

Interview

With

SIR CUTHBERT CLEGG

Member, Lancashire Mission to India, 1936; Cotton Industry Working Party, 1945-46; Cotton Manufacturing Commission, 1946-48; Anglo-American Council on Productivity, 1948-52; British Productivity Council, 1952-54.

London, England

August 13, 1970

by Theodore A. Wilson, University of Kansas

The Harry S. Truman Library

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CLEGG: The body that came to be called the Anglo-American Council on Productivity was set up at the instigation of -- who was then the Secretary of State?

WILSON: The Secretary of State then was [George] Marshall.

CLEGG: It was under the Marshall plan, or in conjunction with, but I'm trying to think who else was more particularly concerned.

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WILSON: Averell Harriman was a special representative...

CLEGG: I don't think it was Averell Harriman; I know him. He's a director in Brown Brothers, with very close relationships with the French Bank.

WILSON: Right.

CLEGG: No, there was somebody else.

WILSON: Paul Hoffman?

CLEGG: Paul Hoffman, I think was the originator of the idea, and the idea was this: During the war all industry had been geared to war production and no one had been able to install much new machinery for anything other than making of munitions. In other words, we had lost five years of what would have been technical progress, during which time you in America, with your much larger resources, had continued developing your technical processes,

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as well as your war production. Of course, that must have taken up a great proportion of your total production. Mr. Hoffman came over here, I remember meeting him, and addressed a joint meeting of the employers' bodies and the trade unions on this question. He said that if there was anything that the Americans could do they would be happy to do so, not friendly purely for altruistic motives, but because they saw everyone becoming very impoverished in Europe as a result of the war, and possibly communism might get a foot-hold over here, and then what might happen?

Anyway, they were concerned that the whole problem of prosperity should be built up again after the losses and damages of the war. Also, that they might make it possible for our management and labor people to see what had been done in America in the last five years in technical progress so that they could be better informed and copy it over here. I may be attributing things to

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him which subsequently Phil Reed said, who was the first Chairman. But what they said was that America was a free country and they couldn't guarantee that any particular company would be willing to help us over here, but what they had in mind was that joint parties of trade unionists and employers should go across to America to their own opposite industries; and go around works, so far as the Americans were willing to have them, which it turned out they were very good about, and see the latest processes and have any information that the company was prepared to give them about technical advances and methods of working and so on.

So, that was the start of the thing in 1948.

Next, about a dozen people were appointed from both sides. From the American side, Phil Reed, who was the chairman of General Electric at that time, was the chairman. Incidentally, I have not seen him for some time, but I met him and his

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wife when they were over here last year. Spencer Love, dead now, became a good friend of mine through this because I was in textiles and so was he. He was chairman of Burlington Mills. There were two or three other important industrialists whom I didn't get to know as well as Mr. Love. I stayed with Mr. Love several occasions at his home in Washington and once he took me down to West Palm Beach for a weekend.

Anyway, it was a matter of you would be able to get in touch with the man you wanted to meet if you haven't already met him with the others, if it's interesting. And then of course, there was a question of the labor side.

We said, on the British side, that if this was going to involve increased productivity, which was one of the objects, that we must have the support and participation of our trade unions. Also we would like them to sit in on this as members from the start. This frankly was a bit of a shock to

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the members from America who weren't accustomed to doing this in the same way that we'd become quite used to in this country. In fact, this made some sort of history in that this was the first time I think that employers and trade unions in America sat around a table to discuss problems of this kind.

WILSON: Yes.

CLEGG: Furthermore, at that time, there was a split of your two big labor organizations in America, you had the AF of L and the CIO, and they were not very friendly. You probably know all about it, so why am I telling you?

WILSON: Yes.

CLEGG: But briefly the AF of L were craft unions and the CIO were the big...

WILSON: Industrial trade unions.

CLEGG: They didn't like each other very much at any

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level. Subsequently, of course, that was forgotten about and they joined up together didn't they, and now are one. This partly came out of this experience. First of all they came over here for meetings, and on our side there were three members from the British Employers' Confederation and three from the Federation of British Industry who represented the commercial side. I was one member from the British Employers' Confederation representing the labor relations side, and on

the employees' side were four or six leaders of the trade unions. Your side came to be made up similarly, with Mr. Reed as the chairman.

Subsequently he didn't wish to be laying down the law from one side, so he invited Sir Frederick Bain, the senior representative from the Federation of British Industry, who at that time was vice-chairman of Imperial Chemical Industries, and Sir Greville McGuinness, president of the British Employers' Confederation, an engineer, to be

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chairmen. Thus, we ended up with three chairmen, if not four, but they took it in turns.

WILSON: Yes.

CLEGG: It was thought that this was a more friendly thing. To start with, it was Mr. Reed who took the lead in all this, and did it extremely well. We all got to like him very much and we had a series of meetings. The Americans came over here to London going through this whole idea and discussing how it might be operated. We decided that the thing to do was to form teams, about a dozen in number, from as many industries as would like to participate. In the event, the number got up to 66, so it was quite a lot. These teams would be composed of employers and workmen, from the trade unions, and they would go across to America. The steel body would visit as many steel works as possible, and then they would draw up a report, which would be published here

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for anybody in the steel industry, or anyone else, to read. Similarly, with all these other industries, textile and so on. When the first of these teams had been organized, and the arrangements made, we found that American companies were willing to open their doors to them. We went across as a body, at the same time to have a return series of meetings on further details and what might further be done with our American friends, and also to visit a few places where this team was going to, and see how they would get on.

In the event, I forget whether it was steel or what the first one was, but regardless, we went to a number of factories and we found that they were getting on very well, made good friends with the American opposite numbers, and this plan seemed worthwhile. If it hadn't at that point, we might have had to alter the arrangements or even call it off altogether. But that was not so, and I think that altogether 66 teams went

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across. Would it have been financed under the Marshall plan?

WILSON: Yes, I believe by the Economic Cooperation Administration.

CLEGG: It was the ECA that paid their fares and so on, and it was very greatly appreciated. I think it had a very good and lasting value because things were in a confused state here at the end of the war. Many of our labor friends were looking to Russia as being the great place, and there was this revulsion against Mr. Churchill in the 1945 election. They were thinking the Russians were the big boys, they were the chaps that really beat the Germans. I think people have

forgotten how close we were to thinking very highly of the Communists in that time -- a lot of people in this country.

This had an interesting sidelight later on because we went over to America at least once

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more as the thing progressed. I think, when about twenty teams had been over, it was thought that we ought to go again and see whether this procedure warranted improving or whether we should go on on the same lines, and if so, how many more industries wanted to send them.

Anyway I'm certain that we went twice, maybe three times, and the second time, coming back on the ship -- a little sidelight -- happened to be Mr. Ernest Bevin, who was Foreign Secretary at that time, and of course, we had our trade union members with us. There was Arthur Deakin, who was in the same union that Mr. Bevin had built up, the Transport Union Workers, and Tom Williamson, Lord Williamson now, who was the head of the General and Municipal Workers and Will Lawther who was the Mine Workers' secretary at that time. Anyway, they all knew Ernest Bevin very well, and Ernest Bevin at that time was getting a little bit infirm and he used to walk around the deck of the

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ship with a stick and watch us sling deck quoits and play deck tennis and then he'd ask us down to his cabin for a glass of sherry or a cup of coffee, and so we got to know him quite well. He was just on his way back and he had been Foreign Secretary then for a year or two. He did a great service to this country in that the trade union people took what he said, I mean they trusted him. He said to me, "You know, when I first took office, there was this question of closer relations with the Russians, which our people were so keen on in the Labor Party. I went over to Moscow and I stayed there for a month, and really didn't get anywhere at all with them." He said, "So I said to" -- I've forgotten whether it was Molotov or who it was at that time. I said, "Well, look, we haven't really got anywhere here. Speaking for myself, you're coming over to London in six months time; I shall have another try then to come to some understanding with you. But, if that fails I shan't

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try anymore." Well, he said that he made arrangements and nothing happened and, "I didn't try any more." He said, "Now I've been over to Washington," and he said, "I was very well received there and I think we can really get along better with the Americans."

Well, that was an interesting comment.

WILSON: Yes.

CLEGG: Well, anyway going on about productivity, it went on until 66 teams had been and published their reports, which created a lot of interest over here. The trade unions, having been involved in it, came back and spread the gospel by saying, "Well, look, we've been around these American works; we know that they're producing more than we do here, partly it's because they've got more modern machinery, partly because they've got new methods they've found in

these last five years, probably it's because they work harder or whatever," but at any rate they gave their own opinion. They didn't just say, "Well, the boss

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has been over, he says they work much harder than we do, we don't believe him." That's the essence of the thing, getting them together. So they talked to their own people very sensibly, and I think the whole thing had a very good effect on British industry at that time, which is a little difficult as we look back, the atmosphere is so different now. Granted we still have our troubles here in the docks with the container ships, but at least there is a better understanding than the one we had before.

WILSON: That raises a question, your reference to container ships. I assume that one of the points which came out was the matter of simplification of duties on the American side, which might have meant that some persons in a particular industry would lose their jobs; they'd be moved to different jobs. Was there a difficulty about this?

CLEGG: This was a very important point, very much

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in our mind, and very much in the minds of the trade union people. This is a good point to fix on, because when they went to American works, what they would be told by their opposite numbers on the trade union side was, "Well, yes, it's true. One man is producing much more now and you think therefore that there would be another man out of work. In actual fact, that's not been our experience, because where we can produce more, we find we can sell more. The bigger output of the articles, of the productivity was really being increased you can reduce its prices. You can sell more, and in fact, we find that where there has been increased productivity there is not a loss of labor; in fact, more labor is required."

WILSON: Very good.

CLEGG: This is a point which was very important to be made from the labor side to the labor side, because they wouldn't have believed it from

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employers or politicians.

WILSON: Yes. That's very good.

CLEGG: It's an interesting thing to us as employers to see the different way that labor relations have progressed in the States to here. In some respects I think we are ahead of you, certainly in our more friendly relations with better cooperation from trade unions at that time. In other ways, of course, your trade unions are much ahead of ours. I met your trade union people, went out to tea with them and talked, and it was very interesting. In some cases where an American town had an industry located there, and this plant was doing badly, through bad management or whatever reason, your union people took the view, "Well, this is no good to our members; this

plant is going to go out of business, it's going to go bankrupt." So in the early stage, they started putting in consultants of their own,

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experts on production and so on, and going along with the manager of this firm and saying, "Look, if you allow us to put our consultants in, we will try to find out what's going wrong here, and help you. Maybe after that, when you get prosperous, we shall come along with fresh pay agreements, and our chaps will get more because they're not going to be out of work." Well, this was something which our people hadn't thought of at all, and that point was interesting.

Another point which surprised our people very much was that how much better pay their opposite numbers were making in trade unions. Our trade unions paid their leaders very poorly and still do, with the result that they don't get as good trade union leaders as they ought to have. At that time, fortunately, we had a particularly good lot, in Deakin, Lawther, and Williamson -- level-headed chaps. But Deakin told me that the most that Ernest Bevin ever got when he was leader

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of the biggest union in the country, was £1,200 a year and a car; that's possible of course, and so it's not very much.

WILSON: That's amazing.

CLEGG: And they found that often some American trade union leaders got five or ten times as much.

WILSON: Oh, yes, easily.

CLEGG: I remember one of them saying, after being down to see one of their union leaders, "Oh, they don't even have auditors." I don't know if that's quite true.

WILSON: Well, yes, that has led to some unfortunate situations.

CLEGG: I think when John L. Lewis was boss of the mine workers and if he wanted the Democrats to win, he just gave them a hundred thousand dollars.

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WILSON: That's right.

CLEGG: He didn't have to get anybody's agreement.

WILSON: I'm curious about the point you made earlier when these teams and the visits were set up, in a general sense, and perhaps in theory, it would not seem that American manufacturers would welcome this sort of thing. In a way it would result in increasing competition.

The administration was concerned, both British and American, that Great Britain develop its resources for earning dollars. But was there recognition on the part of the United such-and-such?

CLEGG: Well, this I think was largely due to the influence of Paul Hoffman, who I think said to your people over there, "Look, we've got to help these people, and this is the way I think we can do it." They got permission from influential people in industry to say, "Well, come on boys,

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we must do this."

No, I think it was very surprising. I mustn't talk too much like an expert; my visits to America really were comparatively short, less than a dozen in number, but I've always found your people are more willing to show people around their plants and explain the progress they've made; they are proud of this progress, very rightly, and I think not only with foreigners as we were, but with their own competitors, much more ready to discuss. I remember it was Phil Reed who made the point at one of the early meetings, as to a saying over here, that if you have a good idea and I have a good idea, we'll each only have one good idea, but if we tell each other about them then we've each got two good ideas.

WILSON: Yes. Yes.

CLEGG: In this country we've been very cagey with our own competitors and in our own industries. You didn't normally invite your chief competitors

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to come and look around the works and see the latest machinery you've got and how you thought you'd improved on this, that, and the other. This had that effect too, in this country, because when these teams came back, they went around to different companies, explaining the report and what they found, and this led to a much greater opening of doors between firms here, and swapping ideas. Finally when they got to the other chap's works -- believing that I've been your desperate competitor for 50 years, and I think I know a good idea, and you, poor chap haven't got any -- they found that he probably had all the things that I had and maybe some better ones as well.

WILSON: Yes.

CLEGG: I think there was the consequence of a very large alteration of the climate of opinion over here. People are much readier now to discuss their problems with their competitors and publish

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the results of work done and improvement made. Obviously when some things had a lot of hours of the day spent on it, and people don't want to give away latest formulas for some new chemical, you can understand. But as far as General Electric, I think there was very much less an attempt to secrecy and everyone was better off.

WILSON: Was there any difficulty about so-called rationalization? That is, did the teams coming back to Great Britain at any time say, "Look, in this industry you've got excess capacity;" that is I'm asking, was there a planning aspect to all of this?

CLEGG: No, there wasn't really. That could have arisen, and probably did, in different industries, discussing the position when the teams got there. Undoubtedly it did arise. I was concerned with textiles. You remember before the war how the Japanese textile industry was undercutting

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everybody else in the whole world, and they got very unpopular as a result. This is another thing that the American plan led to. There was a lot of mention of American productivity. During the war the Japanese were very short of metal for munitions. They scrapped a lot of their textile machinery, used the metal for shells and guns and after the war they were going to have ours, instead. They even asked, perhaps you as well, how much machinery do you have? It didn't turn out that way, fortunately, and so after the war, about 1950 or '51, when MacArthur was still in Tokyo you had a big orientation there building up the Japanese economy again, putting them on their feet. I always thought that this was a friendly and generous gesture. But anyway, again it was thought, "Well, they might go Communist or something." Thus, a joint party, from the British textile industry and the American textile industry, about six of each went to Japan and there was a

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trade union member with us who was also a member of Parliament. Because of this they could see this side as well. This was a joint Anglo-American body, and we went to Japan and met the leaders of the Japanese textile industry and said, "Now, look, you're going to be built up again, with American help; we would strongly advise you not to get in the position again that you got in before the war when everybody in the rest of the world hated the word 'Japanese textile,' and did all they could to put up tariffs and barriers and quotas against you. If you don't build up quite to that extent, I mean build up to a reasonable amount, all right, but don't go beyond that under recognition of our figures with them, otherwise you'll have excess capacity. You'll have overproduction of your own industry here and you'll have hostility around the world again."

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Well, I must say this fell on deaf ears really. They did exactly what we had asked them not to do; I think with some encouragement from MacArthur's team, who at that time thought we were perhaps being a bit pessimistic.

But anyway, they admitted too late when some of the Japanese came over here, that they had gone too far. They had to seal off spindles in the cotton spinning industry because it got too many again, and they were running into trouble. They would have been better not to have spent so much money on this equipment, to have stopped at 30 percent perhaps less, than what they got to. And they could have put it into some other things.

WILSON: Yes. Yes. Well, it's had an unfortunate...

CLEGG: Anyway, that's part of history now; that's been about 20 years ago, that's an interesting little episode.

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WILSON: The question arising from that is, you described the situation in which American businessmen were quite willing to assist you, in raising productivity, very generous. On the other hand, there was a considerable difficulty in the matters of tariffs, particularly textiles and in some other fields as well. In a way that's a contradiction.

CLEGG: Yes.

WILSON: Was this recognized as a contradiction by the people with whom you talked, or did they just say...

CLEGG: Oh, I think so. We talked quite frankly about every subject. When they came over here first, they were here for a week or ten days, and similarly when we went over there we met with lunch and dinner and other formal meetings, and got to know them very well. Spencer Love was particularly kind to me; and I stayed with him

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several times, and he said anything that I would like to see myself in any of his plants, I could. We discussed all these problems very freely. I think it was realized that that was just another facet of the thing which maybe had some difficulties, but of course, that wasn't the point that we were perhaps seeing.

WILSON: One of the problems that we've faced in studying this period is that the administration's position seems to be one of basically free trade, that is, more efficient industry should have an opportunity to sell anywhere. And yet in several key industries and in agriculture, as well, there was considerable American protectionism, and as well some of these other stipulations by Americans: send 50 percent of American aid in American bottoms and this sort of thing.

CLEGG: Yes, it does.

WILSON: There's not a rational approach but perhaps

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an understandable one, given special interest groups.

CLEGG: Yes, well, I think that your difficulties were appreciated over here about that and it was just hoped of course, that the tariffs would be lowered and all that was possible and that wasn't part of our official discussion.

No, it was just set up to do a job; when it had done the job it was reckoned that after these 66 teams had been across that was about all that wanted to go, and that covered the vast bulk of

British industry. So it was agreed that the thing should come to an end. We kept on a body in this country to continue the good work over here jointly with the trade unions which was called the...

WILSON: Were you a member?

CLEGG: I was a member of it.

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WILSON: The British Productivity Council.

CLEGG: The British Productivity Council, that's right. That went on for two or three years so as to just keep the momentum going.

WILSON: Yes.

I wonder if I might ask one question, going back to the first comments you made? At the end of the war, in the immediate postwar years, when there was thinking in this country about following the Russian example, of how much importance was the concern that there would be a recurrence of depression in the Capitalist world, that perhaps the war merely postponed economic problems of the thirties for the Western...

CLEGG: I think everybody was concerned with that in the back of their minds, of course, of the possibility. Immediately after the war there was so much leeway to make up that that wasn't really in the forefront of our thoughts over here. I mean

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we had clothes rationing, we'd had food rationing; it went on till 1948, '49. We couldn't buy enough sugar or butter, and I remember on the first trip what my wife said to me, I said, "Well, now, can I get you anything in America?"

She said that she'd like some nylon underclothes, because you couldn't get very much over here, and she said, "Send me some sugar for goodness sake."

So I asked the hall porter at the hotel in New York when I got there, "Where can I buy some sugar?"

He said, "Why do you want to buy sugar, don't you like what we've got in the hotel?"

I said, "It isn't that, I want to send some back to England." He thought I was just plain crazy.

Anyway he said that I could go to Macy's. So, I went to Macy's and I said, "Could I buy some sugar? Can you post it for me to my wife

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in England?"

They said, "Post sugar? Why do you want to post sugar?" They couldn't understand it.

So I said, "Never you mind," I said, "she wants ten pounds of sugar over there," so I said, "can you post it?" So they did.

And she was very glad to have it because as rationing went on and clothes rationing went on, for several years I suppose, and there was a great shortage of everything because shipments hadn't been made, and everyone that could be, was put on war production. Textile mills were making cloth for parachutes and uniforms and not nylon panties or anything like that. So there was a lot of leeway to make up. That was one of the points when I was talking about the Japanese, you see, that at that time in 1950-51 there was still plenty of demand for everything. One of the things we said to them, "Well, this won't go on forever; overproduction in some things will come about,

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then do you think there's going to be a demand for every yard of cloth that could be made, indefinitely, maybe now." And of course, that happened, about '53 or '54 I suppose, production began to overtake the demand. But of course, we never got back quite to the depression of the thirties.

WILSON: Did you find that the Americans with whom you deal misunderstood this situation here. Some persons with whom I've talked to have said that they were always surprised that Americans confused Socialists, your labor government, with communism, and that they mixed up these situations.

CLEGG: I don't say they did. And of course, I think some of the left wing Socialists were very much attracted to communism at that time; as I said about Ernest Bevin, they were. It was very much like that, after all aren't the Russians really the

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chaps and there's something in communism? We had, oh, two or three Communist members of the Parliament, which we don't have now; there was a considerable amount of hardship one way or another, people were short of things to eat and everything else. And those conditions as Paul Hoffman and Phil Reed said, "That's the way communism got going."

WILSON: Right. Right.

CLEGG: People say, "Well, we can't be worse off than we are now, let's try the other thing."

WILSON: Yes.

CLEGG: I think they were perfectly right; it might have gone that way. Although I think we've got a lot of Communists here who are all a nuisance today, they're only a small minority and not much regarded by their fellow workers.

WILSON: The trade unions here did take, ultimately,

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a rather strongly anti-Communist stand.

CLEGG: Yes, Yes. Largely thanks to Ernest Bevin and to these trade union leaders, the leaders of the teams at that time, who were I suppose (what would now be regarded) rather right wing, Williamson and the man who died last week, Lincoln Evans, an extremely nice man. He was a steel workers' fellow, very level-headed, decent chap and sensible. I thought an awful lot had to be done to put this country on its feet again, still has you might think, but at least this was a helpful step.

WILSON: Well, I thank you.

CLEGG: Right. Well, is there anything else about which I can help you?

WILSON: No, I think that what you've said has been very helpful and we want to give full attention to this subject. It was one of the important ones I think in this productivity drive.

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CLEGG: I think it was at that time and it had continuing effects; it's history now, but it's...

WILSON: Yes.

CLEGG: It was important.

WILSON: This notion or this slogan of trade, not aid, was principally based upon these sort of...

CLEGG: Based on this sort of thing, not throwing money over here as has been done, I think, with a lot of other countries a little bit recklessly perhaps; in fact a lot of it's been wasted and America for all her generosity has had little thanks for it. But this was significantly different.

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