' who treated his post as a sinecure.¹¹⁶ 'Under Labour efficient, salaried management - in whose hands technical skill was concentrated - would be free to pursue a more productive working partnership with the rest of the labour force.'¹¹⁷ Under socialism, industry would be more efficient. Modernisation, scientific management and productivity went hand in hand, and it was said that 'Democratic Socialism required the creation of material conditions which could only come from increased productivity.'¹¹⁸

¹¹⁴ Stirk, 'Americanism and Anti-Americanism', p.31.

¹¹⁵ Clement Attlee, *The Labour Party in Perspective*, London: Victor Gollancz, 1937, p.191.

¹¹⁶ Steven Fielding, "'To Make Men and Women Better Than They Are": Labour and the Building of Socialism', in Jim Fyrth (ed.), *Labour's Promised Land? Culture and Society in Labour Britain 1945-51*, London: Lawrence & Wishart, 1995, p.19, referring to article in the *Daily Herald*, 30 April 1945.

¹¹⁷ Ibid.

For the Labour government, increased efficiency and productivity not only required an ‘erosion of managerial prerogative’,¹¹⁹ but also for workers to have a greater stake and purpose in raising productivity. As Fielding points out,

Enhanced morality and the achievement of higher levels of material wealth were seen as connected in a dialectical way. It was thought that a fairer distribution of the “national cake” would encourage workers to increase productivity, thereby further expanding the size of the cake.¹²⁰

Raising productivity was to become a priority for workers, it was said, since trade unions had an interest in improving the efficiency of industry and, as pointed out at the 1946 annual Trades Union Congress,

in improving their techniques, and insisting upon the highest attainable standards of mechanisation and modern scientific methods.

Implicit in this view is the realisation that industrial efficiency is not the exclusive concern of management, and not solely the responsibility of the employers’ side of industry.¹²¹

Such sentiments were re-iterated throughout the Attlee government’s years in power.

However, as time went on and the realisation of the extent of the economic problems and the reality of governing sunk in, there was a significantly diminished focus on redistribution and a greater focus on the need for workers to co-operate. When Herbert Morrison presented the Labour Party’s Executive Committee’s statement entitled, ‘Production the Bridge to Socialism’, to the 1948 Labour Party Annual Conference he pointed out that,

¹¹⁸ Ibid, p.22, referring to the *Daily Herald*, 23 October 1944.

¹¹⁹ Stirk, ‘Americanism and Anti-Americanism’, p.31.

¹²⁰ Fielding, ‘Labour and the Building of Socialism’, p.22, citing H.A. Marquand, ‘Our Production Plan’ in Fabian Society, *Forward From Victory*, London: Gollancz, 1946, pp.53-4.

¹²¹ 1946 Annual *Trades Union Congress Report*, address by Charles Duke, p.11.

Socialism has always aimed at an abundance of goods and services, but past Socialist have sometimes been so preoccupied with the immense problems of securing a fair distribution that they have not tackled in depth the equally immense problem of securing full production.¹²²

Morrison went to say that there has been 'a damaging succession of revelations of incapacity and inefficiency' in industry, and that,

Capacity to produce efficiently an abundance of goods and services is the very foundation of all our plans and that capacity, owing to past neglect, is still lagging and cannot be made good by Acts of Parliament or by votes. It can only be made good by an all-out drive to make our country a modern, scientifically-minded, vigorous, industrial nation.¹²³

Thus, while the ideal was for the worker to have a stake in raising productivity, the reality became a belief in the need for increased productivity for its own sake, and regardless of any benefit that might accrue in the short run to the worker. Of course, in the long run, it was felt that increased productivity would benefit all, resulting in a rising standard of living.

The AACCP worked because it combined exhortations to both sides of industry, to management and labour, though the practicalities of the way the trips and productivity reports were organised meant that it was labour that came in for most of the criticism. But, it also worked because it tied in with the government's own realisation of the need for increased productivity, a realisation that had been present since before the War. As Stirk argues,

There was . . . little new in the basic concerns of the Anglo-American Council. Increased production had been a priority during the War; in times of manpower

¹²² *Labour Party Annual Conference Report*, 1948, p.130.

¹²³ *Ibid.*, p.131.

shortages that meant, in part, increased productivity. The same imperative was carried over into peacetime in the interests of economic recovery.¹²⁴

Thus, the government's support for the AACCP, and even the TUC's positive involvement, are not so difficult to explain. The AACCP reflected many of their own perceptions, in its general aim and in some of the specifics of its organisation and activities. For the TUC, the AACCP was a joint management-labour initiative designed to improve the efficiency of the capitalist system in order to help 'socialist' reconstruction, without necessitating an overhaul of industrial relations. The AACCP also focused on some particular issues that the TUC was keen on, for example the issues of simplification, standardization and specialization. These virtuous practices were achieved, the TUC publication *Labour*, noted, by collaboration between American firms.¹²⁵ Thus, 'For Socialists accustomed to looking for the incipient traits of the new social order in the old, the step from interfirm collaboration to Socialist planning was not necessarily a great one.'¹²⁶ This was especially so given that the Labour government had come to power with no clear idea of what socialist planning really meant in practice.

All those involved in the work of the AACCP took on board the approach towards productivity held by their American counterparts, what Maier has called the 'politics of productivity'. This was the idea that it was possible to ameliorate social conflict, and by implication, class conflict, through the transition to a 'society of abundance' through increased production and productivity, which was presented as a 'problem of

¹²⁴ Stirk, 'Americanism and Anti-Americanism', p.31.

¹²⁵ *Labour*, November 1949, pp. 500-2, London: TUC.

engineering, not politics'.¹²⁷ This was not just due to US influence, but to the conception of socialism held by the leadership of the Labour government, namely '*that economic growth would provide an automatic solution to the moral dilemma of a socialist party in an affluent society, that growth would give us equality without a fight, justice without tears.*'¹²⁸ There was, of course, a political agenda to this: by getting workers and employers to co-operate and moving beyond class conflict, it was felt that there would be less of a breeding ground for communist agitators. The way forward was based on the premise of worker co-operation in the productivity drive. On the British side of the AACP, the largest membership representation was for the TUC, and its General Secretary, Vincent Tewson, was made a Joint Secretary. On the US side there was less trade union representation, but Victor Reuther of the United Automobile Workers was made a Joint Secretary part way through the AACP's operations. This of course had an impact on how the working class in Britain and the US perceived the issue of production and productivity. Reuther described the AACP as a 'partnership' between management and labour in order 'to encourage a more rapid and uniform application . . . of [American style] methods to increase productivity and speed up postwar recovery.'¹²⁹

¹²⁶ Stirk, 'Americanism and Anti-Americanism', p.31.

¹²⁷ Charles Maier, 'The Politics of Productivity: Foundations of American International Economic Policy after World War II', *International Organization*, Vol.31, No.4, 1977, pp.607 & 615.

¹²⁸ David Owen, John Macintosh and David Marquand, quoted in Radhika Desai, *Intellectuals and Socialism*, London: Lawrence and Wishart, 1994, p.127, my italics.

¹²⁹ Mark Rupert, *Producing Hegemony: The Politics of Mass production and American Global Power*, Cambridge: Cambridge University Press, 1995, p.50.

Thus, many in leadership positions in the Labour Party, such as Attlee, Morrison, and Cripps, had already taken on board the need for scientific management and increased productivity, and this was not a policy objective imposed by the US. As Maier points out in a European context, 'Far from turning out to be an infinitely malleable society, Europe and its divisions forced the American politics of productivity in a clear centrist direction.'¹³⁰ That the reality of the British productivity campaign from 1948 onwards did not involve addressing questions of the distribution of the gains from productivity, or workers' involvement in management decisions, was due to the government's priorities of limiting the scope of the demands of the labour movement, rather than the influence of the United States. That the AACP ended up focusing on the somewhat nebulous findings from the productivity trips, rather than on the specifics of issues such as standardization or productivity measurements, was largely due to the difficulties inherent in these projects. The AACP and the Marshall Plan tied in with the British Labour government's needs, and could, largely, be used to reinforce and complement their policies. Thus, while the AACP is evidence of the success of the US in exporting Fordism, scientific management and anti-communism to Britain, this success was due largely to the fact that the leadership of the labour movement was already in favour of it. As Stirk points out, 'In so far as Marshall Plan ideologues were promoting increased production and productivity they were knocking at an open door in the case of the British Labour movement.'¹³¹

¹³⁰ Maier, 'The Politics of Productivity', p.627.

The AACCP became a model for similar organizations across Europe as part of the ECA's technical assistance programme. While there is debate over whether the AACCP was a success in terms of helping to achieve increased physical productivity, it can be seen as an institutional success in terms of affecting attitudes and increasing the marginalisation of those on the left who railed against the productivity drive, and entrenching the hegemony of the centre-right of the labour movement.

Conclusion

One of the main achievements of the Marshall Plan was that it did help to transfer the 'politics of productivity' to Britain. The AACCP, with the TUC's involvement, was an important component of this. The AACCP productivity team trips and subsequent published reports acted as a conduit for transferring American ideas of economic growth to Britain, and were one of the factors in a process of 'Americanisation'.¹³²

However, while the AACCP was instrumental in shaping attitudes towards productivity in Britain, this was because it was to a large extent in line with a particular section of labour thinking, which saw socialism in terms of the more efficient organisation of the capitalist system. Thus, the AACCP was successful in terms of helping to restructure the unions in Britain, and in furthering the marginalisation of those on the hard left who argued against the Council and the productivity drive, to establish the hegemony of the centre-right of the government and trade union leadership over the labour movement.

¹³¹ Stirk, 'Americanism and Anti-Americanism', p.32.

¹³² Jim Tomlinson, 'The "Americanisation" of Productivity, 1948-51', in Nick Tiratsoo and Jim Tomlinson, *Industrial Efficiency and State Intervention*, London: Routledge, 1993, Ch.7. See also van der Pijl, *The Making of an Atlantic Ruling Class*, and Stirk, 'Americanism and Anti-Americanism'.

Conclusion

This study has examined the impact of the Marshall Plan on the British Labour government and the trade union movement, and, more importantly, how they used the Marshall Plan to pursue their own aims. It has argued that the British government was able to 'manage' relations with the US, in terms of limiting unwanted US influence, while restructuring relations with its domestic support base. In particular, the government and the leadership of the TUC used the Marshall Plan to realign the unions and establish their hegemony over the labour movement. In this way, the British government was able to play what Putnam has referred to as a two-level game, satisfying demands at both the national and international levels. The Marshall Plan provides evidence of how, as Putnam explains, 'central decision-makers strive to reconcile domestic and international imperatives simultaneously.'¹

Hegemony is a useful concept for understanding this process, for it can be applied to both relations between states and relations within states. It denotes leadership based on some form of consensus, based around a 'structure of values and understandings about the nature of order'.² One of the main conclusions from this study is that there were limits to the influence of US hegemony over Britain

¹ Robert Putnam, 'Diplomacy and Domestic Politics: The Logic of Two-Level Games', Appendix in Peter Evans, Harold Jacobson and Robert Putnam (eds.), *Double-Edged Diplomacy: International Bargaining and International Politics*, Berkeley, CA: University of California Press, 1993, p.459.

² Robert Cox, 'Towards a Post-hegemonic Conceptualisation of World Order: Reflections on the Relevancy of Ibn Khaldun', in James Rosenau & Ernst-Otto Czempiel (eds.), *Governance without Government: Order and Change in World Politics*, Cambridge: Cambridge University Press, 1992, p.140.

due to the strength of British political actors. While the values of the Marshall Plan, such as anti-communism and the 'politics of productivity', were exported to Britain, this was advanced because the British Labour government and the trade union leadership were already espousing these values.

The study has sought in particular to assess two types of accounts of the Marshall Plan. Firstly, the macro accounts written within the context of an international relations and international political economy framework, such as the work by Ikenberry, Cox and Van der Pijl.³ Secondly the accounts of labour and economic historians such as Carew and Tomlinson.⁴ While the former draw on theoretical assumptions to make substantive arguments, they tend to over-state the power of the US to rework the postwar order, and do not contain adequate empirical research with which to test their arguments. The latter, while containing detailed, micro-level research, do not make explicit their theoretical concerns or draw out substantive arguments. This study has built on the two approaches by locating its empirical research with reference to theories of International Relations. By drawing on arguments surrounding the establishment and the exercise of US hegemony through the Marshall Plan, the study has looked at the impact of the Marshall Plan on relations between and within states. It has treated the relationship between donor and recipient state as complex and uneven, and has

³ John Ikenberry 'Rethinking the Origins of American Hegemony', *Political Science Quarterly*, Vol.104, No.4, 1989, pp.375-400; Robert Cox, *Production, Power, and World Order: Social Forces in the Making of History*, New York: Columbia University Press, 1987; Kees Van der Pijl, *The Making of an Atlantic Ruling Class*, London: Verso, 1984.

⁴ Anthony Carew, *Labour Under the Marshall Plan*, Manchester: Manchester University Press, 1987, and 'The Anglo-American Council on Productivity (1948-52): The Ideological Roots of the Post-war Debate on Productivity', *Journal of Contemporary History*, Vol. 26, No. 1, 1991, pp.49-69; Jim Tomlinson, 'A Missed Opportunity? Labour and the Productivity Problem, 1945-51', in G. Jones & M. Kirby, (eds.) *Competitiveness and the State*, Manchester: Manchester University

sought to establish a view of the recipient state as an active and not a passive political agent, which was able to draw on the external conditions of US patronage and aid to pursue its own interests. It has shown that the Labour government was able to utilise a policy of what Bayart refers to as extraversion,⁵ whereby leading actors in a state mobilise resources from the external environment to consolidate their own power in a process of political centralisation. In this way, they are pursuing their own agenda, rather than one set by the donor nation, an agenda that is defined by their location within the domestic arena.

The study has also rejected arguments that state that the British Labour government was forced to change its policies because of the Marshall Plan and US hegemony. Instead it has shown that the Labour government used American pressure to persuade its own constituents of the value of its policies. This was at a time when there were expectations of wide-ranging change amongst the Labour Party's supporters in the trade unions, from workers control in the nationalised industries to a socialist foreign policy, and when the far left was well particularly well organised. The government and trade union leaderships were able to restructure the unions and control those on the left in the short-term by launching an anti-communist campaign while removing communists from positions of authority in the unions. Furthermore, through its careful timing over the schism in the World Federation of Trades Unions and the establishment of an anti-communist, pro-Marshall Plan international trade union body, the British Trades

Press, 1991, pp.40-59, and 'The Failure of the Anglo-American Council on Productivity', *Business History*, Vol. 33, No. 1, 1991, pp.82-92.

Union Congress weakened the hard left's source of legitimate external support. Through the establishment of networks of pro-Marshall Plan organisations such as the European Recovery Programme Trade Union Advisory Committee (which became the International Confederation of Free Trade Unions) and the Anglo-American Council on Productivity, the British trade union leadership was then able to delineate the parameters of debate and to assure the longer-term marginalisation of the far left through its control of trade union issues and organisations. Criticism of the Marshall Plan became equated with communism and treachery, while the communists lost the opportunity to publicise the conditions that were attached to the Marshall Plan by focusing on anti-American propaganda.

That this policy was effective was due to the close relationship between the unions and the government. This study has illustrated that as Middlemas, Hinton and Hyman have argued,⁶ unions are central to the governing of the working class and the regulation of labour. It was not the case that the union leadership 'caved in' to government demands, rather they shared the same vision of postwar Britain, based on full employment, high productivity, and acquiescent industrial relations, and because both 'feared the power of opposition from within its own organisation.'⁷ The Marshall Plan provided the opportunity of splitting communists from non-communists at a time when the opposition within the unions was strong. With its intrinsic stress on productivity, responsibility and

⁵ J.F. Bayart, *The State in Africa*, London: Longmans, 1993, pp.21-23.

⁶ Keith Middlemas, *Politics in Industrial Society*, London: Andre Deutsch, 1979; James Hinton, *Labour and Socialism*, London: Wheatsheaf, 1983; Richard Hyman, *Industrial Relations: A Marxist Introduction*, London: Macmillan, 1975, and *The Political Economy of Industrial Relations: Theory and Practice in a Cold Climate*, London: Macmillan, 1989.

working in the national interest, the Marshall Plan could be used by the centre-right labour leadership to firmly establish its hegemony over the left at a time of radical change and expectations. In this way the trade union leadership acted, in a somewhat contradictory sense, as part of the governing structure, while maintaining that it represented the sectional interests of its members. The dangers of such a policy were not fully revealed for another two decades with the breakdown of the postwar social contract.

Finally, this work has combined an examination of domestic and international relations. One of its main theoretical conclusions is that the study of each can be enhanced when put into the context of the other. Internationally, the Marshall Plan was to prove the litmus test of loyalty to the West, while domestically it gave the British government the opportunity to present communists and those who sympathised with them as taking orders from another country and trying to block recovery. In this way, the domestic fight against communists tallied with the growing suspicion of the Soviet Union, especially since the main grievance articulated by the left was over the Labour government's abandonment of a 'socialist' foreign policy. Once the far left had been marginalised, such criticism could be effectively ignored, which strengthened the position of the Labour government and trade union leaderships.

⁷ Middlemas, *Politics in Industrial Society*, p.21.

Methodological Appendix

Introduction

In this Appendix, I explore the choice of my thesis topic, and the implications that this had for my research. Secondly, I examine my choice of reading for the thesis. Thirdly, I shall turn to the research process itself, looking at some of the archive centres that I visited, and how I set about using archives. Fourthly, I address some of the methodological questions arising from my thesis topic and my research approach and methods. Lastly, I shall examine the final evolution of my research topic and hypotheses, which happened after I had done much of the actual research.

1. Choice of Thesis Topic

Initially, I had intended to write my thesis on the impact of the end of the Cold War on the international trade union movement. This topic had arisen in the course of discussions with other academics. Although I had little background knowledge of trade unions or the international union movement, I had always been interested in the Cold War, and felt this would be an exciting topic to research. However, when it came to considering how I could sensibly write a PhD on such a large topic I found that I would face serious problems of gaining access to up-to-date information, given the limited time and resources available to doctorate students. This was rather disheartening. My supervisor suggested that I look at the beginning of the Cold War and the international trade union movement as the archives of the Trades Union Congress (TUC), which would be

one of my major sources of information, were held at the Modern Records Centre at Warwick.

At first I was rather reluctant to pursue this course, but I started to read round the subject and again developed an interest. The topic seemed more manageable as I could get access to relevant archives. While going back in time meant that my research would not have the immediacy that I would have liked, it also meant that events would not be changing as I studied them, which I felt would be of benefit for a PhD topic.

Thus I began investigating the origins of the Cold War and the international trade union movement, primarily the role of Britain in the setting up of the new trade union international, the World Federation of Trade Unions (WFTU), after the Second World War. The split of the World Federation of Trade Unions into communist and anti-communist camps in 1947 seemed to be of particular interest. However, the more I researched the topic, the more it seemed that the focus of my topic should in fact be the Marshall Plan. It became impossible for me to understand the reasons for the split of the WFTU and the failure to create world trade union solidarity between East and West without understanding the impact that the Marshall Plan had on the politics of trade unions at this time. What seemed to me to be of special interest was the way the trade union leadership in Britain co-operated with the Labour government in a policy which they acknowledged could deepen divisions within trade unions in Britain and internationally between communists and non-communists. In this way my focus shifted from the creation and divisions of the trade union internationals at this

time, to the effect that the Marshall Plan had on the politics of British trade unions, and the role that the unions played in the Marshall Plan apparatus. The title for my thesis became 'The Impact of the Marshall Plan on British Trade Unionism'.

While much has been written on the Marshall Plan, very little places the trade unions at the centre of the focus. Existing work, with some notable exceptions,¹ tends to take a diplomatic relations or macro-economic approach. Both these approaches focus on the activities of policy-making elite. The 'original' angle I wished to develop was to place trade unions at the centre rather than on the periphery. Existing work that did contain information on trade unions also tended to look at elite groups, namely the Trades Union Congress leadership. This resulted in the assumption that the bulk of trade unionists in Britain were passive and had no opinion other than that of the 'official' line set out by the TUC. I wanted to investigate what trade unionists at all levels thought about the Marshall Plan, and what has been called the 'politics of productivity'² to see to what extent criticism over the government's economic, industrial and foreign policy had been marginalised. I expected to find evidence which would support two hypotheses: firstly, that the Marshall Plan had had a large impact on British trade unions in that it had been the issue which caused the rift between communists and non-communists; and, secondly, that there had been considerable discontent over the Marshall Plan, but that the TUC had effectively used its power to marginalise this

¹ For example, see Anthony Carew, *Labour Under the Marshall Plan*, Manchester: Manchester University Press, 1987

² Charles Maier, *In Search of Stability*, Cambridge: Cambridge University Press, 1987, Chapters 3 and 5

discontent. Thus, I was using a deductive method, developing hypotheses and then setting out to test them against the archival evidence.

These research hypotheses did prove to be problematic, and evolved into a different perspective after I had done the bulk of my research. However, as they were the ones which were utilized early on, I shall examine the implications of this choice of research topic, the secondary reading that I undertook and the research process itself before turning to an evaluation of my eventual focus, that of 'Manipulating Hegemony: British Trade Unions and the Marshall Plan.'

Implications of my choice of thesis topic

My choice of topic had two main implications. Firstly, it determined what sort of primary research I could do. As the topic was historical in nature, it meant that the main source of information that I would be using was documentary evidence, based around the archives of the trade union movement, and, to a lesser extent, the Labour government and business groups. Using archives and studying historical documents was not something I had done before, my previous research experience having been based on studying aggregate and survey data. This was a little daunting, and I was not sure how I would respond to researching an area which to me at the time seemed vague and 'non-scientific'. As I gained in experience, I found that this was not as much of a problem as I had anticipated.

The second implication of my choice of topic was that I found I no longer seemed to quite 'fit' into a Politics department. A number of people felt my topic was not

suitable for a politics student, being 'historical' and hence 'impressionistic' and of no practical value, and moreover it was about trade unions.

On this first point, my research has convinced me that the study of politics should not be confined to the current decade. One of the interesting aspects of my research is the way that it has changed my understanding of current issues, and the way that parallels can be drawn with recent events. For instance, the extent to which the trade union movement in Britain should co-operate with a Labour government is a pertinent question today. Also, following the end of the Cold War, a Marshall Plan for Eastern Europe was widely discussed, which in turn opened up questions about the postwar period. Moreover, the 50th anniversary of the Marshall Plan in 1997 was quite timely in terms of generating interest in the topic more generally.

Turning to the second point, that of studying trade unions, it is now clear to me that they are a legitimate topic of research for a student of Politics. Although they appear to have lost much of their influence in contemporary British politics, and might not be an academically 'profitable' topic, this does not mean that the labour movement can be written off or thought of as something not worthy of consideration. Certainly I have found that researchers who study similar topics to myself tend to be in economic history, contemporary history or industrial relations departments. Nevertheless, I feel I have benefited from having contacts with people outside my own department, and in many ways this is a strength rather than a weakness. It does mean that it can be difficult to know where to be placed within the discipline of Politics, but I have become comfortable with a

trans-disciplinary approach to my work so that this is no longer a major cause for concern.

2. Secondary Reading

Another implication of my choice of topic was that as it covered so many areas, I found that I needed to read widely. Initially, my reading was on the Marshall Plan and on trade unions in the postwar period, in particular the international trade union movement. Work I found of particular benefit was that of Burnham and Milward, and Carew and Weiler.³ However, as time progressed so did my interest in background literature and academic debate. While the main source of literature I drew remained that on the Marshall Plan itself, I became interested in how my work fitted in with that of economic historians such as Broadberry and Crafts, in particular over the debate on postwar productivity.⁴ Another direction my interest took me in was on international political economy reading on postwar hegemony, with the work of people such as Robert Cox, John Ikenberry, and Charles Maier.⁵ This influenced the choice of topics covered in the introductory chapter. While the breadth of reading necessary to cover all these fields proved frustrating, as

³ Peter Burnham, *The Political Economy of Postwar Reconstruction*, London: Macmillan, 1990; Alan Milward, *The Reconstruction of Western Europe, 1945-1951*, London: Methuen, 1984; Anthony Carew, *Labour Under the Marshall Plan*; Peter Weiler, *British Labour and the Cold War*, Stanford: Stanford University Press, 1988.

⁴ For example, S.N. Broadberry and N.F.R. Crafts, 'Explaining Anglo-American Productivity Differences in the Mid-Twentieth Century', *Bulletin of the Oxford Institute of Economics and Statistics*, 1990, Vol.52, No.4; 'British Economic Policy and Industrial Performance in the Early Post-War Period', *Business History*, Vol.38, No.4, 1996, pp.65-91; Crafts, "'You've Never Had it so Good?": British Economic Policy and Performance, 1945-60', in B. Eichengreen (ed.), *Europe's Postwar Recovery*, Cambridge: Cambridge University Press, 1995, pp.246-270.

⁵ Robert Cox, 'Labor and Hegemony', *International Organization*, Vol.31, No.3, 1977, pp.385-424; *Production, Power and World Order*, New York: Columbia University Press, 1987; John Ikenberry 'Rethinking the Origins of American Hegemony', *Political Science Quarterly*, Vol.104, No.4, 1989, pp.375-400; Charles Maier, 'The Politics of Productivity: Foundations of American International Economic Policy after World War II', *International Organization*, Vol.31,

there was always so much that I did not yet know, it also meant that it was easier to maintain impetus and interest in the thesis as it was constantly evolving. As time went on it also became clearer to me where this work fitted into various debates and fields. Thus, my work became a synthesis of literature from the fields of international political economy, international relations, contemporary and labour history.

3. Doing the Research

I spent the first two terms of my PhD research reading secondary sources. This was necessary to give me a 'feel' for my topic, as I had hardly any background knowledge about trade unions, the international trade union movement, the early postwar period or the Marshall Plan.

In the course of the first year I wrote three descriptive pieces for my supervisor before I produced a serious attempt to delineate my precise focus. This was largely because of teaching commitments and because my topic had shifted so much in focus, but also partly because I lacked the confidence to commit myself to explaining what my thesis was about, and it took a while for me to have substantive ideas about how to interpret my research. By the summer of the first year I had produced a literature review that I was fairly happy with in which I set out my main theme and how this differed from other people's work. This literature review actually proved invaluable for reminding myself of what I was

supposed to be doing every time I had been away from the research for a while in my second year and felt that my topic was drifting.

Archival work

My primary research began about ten months into the PhD. This was because my focus had shifted so much that I did not feel prepared to work through archival holdings until I had a clear idea of what I was doing. Most of the archival work I carried out was on the Trades Union Congress (TUC) archive at the Modern Records Centre at the University of Warwick. As I was based at Warwick for the first two years of my PhD, it was fairly easy for me to work there whenever I had time. Initially, I was reluctant to use the Modern Records Centre, finding the whole idea of doing archival research a little off-putting. However, once I had grown used to the place and could find my way round their cataloguing system I found that I actually enjoyed it. During the summer of my first year of study I visited the Modern Records Centre intermittently to ferret around in the files. By the following spring I was spending as much time as possible there, and feeling that I was making solid progress finding relevant information. A work pattern emerged such that I would spend all my time in the archives for about a fortnight, reach saturation point, and then have a week away from them. The amount of information I gathered from the archives varied. Sometimes I would use files that were a goldmine of information, and sometimes I would spend what seemed an eternity working through files that turned out to have nothing much of interest. This, I have since realised, is typical of archival analysis.

How I used the archives

Before ordering files I would spend a considerable amount of time looking through indexes and guides to see which files might be of interest. Some of my references came from secondary accounts I had read, some from conversations with archivists, and some from my investigations into the archive guides. Once I had ordered a file I developed a process of having a quick look at the file as a whole, and then writing down all the required references for it along with a two sentence description of what it contained. After that I would work through the file, sometimes fairly quickly, but often very meticulously, depending on how relevant I felt the file to be. This was a very time-consuming process, and is also quite tiring. Sometimes I would order a file which would turn out to be huge, in which case I could feel a little overwhelmed, and sometimes a file would consist of no more than three pages. One problem I found was that often the files that I had assumed would be particularly relevant were not so, whereas others I just happened to look at on the off-chance were very valuable. This would suggest that there were other files I did not look at which may have contained useful information. It was not always possible to tell whether the information I sought had ever existed, had been shredded, or whether it was kept elsewhere. Also, it was not always obvious that a document was important until I had looked at other files, which meant that to start with I would often have to return to files I had already looked at to reconsider their significance. In the case of TUC files in particular, it was often necessary to work on several files at once as they contained different types of documents relating to the same issue or event, and did not make sense in isolation from one another. I found that the more archival work I did the easier the process became. Whilst at first I found it difficult to

know what to look for, or how to assess the importance of documents, this improved with experience.

The archive sources I used

The main archive repository I consulted was the Trades Union Congress archive at the Modern Records Centre. This contained information on TUC activities relating to the Marshall Plan, on its relationship with unions in Britain, and its relationship with other national union centres and the organs of the international trade union movement. Two of the main topics of interest were the involvement of the TUC in the Anglo-American Council on Productivity, and the European Recovery Trade Union Advisory Committee. Other sources that I used at the Modern Records Centre included the files of the Federation of British Industries (the predecessor to the Confederation of British Industries), the files of individual trade unions, especially engineering, of local Trades Councils, and of individuals who had been prominent in the union movement. I also looked at items such as the Trades Union Annual Congress Reports to see what resolution had been put forward at Congress, and also at journals and papers relating to the union movement. The types of documents that I consulted included minutes of meetings, internal memos, letters, published and unpublished reports, conference resolutions, pamphlets, and newspaper and journal articles.

Other archival sources included the TUC library at the TUC headquarters in London. This did not contain much in the way of official records, but did have copies of relevant published pamphlets, and importantly, the Productivity Reports of the Anglo-American Council on Productivity. I consulted the records of the

Labour Party and the Communist Party held at the National Museum of Labour History in Manchester, official documents at the Public Record Office in Kew, and holdings of various individuals held at the British Library of Political and Economic Science (at the LSE). I received funding from the Leeds Politics department for a trip to consult archives at the International Institute of Social History in Amsterdam. This turned out to be a wonderful place to work, but I found that the documents I consulted there on the international trade union movement were duplicates of items already covered at the TUC archive at the Modern Records Centre. While this was disappointing, it was also reassuring, implying I had covered my sources thoroughly.

I found a number of differences between the various archive centres that I used. Most were very pleasant places to work, in particular the Modern Records Centre and the International Institute of Social History, but my experiences did vary. Some, especially the Public Record Office, have very strict rules and regulations about using documents, whereas others have a more relaxed approach. One of the main problems I found was that of photocopying documents which were of particular interest to me: strict copyright rules have to be complied with and it tends to be an expensive and time-consuming process at archive centres. Further problems arise the way in which the files are indexed. Some archival centres have very easy to use guides, others are often rather vague, cataloguing large groups of files under one heading. The main set of archives that I needed to consult in Amsterdam were in the process of being catalogued, and at one archive centre I used some groups of documents had no referencing system. This means that the

process of working out which files are likely to be of interest and recording correct reference numbers for them can be extremely convoluted and frustrating.

4. Methodological Questions

At the beginning of my research I felt rather isolated in a Politics department studying a historical topic. I could not consult new data sets that I could have gained through survey analysis (of which I had a little experience), with the consequent statistical analysis that I could have used to impress myself and other people. Instead I was re-evaluating and re-interpreting existing information from the late 1940s and early 1950s. I was anxious to avoid using an ad hoc historical descriptive narrative, and to take a more rigorous approach in which I would explain the significance of events. The best way of describing my approach is as a 'narrative-analysis-interpretation structure', that is, I was 'telling a story, trying to develop a reasonable explanation for the observed phenomena in the story, and then discussing whether that explanation supports or diverges from previous explanations, and whether it is generalizable to other cases.'⁶ I found that I was coming up with hypotheses that I was trying to test: I was looking at past events, but trying to do so with the analytical skills I had learnt from my study of Politics. This was actually very difficult, as I found it much easier and less intellectually demanding just to tell a story or describe events rather than to analyse and to lay out hypotheses that could be tested. Rather to my surprise I found that this approach was being recommended when doing historical research in education:

⁶ Email from Tom Nichols, to the H-Diplo email list, re 'What Makes Good History?', 9 November 1991.

A fact that many students fail to realize is that historical research usually requires the setting up of specific, testable hypotheses. Without such hypotheses, historical research often becomes little more than an aimless gathering of facts. In searching the materials that make up the source of historical research data, unless the student's attention is aimed at information relating to specific questions or concerned with specific hypotheses, [s]he has little chance of extracting a body of data from the available documents that can be synthesized to provide new knowledge or new understanding of the topic studied.⁷

Having completed a considerable amount of secondary reading and thinking before I launched myself into the archival work, I found that I was working with a set of hypotheses and ideas, whether I was always fully aware of them or not. I found it helpful to try to keep these in mind when looking through files, as it was very easy to just note down a lot of information without really thinking where it fitted into the wider picture of my research. When I approached files because I thought they might possibly be interesting but was not sure why, and did not stop to think about why the information might be relevant or useful, I often felt that I had been wasting time. I found the work most rewarding when I had a focus, made a conscious effort to analyse the information as I went along, and tried to relate it to the broader picture of my research as a whole.

One aspect of using documents that did concern me, especially at the beginning, was whether or not I was being 'objective' in my research. The only primary research I had carried out before I started the PhD was of a quantitative, not a qualitative nature, and I was concerned that my findings would be too much based upon interpretation. Mapping out my ideas before consulting the files

⁷ Walter R. Borg, *Educational Research: An Introduction*, London: Longmans, 1963, pp.189-190

helped in this respect. I do not feel that this biased my work, as I constantly reviewed my ideas and hypotheses in the light of information that I gained as I proceeded with my research. Furthermore, without delineating my own ideas and concerns before approaching the archives it would have been very easy to simply assimilate the theories of the academic accounts I had been reading in my study of secondary work.

Another problem arose over my intention to gain as much material as possible about what the rank and file of the trade union movement had felt about the Marshall Plan, and to trace the dissent voiced over the Marshall Plan. I was attempting to combine the study of 'high politics', of the Labour Party and trade union elite, with that of the social history of the working class. However, as Middlemas puts it, 'Between the two lies a gulf both in method and understanding.'⁸ Firstly, the very nature of archives means that they tend to be kept by elite groups in society, so discontent was not so likely to be found even when it had occurred. Secondly, the types of records kept by the two groups vary enormously. While there was a massive amount of information on the Marshall Plan, and the government's economic and foreign policy in the TUC archive, the records of actual trade unions tended to focus on local issues, such as conditions at work, rather than on government policy or the TUC's activities in the international arena. Another problem was that as I was trying to analyse the documents from a political science viewpoint, I was constantly on the look-out for examples of the exercise of power, which involved tracking down instances of discontent. This was particularly difficult, for of course power can be

exercised without the recipients being aware of it. For this reason, I found that my desire to focus on what the rank and file felt could not be realistically met. Hence, I found that my work reflected the views and interests of those in positions of leadership in the trade union movement. This led me to change my focus slightly: instead of basing my hypotheses over the extent of the discontent over the Marshall Plan, I looked at the ways that the TUC and the Labour government had operated to keep potential discontent out of the political arena.

5. The Final Evolution of my Research Topic and Hypotheses

As mentioned above, I found that my desire to track the degree of discontent over the Marshall Plan was unrealistic given the nature of the resources I was using. I also found that my whole standpoint on the impact of the Marshall Plan on British trade unionism meant that I was placing trade unions in a passive role, being 'impacted upon' rather than being pro-active themselves. I became increasingly unhappy about this aspect of my research. The information that arose from my archival research did not present such a picture. I also found that this approach implied that the United States had used their position to influence not just British trade unions but the Labour government as well. This also did not tie in with the viewpoint I was formulating from my archival research or from my secondary reading. While I had not necessarily found that my original hypotheses were wrong, they did not seem to be the most interesting or most pertinent in the light of my research.

⁸ Keith Middlemas, *Politics in Industrial Society*, London: Andre Deutsch, 1979, p.12.

As the third year of my thesis work progressed, I came increasingly to the conclusion that I wanted to relate my work to the literature about American hegemony in the postwar era, rather than focusing purely on internal events in Britain. This interest in international relations, and a rethinking of my research hypotheses, led me to the conclusion that my research findings had changed shape again. Thus, I developed my research hypotheses in a different formulation, which involved relating them back to the concept of not only power, but hegemony. Firstly, I was interested in the debate over whether the United States had been able to use their hegemony, specifically through the Marshall Plan, to force the Labour government to act in ways it would not otherwise have done. Secondly, I was interested in the way that the Marshall Plan had been used by the TUC and the Labour government to establish their hegemony over organised labour, which involved shaping the political agenda to prevent discontent arising in the first place. This led to the evolution of my final research hypotheses. The first, which arose largely from the secondary reading that I had done, and is to a certain extent a pre-requisite for my other main research hypothesis, was that the British government, while welcoming the stability that US hegemony provided, was largely able to resist unwanted American influence exerted through the Marshall Plan. The second, which arose from my primary research, and is more central to the thesis than the first, is that the centre-right of the Labour government and the leadership of the Trades Union Congress, through the nature of their close relationship, were successful in manipulating the whole issue of the Marshall Plan to restructure internal relations within Britain and establish their hegemony over the labour movement.

Conclusions

Overall, I found the research for my PhD far more enjoyable than I had at first anticipated. Largely this was due to my growing confidence over my written work and my ability to evaluate information from primary and secondary sources. While the changing nature of my research topic and hypotheses did prove problematic in that I had to get to grips with a greater breadth of arguments and literature, this too provided added stimulus to the research project in that I felt that my findings were evolving and improving over time.

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