

THE Report is concerned specifically with "industrial engineering," a generic term that apparently covers every phase of plant activity from product design to staff and employee relations. The basic objective of industrial engineering is the improvement of methods, but the authors of the Report make it clear that in their view the superiority and superior effectiveness of American methods spring largely from the economic and social background of the United States and that the industrial techniques in themselves, even if faithfully copied by other countries, may not be sufficient to produce American standards of productive efficiency.

Among the special features of this economic-social background of American industry to which the Report refers and which seem to us of particular importance are the following:—

1. The highly competitive atmosphere of industry.
2. The lack of rigid stratification in society.
3. The high general status accorded to business and industry.
4. The willingness to take risks.
5. Lower direct taxation.
6. Less government control.
7. The comparative lack of restriction in industry.

Some will be surprised that this list does not include the great size of the American market. But this, says the Report, is not as significant as is popularly supposed. The advantages which arise from it are to some extent nullified by the high transport costs caused by the huge area of the country and its scattered population.

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THE strongly competitive character of American business is of outstanding importance. "It is our opinion that, more than any other factor, competition provides the drive for the more frequent analysis of costs and the application of industrial engineering techniques in the United States, and the constant effort to achieve the most economic usage of men, materials, machines and money."

But why is American business so competitive? One of the influences, says the Report, is the anti-trust legislation which prevents too great concentration of power in any one market in the hands of one firm and prevents price arrangements between firms. Contrary to a widely held popular belief, the Report affirms that the bulk of industry in the United States consists of small and medium-sized firms. *There are 247,000 manufacturing firms in the U.S.A.; 237,000 have less than 250 employees.* Even in industries, such as automobiles which are dominated by a few giants, competition is intense.

The Report makes an important reference (especially significant to Australia in view of the stand taken by the Government in the last Federal Budget) to the shorter periods over which plant and equipment can be written down for depreciation. *"This is based on the American attitude that it is more important to replace plant when obsolescent because of technical developments than to wait till it is worn out."* . . . "One of the major complaints of United States businessmen is that the rate of depreciation allowed is still not rapid enough."

The Report discusses the influence of what it calls the "non-stratification of American society", a polite way of referring to the absence of defined classes and the "sense of class" still so prominent in European society. This is, in our view, so important in its effect on productivity, that the Report could, with advantage, have analysed it further. It does, however, make reference to two important characteristics of the American attitude that arise from the "classless" nature of American society.

One is the "material mindedness" (our own phrase) of the American people. In the words of one American authority: "People have learnt to want things." "The characteristic drive", says the Report, "for ever-higher material standards is a potent influence."

The second facet, and one connected with this urge for higher standards, is the strong ambition of the average American to make the most of himself, to get on in the world — the well-known "log cabin to White House" saga. Of course, this feeling can only reach its most intense expression where the

pathways to high ambition and achievement are kept clear and open. The Report comments: "The undoubted greater opportunities compared with Britain to rise from the shop floor to senior management positions is due not only to the expansion of business but to the lack of social barriers." In Australia there is ample opportunity; the social barriers are, by comparison with Britain, negligible; but is there a sufficiently strong desire on the part of the individual Australian to grasp the opportunities that exist? For instance, does not the intense trade union organisation in this country and its effects on the mental attitude of many of its members, place limits on ambition and restrict the complete development of individual talent. Certainly there is no lack of political ambition on the part of the trade union official. But what of the business ambition of the ordinary trade union member? Is it restricted by years of indoctrination in trade union ideas and conceptions? And what is the effect of the strong emphasis on security and the welfare state in this country? Does this weaken ambition and the readiness to incur the risks which go with the pursuit of ambition?

The standard of American industrial management is high. By and large, the American business approach seems to ensure that the right men get to the top. The Report asks how this is done: "We believe that the answer is twofold: competition and good selection. The reward for men in top positions is high, salaries of senior executives are much more generous than is usual in this country and personal taxation is less punitive. Reward is nearly always related to the results achieved; and, as elsewhere, the sky is often the limit Youth is no bar to advancement A good executive was defined to us as one who is 'dissatisfied with the present method of doing anything'."

The Report discusses two significant aspects of American business — its willingness to take risks and its surprising readiness to "open the doors" to competitors. On the first we quote the words of the Report: "It has become a commonplace to argue that the American industrialist is more willing to take risks than the British. This is because he knows he can make mistakes without losing face. He himself does not consider his decisions unduly risk-taking, though the British in-

dustrialist may, because they are determined by an investigation of market possibilities. What may be peculiar to the United States is the confidence which the businessman has in his calculations."

Is it not possible (although the Report makes no comment on this) that the American attitude, the sense of adventure, may be stimulated by the lure of greater rewards because of lower taxation and a higher general level of acceptable profit? Compare, for instance, Australia, where the levelling instinct is so strong and where good profits are often greeted with a storm of disapproval. Can a community have it both ways? Can a widespread, if largely tacit, hostility to profit-making be accompanied by a strong sense of adventure and risk-taking on the part of its men of business?

But, if American businessmen are more confident and enterprising, less hidebound, than their opposite numbers in other countries, the same applies to American workers. "In general there is greater willingness among workers in the United States to accept new methods. This is linked with the demand for a high standard of living. The unions insist on certain protective stipulations, particularly concerning redundancy, which they accept as unavoidable. More attention has been given to the difficulties it evokes and workable schemes have been tried out in a number of companies. Fear of redundancy is not the bogey that it is in Britain."

Another facet of this is the American worker's acceptance of shift work throughout industry, even in the retail trades. The Report comments: "This we consider of vital importance since it must enter into all calculations of the economic advantages of capital equipment. We were told by union officials that the unions have no objection to shift work . . . Working by shifts means that normally machine utilisation is far higher and this in part explains the willingness of American managements to replace machines more often. The inconvenience of shift working is very greatly lessened because retail shops are open to very late hours and sometimes until the early morning . . . We wish also to draw attention to the working of double and treble shifts in Western Germany, and to urge consideration of this matter."

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IT is doubtful whether all Australians would accept many of the findings of this Report. They probably wouldn't. Nor do we know whether, if they did accept them, they would be prepared to take the hard step of applying them to their own economic and industrial practices. They probably wouldn't. But what they will have to accept is that if they want high productivity and high living standards, then here, in this Report, are the inescapable conditions upon which they can have them.

The Report is a lengthy one. Its publication so long after the visit of its authors to the United States is indicative of the great care which has attended its preparation. This brief article has done no more than skirt the fringes. But we hope sufficient has been said to persuade the reader to acquire and study the full text. You will not be disappointed.

