

"Higher productivity is the brightest hope for every man, woman and child that the standard of living can be maintained and improved. Its importance . . . cannot be exaggerated."

(*The British Productivity Council—consisting of employer and union representatives.*)

FAITH and BULLDOZERS

THE British peoples—and this includes Australia—are dangerously complacent about the matter of productivity.

Since the war they have paid lip-service to its importance but, on the plane of national policy, they continue to show a strange reluctance to do anything positive about improving it. Words and exhortation have not been wanting. Productivity, it is conceded, is all-important; that better living standards can come only from more production is a truth so obvious, surely, as to be scarcely worth emphasising. But as soon as any step to improve productivity conflicts with some well-entrenched vested interest—as most steps to improve productivity inevitably do—then it is not the vested interest but productivity that must be sacrificed. If some measure which would increase output per man conflicts with the everyday convenience of the Australian public, or with the colossus of government cash hand-outs and other social benefits, or the exorbitant number of statutory holidays, or the archaic body of industrial practices to which the trade union movement so obdurately clings, or the immunity of a particular industry from competition—if the measure to improve production threatens to trespass on any one of these close preserves it will receive the coldest of possible receptions.

Yet, if the British peoples are not to sink to the rank of second-rate industrial power within the next decade or two, there will have to be a startling transformation in public attitude toward this question. And all human experience shows that no matter how rich a nation may be in spiritual capital, without the backing of economic strength, it can, when the cards are down, have little influence on the trend of things in this cold, hard world.

THE harsh truth is that with every year that goes by the gap between American productivity and productivity in the British countries grows wider and the prospect of these countries retaining their position as a front-rank economic power grows dimmer. Apart from all the other things in her favour the United States possesses a tremendous advantage by the very fact that she is already well out in front. That wealth makes wealth is as valid for nations as for individuals. The person who accumulates wealth finds it much easier to amass more wealth than the person with modest means, even though the two may be equal in acquired skills and native ability. The same applies to nations. Wealthy nations can afford to save more, and, saving more, are able to invest more in research and equipment than the poorer nations. As capital accumulation per head grows

more rapidly in the wealthy country, so does production per head. As production per head expands, so do the equipment and technical "know how" which make possible still higher production. In economics there is a happy spiral of rising productivity as well as a vicious spiral of rising prices. The productivity gap between the wealthy country and those not so wealthy thus widens by a sort of natural process. This is exactly what is happening today in the United States vis-a-vis Britain and Australia. Every year the additional aids to production supplied to the American worker greatly exceed the additional aids made available to the English or Australian worker.*

Economists, of course, have noticed and measured this tendency. But in doing so, they have helped to give rise to one of the greatest superficialities in popular economic thought over the last decade. This is that differences in production per head among different countries can be attributed simply to differences in the quantity and quality of machines and equipment available to the workers of those countries. According to this view American production per head is much greater than other countries basically because the American worker has at his elbow more and better equipment and more horse-power to drive the equipment. Therefore, all that the lagging countries have to do is improve their tools, increase H.P. per worker, and production will rise accordingly.

This is, of course, no more than a truism. *It doesn't provide even the germ of an answer to the ultimate question of how the workers are to be provided with more equipment and more H.P.* It is easy to say that American productivity is high because the American worker has better equipment

*See graph, page 89.

and double the H.P. at his disposal. But that doesn't tell us *why* the Americans have better equipment and more H.P., or *how* Australian and British workers can be supplied with mechanical aids to production on the scale customary in America.

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ECONOMISTS have contributed little to the understanding of productivity and its underlying causes. The whole bias of modern economics has been to take the flow of wealth produced as a given amount and to analyse how this amount can be best stabilised in the interests of high employment and best distributed so as to satisfy the claims of reasonable equity. It is true, of course, that economics has recognised the relationship between productivity and real incomes and thus standards of living. The economist has also laboured, with some degree of success, at the complex task of devising satisfactory statistical measures of productivity. But economics has given only superficial attention to analysing the factors which determine the level of productivity and which account for differences as between countries.

Much of modern economics is concerned with the mechanical rather than the human aspects of economic life and it has achieved commendable success in devising measures and institutions for its regulation in war and peace, both within nations and between nations. But it has tended to neglect the study of the human element with which economics is, in the final analysis, mainly concerned. Economists can point with assurance to the factors which determine the rate at which the currency of country A exchanges for that of country B, but they have been unable to answer convincingly why output per head in, say, country

A is much greater than in country B. The psychology of people and nations in their economic behaviour, particularly in so far as it influences the quantity of wealth produced, is relatively untilled soil, a virgin territory awaiting investigation.

Now that there are some hopes of reasonable economic stability, and now that the mechanisms of social security have been established, economists may find that the most profitable field for exploration lies in productivity and the reasons why the peoples of one nation produce more than those of another. Economics has been of incalculable value to governments in establishing intelligent and workable financial, fiscal and social policies. Is it too much to hope that it can be of corresponding value in assisting governments to influence the amount of wealth produced, a problem which they are encountering great difficulties in solving?

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IT is not an easy problem. It is, for instance, no final explanation of the fact that Americans produce double the amount of wealth per head of any other nation to say that they do this simply because they work harder. If this is so, the question of *why* they work harder still remains to be answered. It cannot be because they have a greater store of cerebral and muscular energy. Nor is it sufficient to say that the Americans produce more because they plan their work more intelligently. If American production is better planned, surely this cannot be attributed to the reason that Americans have a monopoly of the higher intelligence.

One thing that does seem to emerge to anyone familiar with the American scene is the singular "material-mindedness" of the American people. The

American attitude of mind places great store on the material things of life and the human being is such that he will strive very hard to acquire that which he values highly. We can criticise this as "materialism" if we like, and, in fact, British people are inclined to assume, rather smugly, that they possess a clear-cut superiority over the Americans when it comes to matters spiritual. But whether or not we are "spiritually" superior to the Americans—which is by no means certain—we will have to accept the consequences of our attitude. We will have to be prepared to see the Americans draw further and further ahead in industrial progress, in the application of science to industrial ends, and in standards of living. But this is not an altogether pleasant prospect and certainly not one that those of the British heritage could accept without great affront to their pride and self-esteem. To the Americans, efficiency in production and the good standards of life which it makes possible open up spiritual horizons of their own. Those who would deny this would do well to call to mind the spiritual degradation to be seen among those peoples unable to supply themselves with a bare minimum of the basic necessities of life.

THE technique of American production is no secret. American industrialists have, in fact, always been generously open-handed in divulging details of their methods and organisation and in making their "know how" available to anyone who has been sufficiently interested to learn. In the past few years vast numbers of industrialists and technicians from British countries have gone to the United States, both privately and under government sponsorship, to find out what they can of American methods and technology. But to learn the technique of American

production is one thing. *To absorb the spirit and to comprehend the mental environment and the national attitude of mind which alone gives life and verve to the technique is quite another.*

America excels in production because its people place great store on the material things of life. But this attitude is, in turn, the resultant of many contributory streams, just a few of which we are only beginning to detect. A remarkable intensity of national pride is one—something we cannot yet parallel in Australia. A complete absence of the kind of class distinctions and the social rigidity and inertia to which they give rise, such as one encounters in Britain, is another—possibly the most important of all. The history of America represents, in essence, a revolt against the feudal tradition of Europe—strong traces of which still remain—and the fetters which this places on the full development of the individual personality. In America

“the ordinary man has the conviction that no gates may be barred to his entry. He feels that he has the right to experiment with himself. He feels the elbow room that comes from membership of a community that is dynamic in quality. Not only can he lift up his eyes to the hills, the community expects him to lift them up. That he has made his way forward gives him a title to pride; there is no assumption that he is moving outside the boundaries to which by his origins he ought to be confined.”

It is not an American who said this, but an Englishman and a socialist, the late Harold Laski.

That the desire of the ordinary person to make the most of himself, the urge to rise in the world, comprises a vital part of the American industrial scene there can be no question.

THE superior American capacity “to get things done” can’t be accounted for solely by techniques and machinery. Americans pull down one city building

and replace it with a 20-storey skyscraper, all within the brief space of 12 months. Australia! Well we know what has happened in Australia with the two or three large city buildings that have been commenced since the war. It would be wrong, of course, to concentrate the blame on the contractors or the workers directly concerned. Buildings in Australia are taking years instead of months to complete because of out-dated by-laws, because of interruption of supplies, lack of proper co-ordination in planning, because of jealousies between different authorities concerned—because, in other words, too few people are really imbued with the urgency of getting the job done as rapidly and efficiently as it can be done. *The fault can be really attributed to the whole Australian community, to something false in the Australian attitude of mind.*

We had the same experience with the preliminary planning of the Olympic Games site—a farcical, childish episode which brought us into disrepute abroad and which we would be glad to forget. The story was repeated with the Swan Street Bridge—the time taken up in construction became a standing joke. It is not suggested that these instances are entirely typical. If they were the Australian economy would simply not function at all. But they are far too frequent to be lightly dismissed.

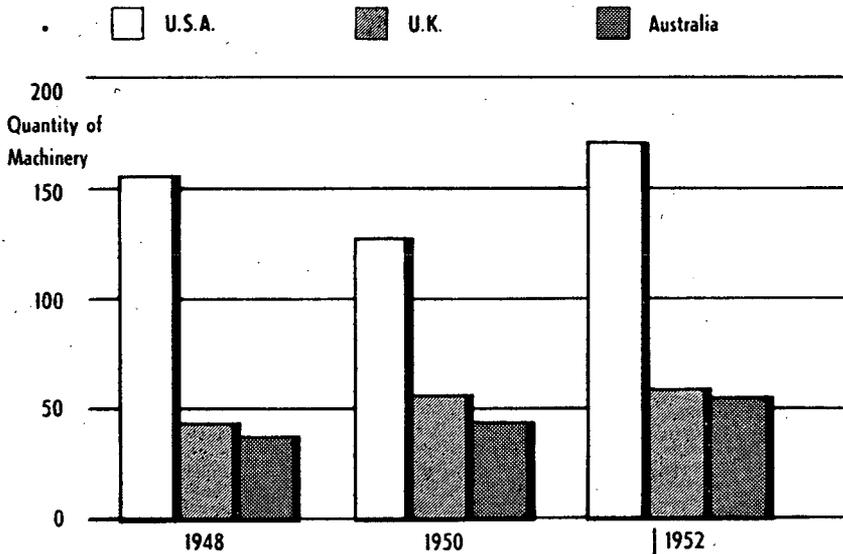
IF the British countries are to remain in the race with the Americans, and if Australia itself is to realise the glorious potentialities that it undoubtedly possesses, there will have to be a great change. There will have to be a national dedication to the goal of productive efficiency. There will have to be a revolution in the national attitude of mind. It is high time Australians ceased blaming the other fellow

for our failures in production and began to indulge in a little ruthless self-analysis. When they do, they will realise that those nations which excel in "getting things done" are aware of the supreme advantages of co-operation and the evil, destructive effects of unrestricted, sectional strife and disputation.

We have to learn the truth that, when all is said and done about

machines and methods and "know how," production depends on people. It will not flourish in an unsympathetic mental environment. There is no guarantee that the most efficient machinery manned by the best technicians will produce the best results unless behind them all are the drive, the urge and the will which can be supplied only by the human spirit. "It is, in literal truth, faith that moves mountains even when it employs bulldozers."

The graph below compares the annual expenditures by manufacturing industry on NEW plant and equipment per worker in the U.S.A., U.K. and Australia for the three years, 1948, 1950, 1952.



Sources:—U.K. and U.S.A.—Bulletin for Industry, May, 1953, prepared by the Information Division, the Treasury, United Kingdom. Australia—Commonwealth Statistician.

The basic data of this graph was converted from actual money expenditure in the countries concerned into real quantities of machinery and plant by the use of appropriate indexes.