

AMERICANIZATION OF THE EUROPEAN ECONOMY

Americanization of the European Economy

**A compact survey of American economic influence
in Europe since the 1880s**

by

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Printed in the Netherlands.

For my family

For my friends

And for all who read history in order
to learn for our future.

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PREFACE

For several reasons I worked on this book for a number of years. As a historian, I am not only interested in what happened, but also why it happened. Economics has been claimed to be a “value-empty discipline” (Hampden-Turner & Trompenaars 1993, p. 4), but this is only partly true. It is fascinating to investigate why economic decision-makers opted during certain periods for a change toward an American model, and in other periods for models from different countries. McCreary, an early writer on Americanization, suggested that all economic action rests on culture (1964, p. VIII). Thus, it strives to find out more on the impact of culture on economic action.

Another reason for taking up this topic was the general downturn in demand for economic history; a trend which could be noticed in many countries during the last decade. Proven concepts and methods lost their attractiveness to a great extent. Economic and business history seldom came up with its own theory, but instead applied theories developed in economics, social science, and other fields.

At the background of a large demand in cultural studies, it was fairly easy to imagine a trail of these approaches in the field of economic history. Studies on economic Americanization can be of interest for economists, historians, social scientists, managers and those interested in cultural studies. Surely the reception of such a study will be mixed, because it does not fit in the conventional way of dividing disciplines. However, the interdisciplinary approach of this book can be used to bridge the divides between different disciplines.

I want to wholeheartedly thank my friends and colleagues for reading parts of the manuscript, for information and advice, and for helpful and critical discussion; all of which influenced the project significantly: Rowland Atkinson, Franco Amatori, Gerold Ambrosius, Gerben Bakker, Dominique Barjot, Andrea Colli, Conny Devolder, Margarita Dritsas, Paul Erker, Eduard Gaugler, Ola Grytten, Terry Gourvich, William Hausman, Susanne Hilger, Riitta Hjerppe, Christhard Hoffmann, Edgar Hovland, Matthias Kipping, Christopher Kobrak, Nils Kolle, Christian Kleinschmidt, Akira Kudo, Even Lange, Isabelle Lescent-Gilles, Verena Schröter, Alice Teichova and Mikulas Teich, Kersti Ullenhag, Clemens Wischermann as well as many others. I also received much stimulation, new ideas, and insights from discussions at conferences and workshops. I thank the participants of such meetings in Athens, Bergen, Berlin, Bordeaux, Buenos Aires, Düsseldorf, Fredrikstad, Göteborg, Greifswald, Helsinki, Lille, Lowell, and Tokyo.

Above all, I want to thank my friend and colleague William H. Hubbard for discussion, information, questioning, expertise, and, last but not least, for his engagement in transforming my writings into readable English. Since he is Canadian the text became not “Americanized” but surely “Hubbardized” – which was good!

LIST OF ABBREVIATIONS

| | |
|------|---|
| AAAA | American Association of Advertizing Agencies |
| AWV | Algemene Werkgevers Vereniging |
| AEI | Associated Electrical Industries |
| BA | British Aerospace |
| GEC | British General Electric |
| BR | British Rail |
| BT | British Telecom |
| BWL | Betriebswirtschaftslehre |
| CPA | Centre de Préparation aux Affaires |
| CAB | Civil Aeronautic Board |
| CBI | Confederation of British Industry |
| HE | École des Hautes Études Commerciales |
| EEC | European Economic Community |
| EPA | European Productivity Agency |
| ERP | European Recovery Program |
| EWC | European Works Council |
| FS | Ferrovie dello Stato |
| FDI | Foreign direct investment |
| GFK | Gesellschaft für Konsumforschung |
| HBS | Harvard Business School |
| HTML | Hyper Text Mark-up Language |
| IT | Information technology |
| JWT | J. Walter Thompson |
| LID | League for Industrial Democracy |
| LSE | London School of Economics |
| MBA | Master of Business Administration |
| MTM | Method-Time-Management |
| MGM | Metro-Goldwyn-Mayer |
| MNE | multinational (or transnational) enterprise |
| NAM | National Association of Manufacturers |
| NBER | National Bureau of Economic Research |
| NCSA | National Center for Supercomputer Applications |
| NIRA | National Industrial Recovery Act |
| NYSE | New York Stock Exchange |
| ÖKW | Österreichisches Kuratorium für Wirtschaftlichkeit (Austrian Productivity Agency) |
| OR | Operational research |
| OEEC | Organization for European Economic Cooperation |
| PPP | public private partnership |
| RCA | Radio Corporation of America |
| RFF | Réseau Ferré de France |
| RKW | Reichskuratorium für Wirtschaftlichkeit (German Productivity Agency) |
| SJ | Statens Järnväger |

| | |
|--------|--|
| TNS | Taylor Nelson |
| TCW | Trust Company of the West |
| TUC | Trade Union Congress |
| TUC | Trade Union Congress (UK) |
| Ufa | Universum Film AG |
| USTA&P | US Technical Assistance and Productivity Mission |
| VSt | Vereinigte Stahlwerke |

INTRODUCTION

AMERICANIZATION AS A COMPREHENSIVE CONCEPT OF ECONOMIC DEVELOPMENT DURING THE 20th CENTURY

“Living in a US-dominated world is more a threat to our ideas than to our interests.”

(Hubert Védrine, French Foreign Minister¹)

A CONCEPT AND ITS QUESTIONS

“Culture matters!” This is the latest insight of distinguished economists such as Michael E. Porter, Jeffrey Sachs, Francis Fukuyama and others.² We not only agree, but try to provide an answer to the question which is asked in the under-title of the book: “How Values Shape Human Progress“. More precisely, we ask how American values have influenced European economic performance during the 20th century.

"The World Welcomes America's Cultural Invasion" was the headline of a series of articles in the *International Herald Tribune* in late autumn 1998. At the end of the century American ideas again triumphed in many areas and many ways. Many characteristics have been suggested for the 20th century, such as the century of socialism, or of totalitarianism

do not cover everything. However, if we think of the influence of the USA, its growth in wealth and power throughout the last century until it became the world's hegemon, the term 'the American century' is surely appropriate.

This book tries to describe and to interpret the economic Americanization of Europe in the 20th century, that is the radiation of American practices and attitudes in European economic life. According to Jonathan Zeitlin it represents "the largest and to date most significant example of global phenomenon..."³ In history we find several examples of such a radiation: for example, France in the 18th century. Radiation implies an attractiveness that is widely accepted in other countries. Because of this attractiveness they are willing to learn from the leader and even to adopt its values, practices, and institutions. Although the radiation of the US model has become in recent decades a global phenomenon, this work focuses on Europe, which was the first area to undertake the learning process of Americanization.

Many very different books have been published on Americanization as a transfer of cultural values or lifestyles, such as youth culture, popular taste, or consumption patterns.⁴ However, the economic transfer—one of the "most significant phenomena" of the 20th century—was not seriously taken up in economic history-writing before the 1990s. How can we explain this lag? It is at least partly due to the fact that the concept of Americanization was originally culturally based

and therefore did not have a quantifiable sharpness that would make it accessible to cliometric economic analysis. And since cliometrics was the preoccupation for a whole generation of economic historians from the 1960s, this methodological diffuseness may help to explain their initial hesitation to take up Americanization. The neglect, however, has been overcome in recent years, and today there are more than 200 case studies of this important economic transfer. At the same time many other studies by sociologists and economists have taken for granted that transnational enterprise and globalization will change the world and have hence underscored the differences between individual countries.⁵ This book does not take convergence for granted, but presents and discusses the available empirical evidence for and against it.

The concept of Americanization raises many questions; above all, how could the US exert such a pressure, such a power, on other states, organizations, and people? Did it *consciously manage* the radiation of its model—in other words, was Americanization a reflected policy or was it rather an unexpected by-product, or both? What means of influence were used? Why were the US patterns of behaviour so widely accepted in other nations? Who were the actors in this process? How did the transfer take place? What channels and conduits were used, and how did they influence the message? What changes and adaptations were applied? How extensive or how important was Americanization? Did it change over time and what phases can we identify? Where are its limits? What methods can be employed in finding and identifying cases of Americanization? How can we exclude reasons for a change which are not related to Americanization but ran parallel to it? Such questions must be tackled with before we can properly judge the usefulness, scope, or invalidity of the concept.

All societies are subject to a certain change; capitalist societies are even based on dynamic change, as economists from Marx to Schumpeter have shown. In this book I investigate the extent of Americanization and the reasons for it: why so many economic actors in so many states decided in their preferential choices to look for American patterns instead of indigenous or other ones. The sum of these preferential choices forms the trend towards Americanization. In all societies the number of areas that change is usually considerably smaller than those that remain stable. None the less, this book focuses on change, not on stability. Yet it must be remembered that all cases of Americanization affected only parts of the respective economic institutions, leaving other parts—indeed the greater number—little changed. Additionally it must be remembered that the very concept of a country or continent—the USA and Europe—is a generalized construction that obscures potentially great variation. But that specific regions, or even countries, might show a different reality at a given time should not obviate the recognition of general trends.

The study of Americanization as a transfer process mirrors current research on multinational or transnational enterprise (MNE). Nearly all such firms still are deeply rooted in their home country with respect to central areas such as personnel, production, or research and development (R&D). Yet in spite of this predominant national characteristics, research on MNEs focuses on specific changes, because foreign direct investment might entail a change of their national character in the long run. Therefore it is change, not stability, which dominates the analyst's attention.

In many ways Americanization is to be compared to technology transfer. There the transfer is concentrated on technology which, at a closer look, used to be embedded in certain everyday practices and values—in short, in culture. Similarly, Americanization deals with transfer of organizational features, management and financial practices, etc.: issues which are culturally even more closely interwoven. Since the international transfer of technology and technological culture is such a well established and important field of study, it is rather surprising that a corresponding phenomenon—the transfer of economic institutions and economic culture—is far less developed.

DEFINITIONS OF AMERICANIZATION AND RESEARCH METHODS

The many questions just mentioned indicate the need of a definition. Various meanings of Americanization have been employed in the literature. They have frequently changed over time, reflecting the necessities of research and the questions asked. At the turn of the 19th century the term was used in the United States itself to describe America as the big “melting pot” for the multitude of immigrants, who through a process of Americanization became Americans.⁶ This understanding was focused on the identity of people, which expresses itself in the modes of feeling and thinking, and in usually non-reflected everyday actions. Thus the term referred to the acculturation of the foreign born into the dominant values of American society. At the same time it was a defensive concept against any possible influence of a foreign economic power. For example, shortly before the First World War the British Marconi Ltd. became so strong in the field of radio transmission that some Americans feared it would dominate the US market. The concern provoked the founding of the Radio Corporation of America (RCA). RCA was to be not only an economic counterweight against Marconi, but also a channel to communicate American influence and feeling to the American people.⁷ Politicians and businessmen were clearly well aware of both the political and marketing potentials of this new medium and its cultural consequences.

In this book I reverse the perspective and look for evidence of American economic influence outside the United States. Such influence was felt already during the second half of the 19th century, and many Europeans were impressed by a distinctive American approach to economic affairs. France provides one of the earliest examples of a take-over of American business practices. In the 1880s the Parisian daily, *Le Figaro*, introduced what they called a new way of running the newspaper–business, derived from leading US papers. It departed from the European approach of relying on freelance journalists and hired permanent reporters, who were sent out on to cover specific stories. This revolutionary practice was extremely expensive; only large newspapers could afford the *méthode américain*. *Le Figaro*’s adoption of American professional and commercial standards required capital investments of a level previously unknown. In its early phases Americanization often entailed such professionalization and commercialisation of a specific business sector.

To be precise, I define Americanization as an adapted transfer of values, behaviour, institutions, technologies, patterns of organization, symbols and norms from the USA to the economic life of other states. This definition excludes an imagined transfer such as: "The American way was what the French thought it was."⁸ I try to be more precise and concrete; an assertion of Americanization needs reality on both sides of the transfer. Misunderstandings of reality, however, are included because these are always part of transfer processes. Furthermore, I would argue against the assertion that "Americanization...has become increasingly disconnected from America."⁹ If a principle is taken over and re-worked, I suggest calling the process modernization rather than Americanization. Otherwise the concept of Americanization becomes quite useless, since nearly all American principles—cultural and economic—can be derived in the end from Western or European civilization. In consequence, if we pursue the notion of disconnection to its logical limits, Americanization would become Europeanization, a worthless tautology.

A study of Americanization cannot give a general overview of all transfers of economic culture during the 20th century; for example, it has to leave out other transfer movements such as Japanization. In this respect this study concentrates on the predominant trend from the most advanced to the less advanced. The reverse case of cross-fertilization—how the US learned from Europe or Japan—will be touched upon only occasionally.

In dealing with Americanization a couple of methodological questions have to be observed: How is Americanization to be evaluated? How can we distinguish Americanization from modernization? Is it distinct from "Coca-Colaization" (Kuisel) or "McDonaldization" (Ritzer)? What is the relationship between qualitative and quantitative data?

Americanization should never be understood simply as an unaltered importation from the US, but rather as a national or even regional adaptation to an American-originated influence.¹⁰ Importations of non-native behaviour or institutions have always been adapted to local needs and customs in the process of transfer. The reality of economic Americanization is no exception; American economic culture has sometimes been substantially changed through the process of transfer. Perception, selection, and adaptation to specific needs, traditions, and circumstances play a crucial role in Americanization. Because of the possibility of misunderstandings Mary Nolan speaks of *Visions of Modernity* in her account of American influences on German business.¹¹ The perceptions might actually deviate from US reality, but as long as the actors involved were convinced of the American origins of the adoptions, we can interpret them as a subjective Americanization. But such a subjective Americanization has to be expressed clearly by the actors. One has to be extremely careful about this special concept, because it is by no means a robust one. A similar consideration applies to the process of selection. In all cases the actors selected what they perceived to be the most suitable and/or the most important item for a transfer from the US to their respective country. The items selected inevitably reflected a certain subjectivity of those involved. In our sector, the economy, this subjectivity might have been smaller than for example in arts, fashion, or music, since businessmen are customarily down-to-earth persons, whose

decisions are governed to some extent by financial criteria as well as by other persons sitting on supervisory boards and the like. Yet in spite of such controls and filters, their perceptions will not always mirror exactly the reality in the US.

As Ove Bjarnar, Matthias Kipping, and others have shown, a transfer of values does not take place like the importation of a piece of machinery.¹² There are specific transfer channels, translations and transformations which are part of a process of adaptation. Furthermore, all transfers of culture require time, proceed stepwise, and are subject to roll-backs. It is possible to speak of Americanization if local behaviour, rules, values, organization, etc. have changed in the direction of how such issues are found in the US. However, the assertion must not be made uncritically, because the sources of putative American influence can be quite diffuse. Especially after the Second World War most features of the US economy and society were modern compared with conditions in the rest of the world. The desire to become more competitive and more modern was felt nearly everywhere, and many political and economic leaders acted to achieve these ends. But a substantial part of the push for modernization does not necessarily represent Americanization, since it may have emerged from indigenous sources. Very many cases of Americanization can be understood as modernization, but not all modernization can be claimed to have been an Americanization. In order to be sure of Americanization one needs to find not only a move by indigenous actors into the direction of US-American patterns, but also information on the means and forms of the alleged influence. That is, one needs to know about the concrete process of transfer.

The simplest model of a cultural or institutional transfer comprehends the identification of three elements: a sender, a conduit, and a receiver.¹³ The institution, practice, or mentality in question has to be found first in the US, then transferred deliberately, and subsequently re-established somewhere else.

During certain periods, such as the 1920s, travelling was a main means of transmission, while at other times other media (booklets, lectures, etc.) contributed significantly. In the long term the role of radio, film, television, and other electronic information technology has grown in importance. In addition to such direct transfers, indirect ones have also played a crucial role. The behaviour of managers of American firms exemplified how to run an enterprise in a different way. When this example came from an American firm located in a foreign country, indigenous managers could see to what extent the American approach worked in their own country. And if they perceived the American way to be superior to theirs, they acquired an incentive to learn from the US transnational firms.

Generally, Americanization can be expected to occur especially in those economic sectors where the US is strong, for example oil products or distribution of goods. Thus European petrol stations would seem to be a *prima facie* case of Americanization: that is, the understanding of a filling station, what is sold there and in which way, how a station is constructed, owned and managed, how customers behave, and so on. Indeed, we do have evidence of substantial changes over time; petrol stations look very differently today compared with the 1960s or 1930s; and today many of them earn more money by selling goods such as newspapers or fast

food that are not directly related to the automobile. However, most of these changes occurred simultaneously in the United States and in Europe. Behind the simultaneity stand presumably the large, multinational oil companies that have decided centrally how, when and where things should be done. Such cases represent modernization, but not Americanization.

All institutions are culturally bounded, and all transfers of economic institutions from one society to the next are subject to the preconditions and limits of economic life in the recipient society. Two central preconditions are consent and comprehension. Comparisons of Americanization and Sovietization have revealed very different results. After 1945 both the United States and the Soviet Union tried to export their institutions, first to their European allies and satellites and later to Third World countries. While Americanization showed lasting effects everywhere, Sovietization diminished very quickly and virtually vanished once the direct, political influence of the USSR was removed. Americanization became deeply rooted, while Sovietization resulted in no more than an organizational cover in the respective economy. This crudely summarized comparison confirms that a lasting transfer of economic institutions depends upon freely given consent by the receiving partner.¹⁴

Transfer means adaptation and change. People adapt and change in the hope of gaining something, such as a better economic performance or a better reputation within their group, etc. The adaptive action may or may not be deliberately reasoned; but without hope for gain, there is no incentive to change. The comparison of Americanization and Sovietization shows that organizational patterns can be exported by force, but unless they meet with genuine consent they are doomed to break down once the power that forced the export is removed.¹⁵ Furthermore, at least some of the value of the institution to be transferred must be understood beforehand at the receiving side. Understanding is facilitated if the institutional frameworks of the countries involved have a degree of similarity. If there are no similarities, the meanings of the specific American values can not be decoded and prepared for transfer. If the potential receiving country has a totally different system of values, it will not perceive any advantages in a transfer. The more similar institutions are, the more likely and easy the transfer. American-like institutions are more widespread in the UK than in the rest of Europe, and they are more widespread in Europe than in the rest of the world. In this respect Ralf Dahrendorf (see below) was right in pointing out that Americanization in Europe is a process whereby values that originated in Europe were developed and processed in the United States and then re-imported back to Europe. The historical ties of between the two continents were of great importance in the development of American institutions, and in turn were a helpful conditioning for the Americanization of Europe.

As mentioned earlier, the transfer of economic institutions does not take place like the importation of a piece of machinery. There are specific transfer channels, translations, and transformations that are an integral part of the process of adaptation. All this makes the concept of Americanization on the one hand extremely flexible and potentially powerful, but at the same time it means that a transfer of economic culture can rarely be measured quantitatively.

Yet several potential ways to quantify the extent of Americanization are imaginable. For example, Bourdieu and others have established that language reflects general cultural values and modes of thinking. Thus a count of meaningful American expressions used in another language could give quantitative evidence of Americanization in the society using that language.¹⁶ The expressions to be counted would have to be representative for a new idea, concept, or trend in the United States. A long-term analysis of the use of such expressions in official business communications, e.g. in annual reports or press statements, could provide considerable insight into the diffusion of Americanization.¹⁷

Another possible quantitative study would be a survey of the implementation of American forms of business organization, of which the multidivisional form—the so-called M-form—is the most prominent example. Alfred D. Chandler has shown that the M-form became the superior type of organization in American large enterprise in the interwar period. The M-form was taken over by many large European firms during the 1960s and 1970s. The transfer was usually carried out with the help of one of the well-known US consultancies and became part of the "American management mystique" (Robert Locke).¹⁸ The number of firms that reorganized in this way could provide a clear indicator of this aspect of Americanization.

But a quantitative survey of surface indicators of Americanization would be misleading, as the following example shows: In 2000 74 per cent of the US working-age population had a job; the corresponding figure for the Euro-zone was only 64 per cent.¹⁹ At the first glance, then, a high percentage of paid work seems to be a characteristic of the American economy. Such data can mislead, however; in this case a high labour force participation rate cannot by itself be claimed as an American characteristic, since this would mean that the former socialist states in Eastern Europe—with rates up to 90 per cent—were more Americanized than either Western Europe or the United States. In all cases of comparison qualitative and quantitative evidence must be gathered to support conclusions.

LITERATURE ON AMERICANIZATION

Scholarly literature on Americanization is not yet extensive, but several books dealing with various aspects of economic Americanization have been published. *Americanisation and its Limits*, edited by Jonathan Zeitlin and Gary Herrigel, focuses on the 1950s, especially on technology and management.²⁰ Matthias Kipping and Ove Bjarnar explore the change in management education in *The Americanisation of European Business*, and in *Americanisation of West German Industry* Volker Berghahn concentrates on developments in Europe's largest economy with an emphasis on heavy industry and economic policies. *Une Américanisation des entreprises?*, edited by Eli Moen and Harm G. Schröter, is a volume of case-studies of individual companies and economic sectors, whereas the volumes edited by Dominique Barjot, *Catching up with America: Productivity Missions and the Diffusion of American Economic and Technological Influence after*

the Second World War and *L'américanisation de l'Europe occidentale au XXe siècle. Mythe et réalité*, look at aspects of Americanization during the 1950s. The most recent book on the topic, edited by Akira Kudo, Matthias Kipping, and Harm G. Schröter, compares Americanization in Japan and West Germany. Marie-Laure Djelic's *Exporting the American Mode. The Post-war Transformation of European Business* is to date the only overall survey and provides so far the most comprehensive view of the phenomenon, drawing on several well-known sociological models of industrial organization. Finally, in preparation for the World Economic History Congress in 2002 Dominique Barjot, Isabelle Lescent-Giles, Marc de Ferrière le Vayer, Matthias Kipping, and Nick Tiratsoo edited two volumes of studies that cover the entire twentieth century, though again with emphasis on the economic boom years of the 1950s and 1960s.

This book differs from the existing literature in various aspects: I will examine how economic *culture* changed, not only economic systems; I do not limit coverage to the post-war years but deal with the entire twentieth as well as with the last decades of the nineteenth century; I will not restrict my view to entrepreneurial activity only but consider both micro- and macroeconomic behaviour. In addition I will look at developments throughout Europe and not just in the major countries. And finally I will use a historical perspective, highlighting the most important institutional changes rather than reciting current statistical information on all countries and issues.

The studies just mentioned revealed important cases of Americanization, but they refrained from putting their findings into a wider context of a general and lasting trend of Americanization of the economies during the twentieth century as a whole. This book attempts to do just that. Its purpose is to provide a deeper insight into the manifold, ever changing and partly contradictory processes that are lumped together under the concept of Americanization. The various cases and stages of Americanization can be properly understood only when considered together. They represent stones fitting into a large mosaic. If the many independent transfers are put together like single stones of a mosaic, contours of a larger picture emerge. The picture drawn here remains necessarily unfinished and rather sketchy in various parts. But at the same time it gives us a better understanding of a long-term process in the economy during the last century that has seldom been fully grasped. This book, however, does not attempt to draw an entirely new picture of modern economic history, rather it argues that during the twentieth century many innovations—from production to distribution, from deregulation to consumption patterns—are related to each other and should be seen not only as single events but also as parts of a general pattern.

THE ROOTS OF AMERICANIZATION

Though Americanization has tended to occur in waves characterized by specific groups of institutions and policies, such as rationalization, decartelization, new management methods, or deregulation, it also took place piecemeal. The end of a transfer wave did not mean the end, or suspension, of Americanization. The

different waves were not only connected to each other, but grew out of common roots. This common ground has regularly generated new versions of distinctly American institutions, which in time become so attractive that they are taken over abroad. The idea of a common heritage for Americanization in all its aspects has up to now not been adequately considered.

Jacqueline McGlade raised part of this question when she located the specific American character of Americanization during the 1950s in the "consensus-style politics" that infused American policies immediately after the Second World War.²¹ Unfortunately, she did not elaborate on the issue and provided neither evidence nor concrete examples. Consensus-style politics or not, no commentator has suggested the existence of a grand design or a comprehensive master plan drawn up by the US government or by the country's enterprises, foundations, and other institutions to transfer American values abroad. Hegemonic reform imposed by the United States occurred only in the occupied countries of Austria, Germany, and Japan after 1945. There direct US rule did indeed force the dissolution of such practices as cartels and *keiretsu* that had characterized the German or Japanese economies up to then. And it is true that American political and military leaders forced the British and French administrations in occupied Germany to de-cartelise their zones of occupation, even though that went directly against British and French economic policies.²² But even in the countries mentioned, such directly administrated intervention was only partly responsible for the changes which actually took place.

In his "McDonaldization Thesis" (the spread of American fast food all over the world) the American sociologist George Ritzer suggests that McDonaldization is driven by basic trends such as rationalization and consumerism.²³ Rationalization emphasizes quantification, speed, accountability, simplification or even unification, ranking, control, de-humanisation, and de-skillisation; consumerism demands above all simplicity and value-for money. Such practices can easily be recognized in a MacDonald's fast-food restaurant. Consumerism and rationalization in turn demand high productivity. Indeed, John Gillingham used "productivism as American ideology" as a headline in order to underline its central role.²⁴ Connected with productivism is the pre-eminent influence of a business-oriented mentality in modern American life. In her essay on the development of business history in the US since 1950, Maury Klein has highlighted the emergence of this mentality, which she has called the most basic change since the Second World War:

"Finally, business historians have virtually ignored what may be the broadest and most profound movement of this half-century: the amazing irresistible tendency to transform every aspect of American life first into a business and then into a larger business. No institution, activity or value has escaped this relentless organising into some form of commerce. Some of the most obvious examples include the arts, politics, religion, education, sport, sex, entertainment, the family, childhood, and, of course, history."²⁵

Americanization, of course, was by no means confined to the post-war period. And, as suggested by McGlade, Klein, and others, many of its underlying roots can be found in general characteristics of American civilization. Since at least Tocqueville's generation, commentators have proposed various basic values,

assumptions, and beliefs as defining the American way of life.²⁶ A number of them are also found in varying degrees in other national cultures, but they have typically been more important and more widespread in the United States than elsewhere. They include:

1. *An extremely strong and positive role allocated to the economy in society as well as in a person's life;*
2. *a (sometimes naive) belief in the abilities of competition, that advantages for single persons will add up to the best for all members of society;*
3. *a strong feeling for individualism (in contrast to communalism, or shared values);*
4. *a trend towards a commercialisation of human relations (in contrast to non-money-related behaviour);*
5. *a trend to exchange the traditionally given social bonds and controls for contract- and market-based bonds of one's own, deliberate choice.*

The relative importance of these five fields of values varied during the last century. Generally, they became stronger towards the century's end. Collectively, they represent the seedbed for Americanization. Their spread and intensification caused the United States itself to become "more American" during the twentieth century. For example, at mid-century the position of American trade unions in society and economy was much stronger than at the end of twentieth century. Unions as a form of the collective organization of the labour force have given way to individualism. Another example is old-age pensions. As in other countries, after the Second World War American families have become less and less able or willing to care for their aged members. The question thus emerged how the elderly should be cared for, and who should pay for the care. Universal state-financed pensions were the response adopted in most of the European and Asian states. Their underlying principle is that the young and employed members of society pay for the upkeep of the retired, regardless of branch of industry and type of earlier participation in the labour force. In contrast, private occupational or company pension schemes are the predominant answer in the United States, with the state pensions playing a relatively minor role for most persons. Furthermore, over time the importance of collective provision has fallen while the individual provision has risen. In 1980 6 per cent of American households participated in investment funds and 22 per cent owned shares the stock market; in 2000 the percentages were respectively 52 and 47.²⁷ The move reflected the increased importance of capital markets in the US, not only for businesses but also for private individuals. This shift is also seen in the greater prominence of business and financial news in American mass media. Such information was of course presented earlier, but from the 1980s and 1990s the latest news from the financial markets around the world has come to occupy a prominent position on radio and television; the airtime spent on it is much larger compared with that devoted to issues in employment or innovation in manufacturing. In short, the American century caused an ongoing Americanization of "America" itself. This is why the United has been able to teach the rest of the world economy not once or twice, but again and again. For Americanization's central part in the universal process of societal modernization has been perhaps its

most important role in the last hundred years. Societal modernization brings a more effective use of limited resources and opens up more choices for the individual person. More choices mean more possibilities to define one's own optimum, though this can be at times at the expense of the social and economic coherence of society at large. American society has been able to generate the new economic institutions whose transfer entails Americanization because its basic cultural values dovetail with the fundamental tenets of modernization better than those found in other countries. This linkage with modernization is what makes the study of Americanization is so exciting: It means not only exploring "the broadest and most profound movement" (Maury Klein), or "the largest and to date most significant example of global phenomenon..." (Jonathan Zeitlin) of the last century, but also looking into the potential future of world development!

AMERICANIZATION AND SOCIAL SCIENCE THEORY

The methodology of the social sciences can be likened to working with paint rollers, while the methodology of the historian uses a small bristle. Thus Ritzer's McDonaldisation thesis can give inspiration and direction, but the picture remains crude. Historians are trained to come up with concrete details and reasoned evidence. Evidence derives from the ordering of bits of relevant information. To be coherent the ordering must follow consistent rules, or theoretical perspective. In our case Douglas C. North's theory of institutional change and economic growth provides an appropriate perspective. Its central thesis is: "The main force underlying dynamic economic change is the continuous interaction between institutions and organizations."²⁸ North distinguishes between organizations—such as states, universities, companies, churches—and institutions, which are much more comprehensive than organizations: "Institutions are the rules of the game in a society, composed of the formal rules (constitutions, statute and common law, regulations), the informal constraints (norms, conventions and internally devised codes of conduct), and the enforcement characteristics of each. Together they define the way the game is played."²⁹ This institutional framework provides the incentive structure for economic actors, since it allocates reward and punishment for all behaviour. According to North, economic change is caused by interplay of institutions, reality and perception: Institutions shape reality; reality shapes the perceptions of actors, who in their turn gradually change the institutions of the respective society.

North's theory thus provides us with a useful framework for the interpretation of the specific institutional change called Americanization. It helps to explain why the same incentives do not always produce the same results. Reality is perceived by individual men and women; in other words, it is filtered and interpreted by actors. The interpretation of reality by a specific group of persons can also vary from that of another group. Players in different institutional settings will react differently in various societies because the respective cultural heritage of a given society, to the product of that society's institutional framework, will force actors to

optimise their decisions according to their own specific rules. North emphasizes the strong path-dependency of all institutional change, a path-dependency which reflects differences determined by the respective cultural heritage. Thus, the responses to the pressure of Americanization will be different in Sweden from those in Italy.

Perceptions of reality are mental constructs, and mentality is not to be changed over night. Institutional change takes place only when the actors concerned are convinced of its necessity, and this usually takes some time. Many of the Americans involved in the organised transfer-processes connected to the Marshall Plan hoped for substantial changes in Europe within a short period. They soon became disappointed: "In the end ... Western Europe was only 'half-Americanised'"³⁰ and American hopes for a total transfer, or as Jacqueline McGlade put it, for a "hegemonic reform" were surrendered. They should have known better. As North has shown, the complexity of cultural transfer precludes instant and fundamental institutional change. But the persons mentioned, of course, could not have known Douglas North's theoretical insights.

The process of Americanization varied in both timing and mode. Cultural transfers can be done through open discussion and decision-making, as in the case of a new law. Alternatively, it can be the result of an un-reflected feeling for a desirability of new preferences, such as the wish by single actors or groups to present themselves in a modern and distinguished way. Americanization has taken both paths, the reflected and the un-reflected. Path-dependency sets barriers to all fundamental change, but it does not exclude it.

While North tells us why and how things change, Alfred D. Chandler informs us why it was the United States that developed a persuasive economic model for others to follow. Chandler has marshalled substantial evidence to argue that the American way of running a capitalist economy was superior to all alternatives.³¹ Based on an extensive survey of how large firms were organised, governed, and embedded in society, he proposed three organizational prototypes of the modern industrial economy: "competitive capitalism", "personal capitalism", and "cooperative capitalism". He identified the models historically with respectively the USA, the UK, and Germany during the period from 1850 to 1970. In doing so Chandler bridged the gap between micro- and macro-economics, showing how profoundly business systems influenced the development of the society and vice versa. Chandler showed that the three prototypes developed distinctive types of organization, different types of incentives, of learning, and of capabilities. A survey of the diffusion of these prototypes around the world revealed traces of personal capitalism in Belgium, while most of the other European countries, plus Japan and Korea, exhibited strong signs of the cooperative prototype.³² Their institutional settings were generally less competitive and thus differed from the American prototype of competitive capitalism. These differences, which existed in varying degrees throughout the twentieth century, are the starting point of this study. Chandler's approach argues that the organizational capabilities of a country's economy represent the core of its competitive advantage. In the North's terminology they are to be understood as a substantial part of the respective country's institutional setting. The correspondence between Chandler's organizational capabilities and North's institutions can be used in identifying traces of different

capitalist prototypes and their consequences.³³ Such identification is essential to the finding of evidence of change that can be attributed to Americanization.

TEMPORAL SWINGS IN AMERICANIZATION

Economic Americanization is the result of pressure exerted by the USA on “economic” institutions elsewhere in the world. Two types of pressure can be identified: deliberately intended pressure, and informal, unintended pressure arising from economic competition. Conditions varied across countries regions as well as over time. Generally speaking, Americanization increased over the last century, though with substantial swings and even periods of backlash.³⁴ Before 1914 it was felt only in a couple of branches such as the production of watches or bicycles. During the interwar period it was expressed in trend towards *rationalization*, which was the catch-word of the first massive wave for institutional change along American lines. This wave ended with the coming of the world economic crisis in 1929. The American way of doing things suddenly stopped being a model. All over the world economists, businessmen, and statesmen suggested regulation and planning as the appropriate remedy for economic problems. During years of Roosevelt’s New Deal a version of this kind of economic thinking, which can be understood as a kind of Europeanization, even gained support in the US. The transfer of economic institutions was thus not a one-way street during the last century, though the flow from the US was much more important than all others. In the aftermath of its victory-bringing performance in the Second World War, the US model of competitive capitalism exerted massive pressure on the world economy during the 1950s, but its leading influence faded in the 1960s. In the 1970s and 1980s first European, and later Japanese, patterns of economic management expanded worldwide. From the late 1980s, however, the revolution in information technology, the break-through of a new economic paradigm (supply-side oriented ideas and monetarism of the Chicago School), and the break-down of socialist planned economies rejuvenated the leading status of American economic institutions as the world’s model for the achievement of economic growth, wealth, and power.

Americanization was not only accepted positively, of course; it was also criticised and resisted. The connotation of the expression *Americanization* differed widely over time and from place to place. At the beginning of the twentieth century little criticism was to be found. Also in the 1920s there was nothing particularly negative in the term. However, the more the United States attained a dominant economic position in a particular country or area, the more critics raised their voices. Yet criticism of Americanization could be set aside in the face of even greater threats. One of the quickest reversals of opinion took place in West Germany, when, during the Soviet blockade of Berlin 1948/49, the Americans became fast friends after having been enemies only a few years earlier. According to an US witness, in just a couple of weeks the “Americans moved from the status of ‘lesser of two evils’ to somewhat less than angels.”³⁵ In Europe generally the Marshall Plan and the United State’s guarantee to protect Europe against Soviet communism generated a

lot of goodwill among ordinary people as well as political leaders, opening the doors to Americanization of various kinds. In contrast, business leaders were not as easily convinced to give up the way they had acted before. Moreover, outside Europe, especially in Latin America, the light of the USA did not shine brightly. The picture painted by William Lederer and Eugene Burdick in their 1959 best-seller *The Ugly American* was all too well known for many readers there.³⁶ In the following years criticism of Americanization increased in many European countries: "Americanization is like mass and mass society, often used as a symbol for 'bad' or 'unsympathetic'."³⁷ This negative attitude provoked the German sociologist, Ralf Dahrendorf, to intervene on the side of Americanization. He pointed out that "Americanization" was not "the penetration of Europe with 'foreign values',"³⁸ but rather a return of European values that had been further developed in North America. Dahrendorf considered such phenomena as mass culture and mass consumption consequences of European traits, which had advanced further in the United States than in Europe for the simple reason that the US at the time had the most advanced economy in the world.

In the following decades the pressure of Americanization receded, and the controversy it had once aroused faded. Upon its resurgence in the mid-1980s, its supporters advocated it with using positive or neutral keywords such as 'modernization', 'market liberalism', 'consumers' society', 'democratisation', or 'entertainment'.³⁹ In the developed countries of the world, Americanization was thereafter usually positively received; by contrast, in large parts of the Muslim world it has typically been met by reserve, distaste, and protest. The implied contest between continuity and change is evident in all countries. All over the world, conservative circles are sceptical of substantial change in indigenous institutions, and critical of their "hybridisation" (Zeitlin) in the direction of an American model. Meanwhile the promoters of change are proud of creating something new and modern, whether or not it had an American origin.

PART 1

THE FIRST WAVE OF AMERICANIZATION
1870-1945

CHAPTER 1

FORDISM AND TAYLORISM COME TO EUROPE

"I suppose you've seen on the hoardings all about this 'Smythe's Silent Service'? Or you must be the only person that hasn't. Oh, I don't know much about it, it's some clockwork invention for doing all the housework by machinery. You know the sort of thing: 'Press a Button--A Butler who Never Drinks.' 'Turn a Handle--Ten Housemaids who Never Flirt.'

"Mr. Flambeau's semi-official flat was on the ground floor, and presented in every way a marked contrast to the American machinery and cold hotel-like luxury of the flat of the Silent Service."

In his Father Brown detective story, "The Invisible Man", published in 1911, the British author Gilbert K. Chesterton called an automat ("some clockwork invention" or in today's terminology an automatic machine) "American". There was no indication that it was made in the USA, nor was any other information given. On the contrary, in the story the inventor of the Silent Service was Scottish and the story placed in Edinburgh. So why was the machinery "American"? At that time the British reader did not need more: automats simply connoted America. Even before the First World War America was recognized as having a different economic organization from Europe.

Was this an arbitrary perception, or was it grounded in economic reality? A brief, comparative look at the factors of productions in the United States and Europe shows that Chesterton's association was not simply poetic invention. Thus labour in Europe was abundant and cheap; in the United States labour was scarce and expensive. For raw materials the situation was reversed: they tended to be limited and expensive in Europe, and plentiful and inexpensive in the US. These fundamental differences lay behind the emergence of a specific American regime of production and innovation, characterized by mass-production, labour-saving machinery, and inter-changeable parts. Labour-saving machines—in agriculture and in industry—emerged first in the United States. Yet American agricultural machines did not sell well in Europe even though they were much more productive than European counterparts. The chief reason for the poor sales was that American mowers, reapers, and threshers were designed for the large, relatively flat fields of the Midwest. And such fields are rare in western Europe. They did exist in eastern Europe, especially in Russia, but there the structures of landownership and labour supply combined with a shortage of capital long inhibited the introduction of American-style agricultural machinery. This brief example underscores our study's guiding thesis: the central importance of technological and institutional adaptation for the transfer of American innovations.

Despite such early weaknesses the performance and characteristics of the American economy attracted the increasing attention of European business. On the Continent the British economic model faded from the 1870s. Though British

industry was then at its height—truly “the workshop of the world”—the summit meant relative decline thereafter. The Philadelphia World Exhibition in 1876 was a turning point after which more and more Europeans began to take American industry and technology seriously. In some industries such as steel production engineers and entrepreneurs no longer travelled to Britain to see the latest achievement, but to the United States. In the second half of the nineteenth century a different system of the modern industrial economy developed in the United States—the American system of competitive capitalism—that soon showed its superiority.

The following chapter explores how this system of production first affected Europe from afar and later was partly taken over by it. The emergence of the United States as a world power in the course of the First World War clearly assisted the acceptance of American ideas on business organization by European enterprises. These ideas had many dimensions, and we can not deal with all of them in detail. Here the focus will be on the most comprehensive issues: the processes of economic concentration, rationalization, and the implementation of Scientific Management. A case study of the early film industry then shows how American business principles outcompeted European ones. The growing attraction of the American model suffered a severe reverse in the world economic crisis of 1929–1933. The many fascist regimes in Europe in the 1930s viewed the United States and its economic system with a combination of contempt and respect.

STANDARDIZATION AND INTERCHANGEABLE PARTS

Standardization of production was first developed systematically in the United States. The historian of technology Thomas Hughes has called the innovation of producing machines with interchangeable parts a revolution in production technology. At first the innovation was limited to basic machines such as pumps, railway engines, or sewing machines. It had two advantages: one technological, the other entrepreneurial. The technological advantage was the increased accuracy of components—all parts had to be more precise in *all characteristics* (size, material, mounting) in order to be interchangeable, which resulted in machines with superior performance. The entrepreneurial advantage was derived from economies of scale: standardized products were cheaper to produce—thousands of copies of individual components were produced by exactly the same process—and therefore could also be sold at a cheaper price, thus increasing their attraction in a competitive market.

The consequences of the innovation of standardization were readily apparent in the machine tool industry. Traditionally machines were made individually. Though there was a common design of a specific type, the various parts were made to fit into a specific machine assembled on a given day. Hand-made parts were constructed for that single machine. This meant that without additional adjustment the parts could not be used in another machine even of the same series. The American machine tool industry broke with this tradition of handicraft and produced standardized parts. These parts were interchangeable: it did not matter which one was put into which machine. The achievement of interchangeability required machines capable of close precision as well as a structured organization of

the work-process. Acceptable technical norms also had to be developed. In contrast to the myriad variety of custom-made machines produced by the European handicraft method, the number of types of machines produced by the American standardized method was relatively low. This in turn reduced production costs and losses due to spoilage. In Europe highly skilled craftsmen were needed in order to adapt the parts to a certain machine. And to carry out the work they had to have far-reaching control over labour, tools, and raw materials as needed according to their evaluation of the work-process. Close supervision of production was difficult, and managerial control was limited. The American method facilitated managerial control and entrepreneurial calculation. Thus the whole process—planning, production, control, and accounting—became cheaper, while at the same time the product became more useful for the customer, since spare parts could be taken from a broken machine and put to work in another. The European method had advantages for special items, but the American method was clearly superior for ordinary products. Many consumer goods could in fact be standardized, so it was in this area that Europe first felt the competition of American production methods and hence the pressure of Americanization.

For example, the Swiss watchmakers long had had a world-wide reputation for the quality and reliability of their products, which dominated the world market from the 1840s. But in the 1880s American watchmakers entered the competition with standardized products, and a decade later the Swiss watch industry seemed doomed. Using precision-made, interchangeable components the American watch companies produced a comparable quality of watch for a considerably cheaper price; handcrafted Swiss watches became simply too expensive. The whole region of the Swiss Jura was economically endangered. The remedy came from the USA itself. The Swiss watchmakers imported American machinery and adopted the American method of standardized production. The combination of the superior machinery and organization together with the craft-experience in the Jura soon propelled the Swiss industry into its old position of dominance. In the 1890s the British shoe industry faced the same problem as the Swiss watch industry a decade earlier. The massive influx of American-made, high-quality, inexpensive standardized shoes forced the British shoe producers to undertake a massive technological overhaul, after which they re-established their competitive position in the domestic market.

In the case of the bicycle American competition was felt all over Europe. Bicycling was all the rage in the 1890s. In Paris a cyclodrome was constructed where cyclists could practice their skills under cover, and appear socially. Throughout Europe machine builders of all sizes and shapes got into the construction of bicycles. And, as in the watch industry, it was not long before lower-cost American-built brands appeared. With their basis of interchangeable parts the American bicycles were not only cheaper than European brands, they were also easier to maintain. To survive, European bicycle producers had to adopt the same remedy as Swiss watchmakers and British shoe manufacturers, namely Americanization.

In the three examples just related, the prime mover for the adoption of American methods by European producers was the market place: competition compelled the transfer. But an alternative prime mover is the deliberate action of