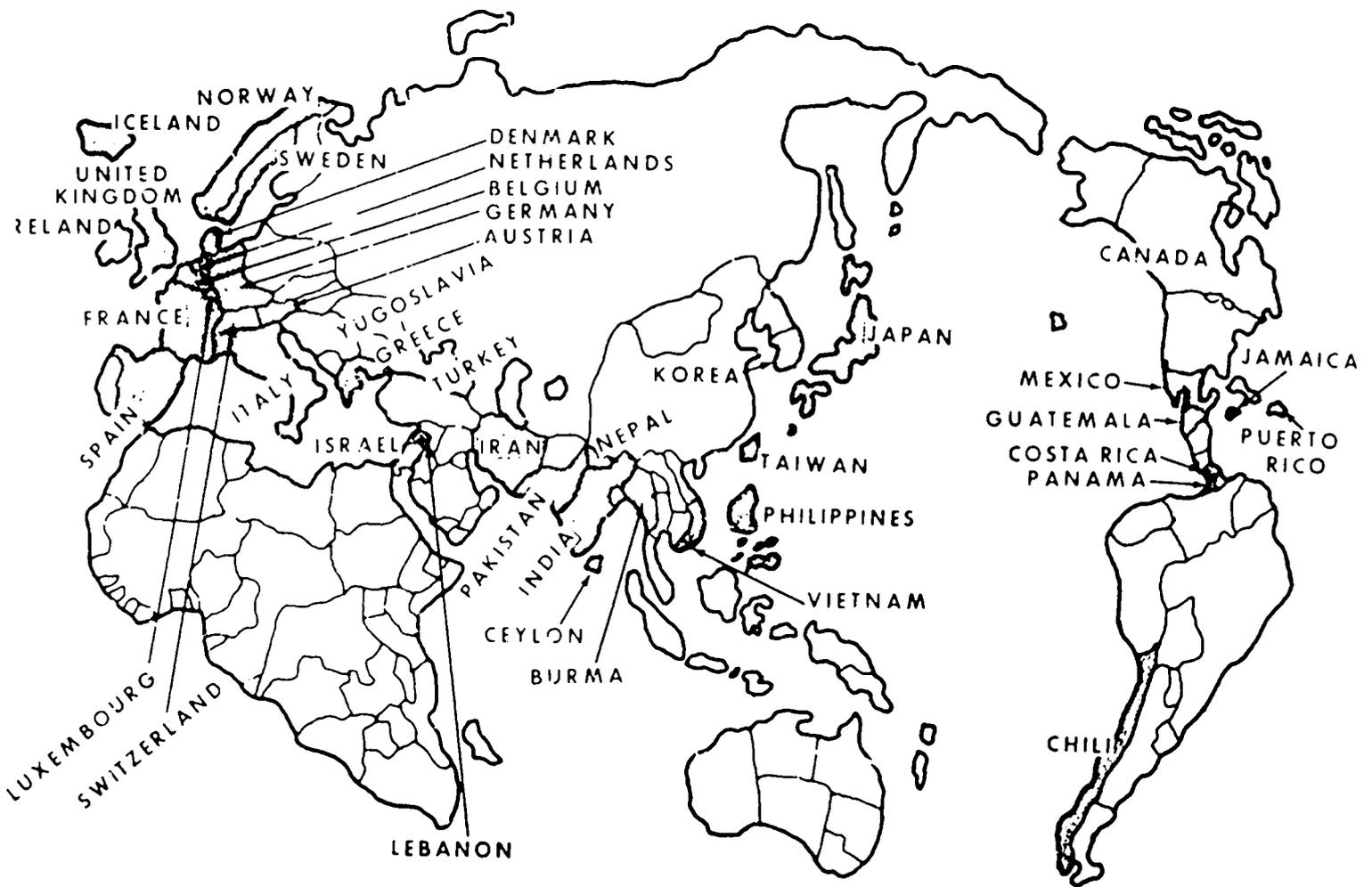


INSTITUTIONS

of the

INDUSTRIAL TECHNICAL COOPERATION PROGRAM



REVISED MAY 1959

INTERNATIONAL COOPERATION ADMINISTRATION

WASHINGTON 25, D.C.

Readers of this brochure may find useful several other documents, which present information on the functions and activities of organizations carrying out industrial development and productivity improvement programs; and related information:

"Fomento — the Economic Development of Puerto Rico";
National Planning Association, Washington, D.C.

"Mexican Industrial Productivity Center — A Case Study";
ICA, Technical Aids Branch (based on material provided by the Mexican Productivity Center).

"European Productivity and Technical Assistance Programs — A Summing up (1948-1958)";
ICA, Technical Cooperation Division, USRO, Paris.

"Industrial Program of the International Cooperation Administration";
ICA, Technical Aids Branch, Washington, D.C.

"Five Years of COP — 1950-1955";
(Report of Activities of Netherlands Productivity Center)
Contactgroep Opvoering Productiviteit, The Hague, Netherlands.

"Increasing Industrial Productivity"; Fourth Annual Report of Philippines Industrial Development Center.
IDC, Manila, Philippines.

"Annual Report of the Department of Industrial Services, Fiscal Year 1957-1958";
Commonwealth of Puerto Rico, Economic Development Administration, San Juan, Puerto Rico.

"Road to Recovery — The Marshall Plan — Its Importance for the Netherlands and European Cooperation";
Ministry of Foreign Affairs, Directorate General for the Economic and Military Aide program, The Hague, Netherlands, 1954.

"Recent Developments of the Productivity Drive in France";
French Embassy, Commercial Counsellor's Office, Washington, D.C., 1956.

"Some Aspects and Achievements of the French Productivity Drive";
Same source.

A series of National Planning Association Publications Relating to Technical Cooperation:

- 1) Administration of Bilateral Technical Cooperation
- 2) Technical Cooperation in Latin America
- 3) Role of Universities in Technical Cooperation
- 4) Technical Cooperation in Latin America — Recommendations for the Future.
- 5) Technical Cooperation in Latin America — Case Studies of Training through Technical Cooperation.

"General Activity of Japan Productivity Center";
Japan Productivity Center, Tokyo, 1958.

"A Survey of the Effect of the Productivity Teams";
Japan Productivity Center, Tokyo, October 1958.

**INSTITUTIONS OF THE
INDUSTRIAL TECHNICAL COOPERATION PROGRAM**

**A Reference Manual to Assist in the Development of
National Industrial Technical Centers
and
Technical Cooperation Programs**

**Prepared by
TECHNICAL AIDS BRANCH**

**OFFICE OF INDUSTRIAL RESOURCES
INTERNATIONAL COOPERATION ADMINISTRATION
WASHINGTON 25, D. C.**

Revised May, 1959

Organizations covered in this Manual are located in the following countries:

EUROPE

European Regional

Austria

Belgium

Denmark

France

Germany

Iceland

Italy

Netherlands

Norway

Spain

Sweden

United Kingdom

FAR EAST

Japan

Philippines

Taiwan

Vietnam

LATIN AMERICA

Chile

Costa Rica

Guatemala

Jamaica

Mexico

Panama

NEAR EAST AND SOUTH ASIA

Greece

India

Iran

Lebanon

Nepal

Pakistan

Other organizations involved in Productivity and Economic Development Programs, but not which are covered in this Manual include:

Burma

Canada

Ceylon

Ireland

Israel

Korea

Luxembourg

Puerto Rico

Switzerland

Turkey

Yugoslavia

FOREWORD

TOP RA
SCIENCE INFORMATION STAFF
BOOKSHELF COPY

This Manual is a compilation of data pertaining to cooperative industrial development and productivity programs operating throughout the world. It is, in essence, a casebook to provide specific information and data useful in planning, developing or expanding organized channels for industrial technical cooperation, as well as purely local projects to improve efficiency and further economic growth. Little evaluation is provided, nor is there any attempt made to indicate "preferred", "standard" or "norm" organizations. Basic controlling conditions vary so widely between different countries that those who are responsible for the program in each country must base their decisions on the particular pattern of conditions existing in that country.

For ready reference, the material is grouped in the following geographical areas:

EUROPE

NEAR EAST AND SOUTH ASIA

FAR EAST

LATIN AMERICA

All of the organizations covered herein were established initially as a result of, or are outgrowths of the U.S. Technical Cooperation Program. Many are now carrying forward solely with their own resources.

In addition to the lands covered in this Manual, the ICA also provides varying amounts and types of industrial technical assistance to many other countries, where no organized Industrial Technical Centers exist at present. In some of these lands, organizations of some form may logically be expected to evolve at some future date. Countries in this category include:

AFRICA

Ethiopia	Morocco
Liberia	Somalia
Libya	Tunisia

NEAR EAST AND SOUTH ASIA

Afghanistan	Jordan
-------------	--------

FAR EAST

Cambodia	Indonesia
Thailand	

LATIN AMERICA

Argentina	Ecuador
Bolivia	El Salvador
Brazil	Honduras
Caribbean Federation	Nicaragua
Columbia	Peru
Cuba	Uruguay

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INTRODUCTION

Objectives of the Industrial Technical Cooperation Program of the International Cooperation Administration

The basic objective of the International Cooperation Administration program of technical cooperation in the field of industry is to create an economic atmosphere in which free nations can and will continue to build their economic strength and improve the standard of living of their peoples; and to develop the strong private industrial base essential in a sound modern industrial economy. It is equally the objective of ICA that each cooperating country shall develop, as early as is practicable, a foundation upon which that country, solely with its own resources and efforts, can ultimately carry forward effectively the work it has initiated jointly with the United States.

The economic strength and standard of living of a nation is based on the composite of its effectively utilized environmental, sociological, technological and human resources. A successful development inevitably must involve a balanced environmental strengthening and improved utilization of all of the nation's resources.

Improved technology alone, or the rapid development of new industry alone, will not automatically raise an under-developed nation's standard of living, nor enable it to take a strong place in the family of free nations. The development of free enterprise and the other sociological and national environmental conditions which have proved during the past century to be indispensable elements in the sound continuing growth of free nations must accompany technological advance.

PRIMARY ELEMENTS OF THE COOPERATIVE INDUSTRIAL PROGRAM

The foundation of the Industrial Program of the ICA is current technical training and the exchange of technical and managerial concepts and know-how. However, the particular pattern which this development must take in each nation can only be determined by the people of that country; and that pattern, in turn, is firmly grounded in each state's own cultural heritage. Hence, as basic policy, ICA provides cooperation only for those programs and projects specifically requested by the host government.

Economic aid in the form of loans and grants, cooperation in the procurement of industrial commodities from the U. S. and other sources, as well as cooperation in the successful construction and initial operation of basic industrial plants and other capital projects are sometimes provided, but only to the extent essential to the achievement of cooperative program objectives.

The three primary elements of industrial technical cooperation involve specialized training of and observation by host country nationals in the United States; the provision, by U. S. technicians working in the host country, of specialized technical training, advice and demonstration; and the transmittal of U. S. technical know-how through the printed word and audio-visual techniques.

In all of these elements, activities are directed toward the achievement both of short-term objectives (such as solution of pressing current problems and noticeable improvement in key situations) and long-term objectives of establishing a sound basis for assuring continuing improvements in the economic health of the nation and the well-being of its people.

THE ROLE OF THE HOST COUNTRY INSTITUTION IN TECHNICAL COOPERATION

Since the long-term objective of technical cooperation involves soundly-conceived continuing activity, it is essential in most countries that a strong independent or separately identifiable

organization be established in the host country to spearhead and coordinate such continuing program activity.

The key role of such industrial technical institutions in developing the nation's industry and improving the efficiency of existing industry is indicated by the following:

- * Serves as a focal point to elicit and channel the combined efforts of all major interests and groups of the host country toward pre-established goals.
- * Provides the framework whereby Government policy decisions are translated into practical and effective action.
- * Assures the effective inter-relationship and mutual support of all the diverse projects and activities which are involved in the industrialization program.
- * Provides a channel for contacts with and a flow of information from other friendly nations; and adapts the knowledge and experiences of other lands to the solution of the country's own problems.

PROGRAM SCOPE AND RESPONSIBILITY OF THE HOST COUNTRY INSTITUTION

The scope of activities and program responsibility of these industrial technical centers vary sharply between nations, in accordance with the extent of their industrial maturity and with other local conditions and needs. In general, countries in which the industrial community is a substantial factor in the economy have emphasized efforts to improve "productivity" and thus to achieve relatively rapid increases in the gross national product and in the standard of living. Attention has been focused primarily upon concepts and techniques of modern industrial management; upon supervisory and in-plant vocational training; upon production practices and work methods; upon marketing and labor relations; upon restrictive business practices; and upon the solution of such other prevailing problems as were observed to restrict the effectiveness with which the nation's industrial plant produced its goods and distributed the benefits thereof.

The organizations established in such circumstances are generally known as "Productivity Centers", though in some lands they have been called "Servicios" or "Productivity Councils".

In most of the less-industrialized lands, however, the primary need is for the building or expansion of the industrial community; hence the industrial technical center (commonly called Industrial Institute or Industrial Development Center) established has necessarily focused its primary program emphasis upon the identification and documentation of sound investment opportunities; the development of sound new manufacturing, trade and service facilities; and upon the conduct, encouragement, and support of measures to provide the new managers and technicians required to man the new entities.

Such organizations also, typically carry forward many of the services and activities which characterize the Productivity Center programs, especially those involving needed direct in-plant services to new and existing industrial facilities.

Although the form of organization and the program emphasis differ from country to country, the Institutions have been established with participation of industry organizations, associations, and private companies; management and commercial societies; educational institutions, and organized labor interests.

All the National Centers have some permanent staff, which maintains extensive and continuing contacts with these participating groups, during project planning and implementation. To the extent required in the particular country, regional or local entities are established as affiliates of the national center, to provide the necessary "grass-roots" collaboration in and support of the cooperative projects. All of these contacts, as well as the actual program activities, mobilize national interest in and acceptance of new ideas, concepts, and improved practices, and accelerate the elimination of barriers to industrial growth and improved efficiency.

Thus, the industrial technical center and its program serves as a positive force demonstrating the mutuality of interest of the diverse participating groups; developing an understanding

throughout the country of the concepts of high productivity, modern managerial concepts and practices, and effective distribution of the fruits of industrial production. As the programs evolve successfully they gradually break down the outmoded practices and concepts which have acted as barriers to change and improvement.

An element of the highest significance in relation to the role played by the industrial Technical Center (regardless of its particular type and program scope) is the close inter-relationship of the demonstration, participant, and local training and service activities. Each phase of the program and each project undertaken exerts a significant impact upon other phases of the total program. This "multiplier effect" is realized in many ways. For example, host country nationals who have been included in participant training projects (visiting the U. S. or other lands) frequently serve as active proponents of "productivity" in demonstrations, conferences, seminars, in technical reports or published articles, and also sometimes direct local training courses in their specialty.

Staff of the Technical Centers are, at various times, both trainees and trainers; frequently, when their abilities have matured, they move on into private ventures on their own. Observers of demonstration projects, in turn, frequently undertake other demonstrations or organize inter-plant visits and other "follow-up" projects.

Concepts, Activities, and Organizational Structure of the Institutions

THE PRODUCTIVITY CENTER

This type of organization, from its inception, is an independent or quasi-independent, integrally identified with the host country, directed and staffed by host country nationals. This institution provides a framework through which both government and private interests of the nation may function to improve industrial practices and the national standard of living. Its policies and projects reflect the views and needs of government, private industry, labor, and the educational system, at both the national and local level. In some instances, the Productivity Center is organizationally a part of the host country Government; but in most lands it is constituted outside the Governmental structure, though sponsored by it.

In all cases, U. S. bilateral technical cooperation, in the form of both financial support and technical services, is provided directly to the Productivity Center; but the U. S. staff serves essentially as a group of technical advisors, and are not constituted as an integral part of the center staff.

The basic objective of the host country is the establishment of a permanent institution to continue after direct U. S. support has been phased out. (This stage has now been achieved for all of the Western European (OEEC member) nations, except for certain residual U. S. bilateral support in two countries.)

Funding of the Productivity Center operations characteristically involves the host country Government; U. S. grants (for the duration of U. S. support); and also, in most cases, funds from other host country entities, public and private.

There are several characteristics which are evident and peculiar to this kind of Industrial Technical Center. The Productivity Center concept does not include a definite organization plan, but it does represent a general type of administration and planning agency whose detailed features are somewhat different in each country where this approach is used.

The Productivity Center is usually activated by a government decree which either directs the formation of the organization as in the case of France, or extends official sanction to an organization ready to be formed by private groups as in the case of Austria or Mexico. These two situations indicate marked differences in the role of the national government in the Productivity Center's activities. In France, government officials assume the principal direction of policy and administration with non-government or private groups working in close cooperation but in an advisory capacity. On the other hand, in Austria and in Mexico the private groups are members of the top committee and, as such, participate directly in the policy and supervision of the Center's activities. Variations within these limits usually reflect local conditions and thus provide the most suitable organization for a particular country. In this

manner, the top policy bodies give expression to the earlier definition of a Productivity Center - a semi-private framework to administer a coordinated program to improve productivity.

The internal structure of the Productivity Center shows an ability to operate with a comparatively small staff supplemented by the efforts of cooperating agencies where they are needed. A review of eight European Productivity Centers shows an average full-time staff of forty two, with some part-time assistance in specific functions. The largest staff, employed by the French Center, numbered ninety five, whereas the smallest staff (in Greece) consisted of six full-time executives and a few clerks. The personnel constituting these staffs usually include people who have special backgrounds in engineering, economics or business administration, office administrative practices and public relations with a variety of groups. The work of these Productivity Center staffs is organized according to the special needs of the particular Center.

In many countries especially the larger ones and those with widely separated pockets of industrial concentration the National Center is complemented and supported by Regional Centers, which carry the primary burden of local operations and mobilization of local support. These regional offices have been used to great advantage in Germany, France, and Mexico; and will be a major feature of the program in India.

In general, the National Center staff consists of divisions whose responsibilities include administrative matters such as budgeting and accounting for funds; publicity or public information offices charged with carrying the Productivity Center message to all parts of the economy; divisions concerned with arranging the itinerary of visiting specialists or teams of specialists and of arranging for foreign visits of Nationals on projects selected for study in other countries; divisions handling the various technical aids which are available for assisting elements of the economy (such as the Technical Film Service, the Technical Inquiry Service, the Technical Digest Service, and several others); and other sections established to handle the technical and engineering problems deemed particularly important to the nation as a whole.

The typical industrial Productivity Center carries forward a variety of projects to achieve agreed-to goals of industrialization and productivity improvement, in most instances including-

Training courses and seminars to develop needed managerial, supervisory, technical, and vocational skills;

In-plant factory engineering work to improve production practices and techniques, drawing as required upon the short-term services of experts from the U. S. and other mature nations or international agencies;

Sponsors visits to the U. S. or to other industrialized lands, to improve the knowledge, skill and ability of host country managers, scientists, technicians, and workers;

Development of technical libraries and technical information or reference centers, which carry forward energetic publications programs, and disseminate technical information through a wide range of printed and visual media;

Conducts industrial and applied research, to further sound industrial production practices, and to point the way to new processes or products utilizing available natural resources;

Stimulates increasing inter-plant and inter-industry exchange of information, ideas, and production practices; and the development of effective relationships between public and private organizations, associations, firms, and societies working toward management development and engineering and technical consultation.

Stimulates the development in the host country of needed institutions, private firms and other organizations to carry forward basic services of a modern industrial technology, such as industrial research; management consulting; industrial engineering; investment services; or sales and marketing consulting;

Stimulates the establishment by the host country of appropriate associations and societies, such as local affiliates of the international scientific management society; industry and trade associations; Chambers of Commerce, etc.;

Stimulates the long-term provision, in the host country educational system, of secondary-school, undergraduate and graduate education in the specialized curricula required by a modern industrial society, including business administration and industrial engineering.

The majority of the established Productivity Centers, particularly in Europe, have found "Productivity Loans" an effective incentive to obtain participation in technical activities. These centers administer small loan funds, ranging from the equivalent of several hundred thousand to several million dollars. This fund, administered by some established bank, is at the disposal of the Center, in the form of loans at conventional interest rates, to firms participating in Center projects. The loans make it possible for members to acquire recommended equipment, install new methods, finance training projects, or pay for necessary consulting engineering assistance. The Productivity Loan funds have functioned as a strong inducement to participate in Center-sponsored technical improvement projects

THE INDUSTRIAL SERVICIO

The Industrial Servicio (characteristic only of Latin America) has the same basic objective and type of activities as those outlined for the National Productivity Center. Its principal difference, in terms of program direction, is its greater emphasis on the specific day-to-day training of host country technicians, including the Servicio staff.

While the program and project activities of an industrial servicio are similar to those of a Productivity Center, its concept and organizational structure are entirely dissimilar. The basic concept of the Servicio is that of a joint creation of two sovereign governments, (the U. S. and the host country) which is responsible directly to both. It is established, administratively in the host country, as an entity of one of the regular Federal Government Ministries, of temporary status, to conduct an agreed-to program and projects. Since its life is limited by bilateral agreement, its functions are, ultimately, to be phased out and transferred either into a regular Ministry of the Host Government or to one or more private organizations.

The broad program policy of the Servicio is determined by a board or Council which numbers among its membership ranking officials of industry, commerce, labor, government, educational institutions, and others as appropriate. The Servicio typically derives the support of various segments of the economy through such Board membership.

The characteristic administrative feature of the Servicio is joint executive direction (with a U. S. and a host country Director); and joint funding, with U. S. and host country grants comingled in a single operating account.

Staff organization of the Servicio is characterized by an integration of the U. S. Industry Field Party and Host Country personnel recruited to serve in the Servicio. Though details of assignments vary somewhat between Servicios, the U. S. and host country technicians normally form teams (or counterparts) in each specialized area, and share both operating and administrative responsibility. (A major responsibility of all U. S. technicians is that of direct, in-service training of their counterparts and subordinate staff, so that the U. S. technician may be withdrawn at the appropriate time.)

This direct internal staff relationship of the Servicio is in sharp contrast to the "Productivity Center" or "Industry Institute" organization, under which the U. S. technicians function in an advisory capacity only, with no direct operating or supervisory responsibility.

Generally, project and other expenditures are jointly agreed to and must be approved by both the top U. S. and host country representatives. In addition to the grant to the joint-fund, the U. S. finances separately all costs of the industry field party, and the host country finances various local costs of the organization and its program.

Basic strengths and weaknesses of the Servicio in comparison to a Productivity Center or an Industry Institute, relate directly to its conception:

1. Conceptually, the Servicio is an ideal mechanism for transmitting technical know-how, due to the direct and continuing day-to-day relationships and sharing of responsibilities between the U. S. technicians and their host-country counterparts.
2. Administratively, however, the Servicio mechanism is intrinsically clumsy and delicate to handle, because of divided responsibility and the necessity for joint decision in most cases. Also, comingling of U. S. and host-country funds into a joint account presents administrative, operating, and auditing problems which do not exist where funds are separate.
3. The establishment of the Servicio as an autonomous, or semi-autonomous organization has a tendency, in some instances, toward duplication of the function of existing host-country governmental or private structures.
4. Its temporary status, and the necessity for ultimate transfer of its functions, may in some cases represent a barrier to the sound development, on a permanent basis, of effective centralized leadership for the productivity program.

THE INDUSTRIAL DEVELOPMENT CENTER OR INDUSTRY INSTITUTE

The Industrial Development Center or Industry Institute (as noted above, the typical form of host country technical cooperation institution established in the developing nations) characteristically is assigned an even broader responsibility than is the Productivity Center or the Servicio. In most cases, the primary focus of program emphasis is upon the development of sound new industry, the expansion of existing facilities, and on training in sound managerial practice. Only secondary emphasis is on the improvement of the efficiency of existing industry.

The Development Center or Institute is characteristically established under bi-lateral agreement, as a private corporation or quasi-independent entity in the host country, sponsored by but not a part of the National Government. As so constituted, the organization is empowered to receive and use funds received as grants from both the host country and U. S. Governments, and as fees from the factories, organizations and individuals which comprise its clientele. The Development Center or Industry Institute is conceived and established as a permanent entity, which is expected in most instances to be able, ultimately, to support itself by receipts from its clientele.

Organizationally, as an entity of the host country, the Institute is staffed and directed by nationals of the host country. U. S. or other country nationals are utilized as technical advisors and trainers. In some important cases, however, U. S. experts have been employed by the Institute or Development Center as directors and as integral members of the Institute Staff, under contractual arrangements executed either by the U. S. or by the Institute itself. This expedient was in each instance a temporary one, designed specifically to overcome shortages of technical personnel in the host country, and to enable it to proceed without delay in the rendering of badly needed technical services.

The broad collection of functions typical of the responsibility assigned Industry Institutes or Development Centers include the following:

Serves as advisor to the host country government in the framing of pertinent legislation and in long-range economic planning to assure health industrialization; and to stimulate the inflow of needed private capital for investment in industry;

Carries out survey, analytical and planning activities required to determine industrial investment priorities;

Identifies and documents priority investments and assists domestic and foreign entrepreneurs with the documentation of their investment plans;

Serves as a channel, but usually not a compulsory channel, for approaches to foreign credit sources such as DLF, Ex-Im Bank, IFC, and private banks;

Advises the Government on the economic and technical feasibility and investment priority status of requests for import licenses and foreign currency allocations for major industrial investment items;

Contacts potential foreign investors to secure external equity financing for high priority investments;

Operates, or exercises considerable influence in, Government Loan Funds and Development Banks for private industry. (ICA experience does not indicate any particular pattern for the relation of Industrial Development Centers to industrial credit, except that an IDC should be looked to for the definitive technical and economic feasibility aspects of a loan decision. Loan Funds may be assigned to the IDC for control and operation, as in Vietnam, or they may be established in a National Bank or special Industrial Development Bank. It may be preferable, if the IDC has the above-mentioned controlling influence with respect to economic and technical feasibility, to place the burden of actual credit operations or some other organization).

Provide technical, managerial and consulting advice and assistance to prospective, newly established, and older enterprises to help assure success of their initial and later regular operations; and to improve production techniques. (This type of assistance, which involves management, industrial engineering, marketing, production techniques, labor relations, etc., is the same as that provided by a Productivity Center. Productivity activities are a logical function of an Industrial Development Center, since a staff with the education and experience required for economic and technical feasibility analysis can also be used in efficiency improvement advisory services and training.)

Conducts industrial and applied research, to develop applications of existing industrial technique to the conditions in the host country; to solve specific operating or processing problems of local industry; and to evolve new product or process applications to utilize abundant raw materials and natural resources available locally.

Carries forward programs for international exchange of technical information relating to industry and for its broad dissemination within the host country, through publications and the various audio-visual media and services characteristically applied by Productivity Centers and Servicios.

Carries forward continuing training of host country industrialists and other officials, through visits to the U. S. or to other industrially mature lands. The new ideas and increased understanding brought back after such visits contribute significantly to the solution of problems which the country is seeking to overcome.

Carries forward intensive management, supervisory and specialized local training courses and seminars, to accelerate the development of needed skills, concepts and techniques for the growing industrial community.

INVESTMENT DEVELOPMENT INSTITUTIONS AND PROGRAMS

In addition to the productivity centers, industry institutes, and industrial development centers covered in this manual, several other types of specialized organizations are playing an increasingly important role in the economic development and industrialization efforts of the free world, particularly in relation to small-plant financing, and surveys as to the economic feasibility of suggested industrial ventures. Some of these organizations are being developed solely by the host country, on its own initiative. The World Bank and other international agencies are also playing a significant role in developing some host country financial institutions. In many lands, the Development Loan Fund and the ICA are providing direct financial and technical support for needed local investment-development institutions.

The principal types of such institutions and their responsibilities in programs for industrial development are outlined in the following paragraphs. (Note, however, that no case studies of investment institutions are included in this manual. Their activities are highly

specialized; and the information available at this time as to their actual organization and details of their operations is not adequate for their inclusion.)

1. Investment Promotion Centers

In most (if not all) of the developing countries there is a need - and frequently highly profitable opportunities which are being neglected - to process local food-stuffs and raw materials; provide additional services for immediate use locally, such as foundries, machine shops, slaughterhouses and refrigerating plants; and to assemble or produce finished manufactures. Neglect of these possibilities frequently may be attributed in part to the propensity of local private capital to speculate in real estate and commodities; to the absence of investment banks, capital markets and other institutions necessary for efficient capital formation and investment; and sometimes to lack of confidence in present or prospective economic and political conditions. But perhaps most importantly, there are insufficient numbers of people in less developed countries with the necessary skills, scope of experience, and other resources needed to promote, organize and manage the wide range of production and other enterprises for which there is a need. On the other hand, investors and industrialists in the U. S. and Europe frequently lack knowledge of these opportunities or perhaps exaggerate the risks. In brief, what is lacking are sufficient numbers of private entrepreneurs or business manager, both foreign and domestic, who see the needs and are able and willing to take advantage of the opportunities which do exist.

The possibilities vary from country to country, but in many situations a useful institutional response to this problem is an Investment Promotion Center especially staffed with trained personnel to promote and attract investment. Through the assignment of U. S. technicians and visits of individuals and teams to and from the U. S., these organizations can provide opportunities for technical advice, demonstration and training on a wide range of investment development matters. Concurrently, with U. S. technical guidance and training they can initiate action programs involving among other things: (1) undertaking surveys and detailed market-engineering reports on specific promising developmental projects contributing to economic growth; (2) pursuing necessary legislative and other reforms and provision of tax and other incentives to attract investment in these projects; (3) finding combinations of capital and competent management for their development; and (4) providing assistance to private entrepreneurs in taking full advantage of resources available through the growing number of private international investment companies, the IFC, Ex-Im Bank, and other financing sources.

In brief, these local organizations frequently may be the first place a local private promoter would call. Here he can get help to find loans locally, aid in drawing up prospectuses, etc., and assistance in finding foreign capital. If the loan is beyond local and private resources, then the organization can help him prepare his case for DLF and other public or private international financing. Business management and entrepreneurial development through participant training, forums, seminar discussions, etc., is typically a special objective of these organizations. Such projects can serve, among other things, to demonstrate (a) effective organizational facilities and techniques to promote and attract investment (foreign and domestic, private and public); (b) their possible application in the host country; (c) U. S. business attitudes, policies and practices regarding overseas investment; and (d) other ways in which U. S. technical cooperation may be of assistance in this field.

The functions and services of investment promotion agencies are discussed below. They constitute the technical, reference, and advisory functions normally associated with the promotion of foreign and domestic investment.

- (a) A complete financial reference library, including -- investigation, referral, and credit services covering firms in the U. S., Europe, and other regions. A library on investment and production subjects; a business news wire service from U. S. and European sources. Audio-visual and exhibit materials on investment.
- (b) A field contact service including Council offices in Europe, the U. S. and other investment areas. These offices represent local interests and businessmen, disseminate information on investment opportunities, approach potential investors, orient businessmen prior to trips to the country, assist and follow-through on investment negotiations, provide liaison with foreign specialist investment, banking, and financial firms providing contract services to the Center. The field offices may be assigned by the expert staffs of investment banking organizations on contract to the Center.

- (c) **Consultation and survey assistance on all aspects of investment by professional specialists to conduct surveys and prepare reports on the prospects for new industries and foreign capital participation. The consulting staff aid businessmen and government agencies in the preparation, handling, and negotiation of loan applications and investment proposals. This service coordinates, centralizes, and expedites all contacts with investors abroad, and discussions with foreign businessmen in the country.**
- (d) **An integrated investment research and public relations backstopping, which the experience of other national investment centers has proved to be essential to success in attracting foreign capital. This staff prepares and aids other government agencies in the issuance of a wide variety of investment promotional material, pamphlets, tracts, and detailed reports ranging from popular to highly technical material. The staff also arranges for, coordinates, conducts, and publishes reports on factors influencing investment climate and economic condition conducive to the attraction of foreign capital. The reports of investment participant teams are also published by this group. Contracts with U. S. expert firms in investment relations and investment research can assist the Center staff.**
- (e) **A training department in all aspects of foreign investment capital markets, and investment research and administrative procedures. The training function is to be based on the services of ICA technicians, foreign firms under contract to the Center, and the facilities of ICA participant team and individual study in the U. S. and third countries. The training will include Center members, Center staff, and interested host country officials and businessmen.**

Investment Promotion Center functions may be performed by an Industrial Development Center.

2. Development Financing Facilities

For small business and industry to go forward satisfactorily in many countries, the establishment or strengthening of local financial institutions or other facilities is an important step toward sound industrialization. In many cases local capital frequently is available only on prohibitive terms or not at all. On the other hand, it is not uncommon that highly laudable projects may be ineligible for DLF or other financing because of the small amounts of financing involved or other considerations. With U. S. technical and/or financial (DLF, PL 480, counterpart, etc.) assistance, a growing number of countries have established new local development financing institutions or other arrangements to cope with the problem.

By providing long-term loans and or equity funds, development financing projects also may serve to minimize the relative risks and offer the possibility of a greater return to private capital invested. Therefore, they tend to encourage investments in new and expanding development which might be delayed or otherwise not materialize at all. Other common advantages of such institutions include the following:

- (a) **Control of local finding, screening and service facilities.**
- (b) **Assured consonance with local government policy.**
- (c) **Facilities for reaching medium and small investors.**
- (d) **The building up of local financial institutions, experience and competence.**
- (e) **An opportunity for a broad impact with limited aid funds.**
- (f) **Access to the funds of the bank, to the local capital market, and possibly to foreign portfolio investment.**
- (g) **Administrative convenience for the U. S. (commitment of funds, bookkeeping, collection, etc.).**

Current experience demonstrates the availability of several workable patterns for local development banks and similar institutions and for the effective associations of U. S. aid funds with them. During recent years, there has been a rapid growth of banks and loan funds to provide long and medium term industrial credit at reasonable interest rates. In some countries, a substantial part of new industrial capacity in the private sector, particularly that associated with the objectives of national development programs, is now being financed by these loan programs. The over-all results have been successful and there are plans in a number of countries for the further expansion of this type of development financing.

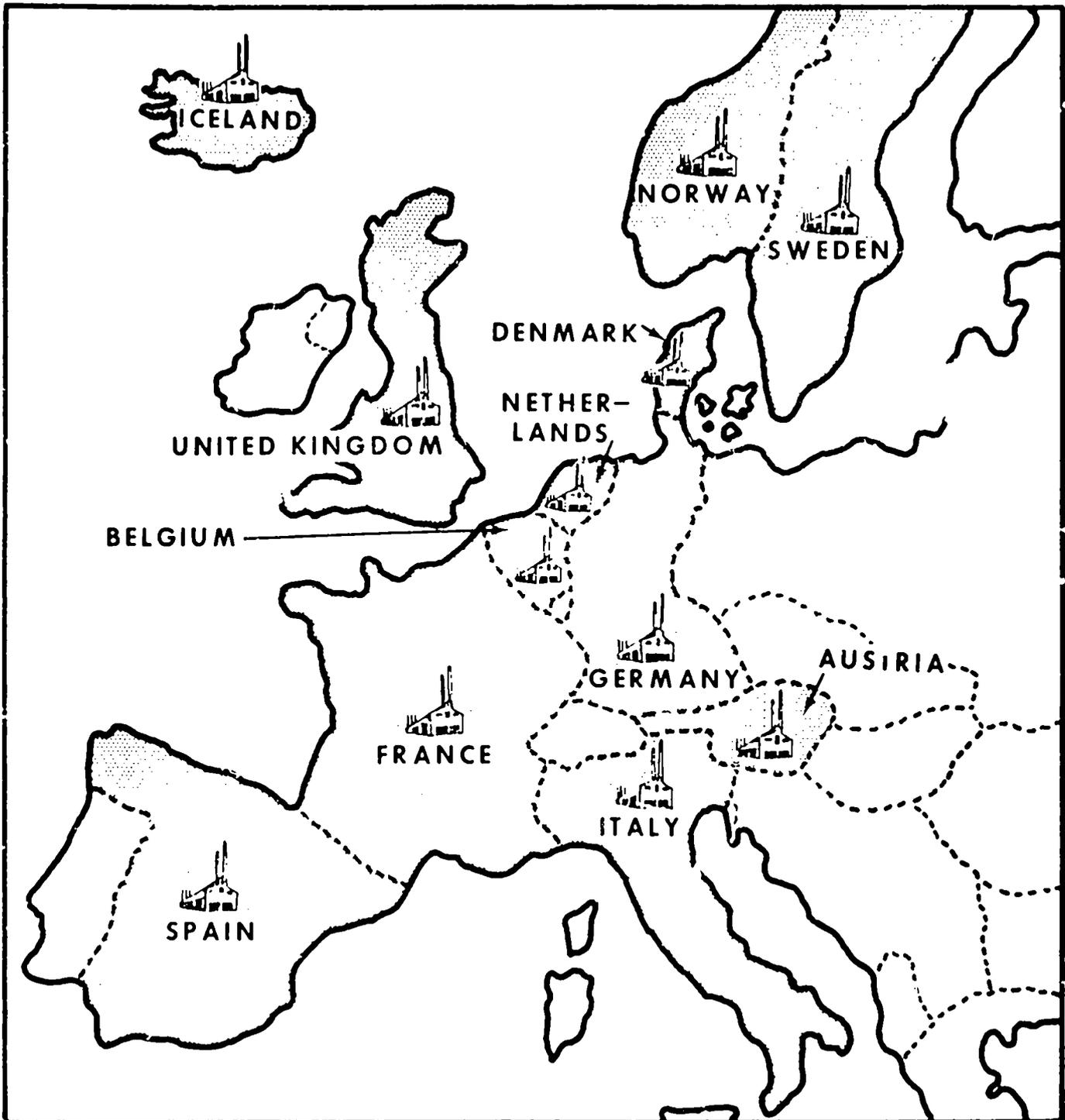
A variety of lending institutions have been evolved ranging from formally organized development banks to ICA-sponsored special loan funds administered by commercial banks. The type of organization which has been set up has been determined by the lending functions and the particular conditions within the country. Although much remains to be learned about the administration of credit in underdeveloped nations, present experience indicates that widely different institutions have been successful in countries at all levels of development. The main types of lending institutions to which U. S. aid has been channeled are described briefly below:

1. Development Banks -- extend long-term loans at attractive rates of interest.
2. Development Corporations also participate in financing on an equity basis.

The Industrial Development Bank of Turkey, for example, which was established with the aid of U. S. funds, is similar in some ways to development banks set up in Ethiopia, India, Pakistan, and Ceylon. The purpose of these banks is to aid the growth of private enterprise by providing medium and long-term credit and by mobilizing savings. In most cases, a majority of the common stock and voting control is in private hands, and bank activities include direct lending or investment in stocks. Although this type of bank has been organized in countries as diverse as Turkey and Ethiopia, there has been a more rapid growth in those countries which possess a more sophisticated business community.

3. Rediscount Banks -- offer an effective device for encouraging the activities of existing lenders in certain fields by extending rediscount services for certain types of loans. The Refinance Corporation for Industry in India was partially financed with ICA counterpart funds for the purpose of expanding medium term credit for medium scale industry.
4. Loan Funds -- provide a means of extending financial assistance to worthy development projects without resorting to establishment of new development financing institutions. Utilizing existing facilities such as governmental or commercial banks, special loan fund accounts are established with U. S. dollar, PL 480, counterpart or other deposits. These in turn may be loaned under criteria previously agreed upon, such as size of loans, industry priorities, and interest rates. Loan fund arrangements of this type are particularly suitable for country situations where the volume of lending may be insufficient to justify the overhead costs involved in establishing a new institution; however, in some circumstances they may leave no enduring facilities to carry on as U. S. assistance is phased out and finally terminated. On the other hand, where there is an already established commercial banking system, by administering loan funds through their facilities they may be encouraged to utilize their own financial resources eventually for long-term development financing. Furthermore, in this way it is possible to take advantage of the administrative facilities and local knowledge of the local banking community in administering U. S. financial assistance resources. Loan programs of this type now are found in Tunisia, Greece, Jordan, Korea, China, Iran, Israel and India.
5. Specialized Lending Institutions -- Many countries have specialized lending institutions, such as agricultural and craftsman banks, mortgage banks, construction banks, and others. In many cases these financial institutions can play an effective role in contributing to economic development if their lending authority is broadened, their technical department services rendered more effective, and further capitalization provided. Much can be done to improve branch bank or extension credit to remote areas, or provide capital and associated assistance under the specialized conditions necessary for handicraft and small-scale industries. Construction and mortgage banks can be guided to greater support of productive industries.

EUROPE



Other organizations involved in Productivity and Economic Development Programs, but not covered in this Manual, include: Ireland, Luxembourg, Switzerland, and Yugoslavia.

BACKGROUND

In 1948, in response to the stimulus of the "Marshall Plan" for economic and technical assistance from the United States, seventeen Western European governments agreed to combine their efforts to rebuild the economic strength of Europe. They created the Organization for European Economic Cooperation (O.E.E.C.) to serve as the mechanism to coordinate their economic and financial measures.

As OEEC activities developed it became evident that general economic decisions taken through OEEC, while important, were not sufficient in themselves to achieve the desired growth and efficiency. The cooperation of industry, trade unions and agriculture to increase productivity at plant and farm level was also essential.

During the early period, while OEEC focused its attention on the problems of how to increase productivity, many member countries, with American bilateral assistance, developed their own productivity programs.

These individual country productivity programs, of which National Productivity Centers were the spearheads, developed rapidly from their early, sometimes hesitant beginnings, to a point where they exerted a major force in the European economic scene. These programs not only stimulated sweeping improvements in industrial and agricultural production practices, but also led to the development of basic changes in industrial organizational and managerial concepts and practices in production, sales and distribution.

For the first time since World War I, and for the first time in history, in some countries, a broadening international and inter-plant exchange of technical information and modern technical know-how was developed.

The Productivity Centers were in all cases established, conceptually, as a permanent entity in the country, evidencing the new understanding and determination of the country leaders to press for continuing economic growth, and maintenance of the international exchange of technical know-how on a current basis.

By the end of U. S. Fiscal Year 1955 (June 1955) the work of these Centers was so successfully established that they were in a position to carry forward their programs largely with their own resources. Hence direct U. S. support of the individual country programs was discontinued, with the exception of certain lands (including Spain, Italy, Austria and Yugoslavia) where unique problems dictated the continuation of bi-lateral economic and technical cooperation agreements with the United States.

Continuing U. S. support for the entire European Productivity program has been channeled, since June 1955, through the European Productivity Agency.

EUROPEAN REGIONAL



Muette - Headquarters of the European Productivity Agency

*European Productivity Agency
3 rue Andre Pascal
Paris 16, France*

European Productivity Agency

As the result of the necessity, which early became obvious, for providing central coordination for the individual national productivity drives, as well as for conducting a variety of needed activities and projects which could not be undertaken effectively by the individual countries, the OEEC, with U.S. assistance and support, established the European Productivity Agency (EPA) in 1953.

While the specific program and organizational details of the Agency have varied somewhat over the years, and some projects have been more successful than others, the EPA has proved to be a development of outstanding continuing significance on the European scene.

EPA member countries are: Austria, Belgium, Denmark, France, Germany, Greece, Iceland, Luxembourg, Netherlands, Norway, Portugal, Sweden, Switzerland, Turkey and the United Kingdom. Yugoslavia became a member in 1957. The United States and Canada are associate members, while Spain has a special status. Nearly all these member countries have productivity centers which cooperate with EPA in making arrangements for and carrying out EPA projects within their respective countries.

The EPA organization structure is based on the following permanent committees:

The Advisory Board, which is composed of fourteen prominent individuals from industry, agriculture and trade unions who advise on the work of EPA, on public relations and long term policy.

The Governing Body, which is composed of representatives of each member country who are empowered by their respective governments to adopt projects and to declare their participation in them; further, the Governing Body considers questions of policy and the EPA annual program.

The Productivity Committee, which is composed largely of representatives from national productivity centers. This committee is designed to promote liaison between national centers and serves as an international center for the exchange of information between centers for discussion of common problems.

The Committee for Applied Research, which is composed of representatives of applied research institutes of member countries. It encourages cooperative research among member countries and provides a forum for the exchange of experience.

The Permanent Staff consists of 179 persons.

As the EPA now functions largely as a two-way exchange between Europe and the United States for mutual benefit, an office has been established in Washington to handle that part of the program that is carried on in the United States. The Address is:

European Productivity Agency,
1346 Connecticut Ave., N.W.,
Washington 6, D.C.

The European Productivity Agency was established with a United States grant of \$2.5 million and the equivalent of \$7.5 million in counterpart funds from those member countries benefiting from the Benton-Moody agreements. The organization operated on this capital fund from FY '54 through FY '57, supplemented by the equivalent of \$430,000 per year from the OEEC Budget and annual U.S. Dollar assistance averaging about \$1.8 million.

This U.S. assistance was made available during FY '54 through FY '56 as project type assistance under Blueprint procedure. Beginning in FY '57, it was made in the form of a direct grant to EPA.

In 1957 the OEEC voted to extend the life of EPA indefinitely and to guarantee its financing for three fiscal years (1958-1960). Member countries quadrupled their annual contributions to roughly \$1.7 million, while the United States contributed a grant of \$1.3 million during FY '58.

The level of current financing, together with the utilization of available reserves, will permit the operation of annual programs of approximately \$3.5 million during FY '59 and FY '60, provided the U.S. grant remains about the same. This figure does not include grants to EPA from other sources, such as the Ford Foundation, nor the considerable costs borne by member countries which participate in individual projects.

The European Productivity Agency acts as an international coordinating center for national productivity programs and serves as a clearing house for the exchange of information and ideas. At the same time it acts as a federation of the National Productivity Centers, giving them common services such as a federation normally gives its members, and serves as a laboratory in which new ideas are developed and fed to the centers. The purpose of the EPA is to seek, develop and promote the most suitable methods for increasing productivity in individual enterprises and in the various sectors of economic activity in the member countries. To this end, it promotes and undertakes measures to secure the adoption of the most appropriate techniques and to remove factors hindering their adoption. It also finances various international projects and missions, as explained below.

During the initial phase the main task of the EPA was to gain acceptance of the idea that greater productivity would result in betterment for management, labor and the consuming public. This concept has now gained wide acceptance in Europe generally, where productivity and allied programs have made vast strides through gaining the support of government, private industry, trade unions and the public, chiefly as a result of actual demonstrations that gave specific evidence of benefits. As the "propaganda" or "introductory" phase has been concluded, the objectives are now more substantial and specific; major emphasis is placed on the promotion of new ideas in the field of economics and particularly of managerial concepts, labor acceptancy, and management-labor cooperation.

The program of the EPA includes studies on the economic aspects of productivity, the creation of schools of Business Management at University level in Europe, research in sociological factors and Trade Union activities, the structure and channels of the distribution system as well as the promotion of plant level productivity techniques such as work study, standardization, cost accounting and production engineering, by means of seminars for both management and Trade Unions to achieve a modernization of industrial, commercial and agricultural practices.

There is now included a substantial program for technical assistance to the under-developed areas of Greece, Turkey, Italy and Yugoslavia to build them up to the economic level of the other countries, this being the largest component of the present EPA program.

A considerable expansion of the program for cooperative research in science and technology is also planned. It is considered that research is the greatest factor in promoting economic improvement; as the individual countries of Europe cannot afford to do all of the work needed, the objective of the EPA in this field is to carry out this activity on a European basis, rather than duplication of effort.

Recently EPA broadened the scope of its activities by assuming the operational responsibility for carrying out the ICA sponsored Third Country Training in Europe. Funds are now allocated to provide staff and overhead to support programs for the training of persons from overseas under-developed areas, for the benefit of under-developed countries outside the OEEC area.

Generally speaking, the EPA program follows the educational and training activities similar to those conducted by ICA. The methods used are scholarship grants, study and observation tours, the provision of experts to advise and consult in various fields, international seminars and conferences and the publication of reports. There are no commodity imports, capital assistance, Development Loan Fund or other large scale forms of financial assistance.

The present EPA program covers seven broad program sectors. They are: Management in Industry and Commerce, Trade Unions, Human Factors, Technical Factors, Food and Agriculture, Under-Developed Areas, Third Country Training and Information, as detailed below:

Management in Industry and Commerce

This program directs attention, to an increasing extent, to the necessity for and the methods whereby the problems connected with Europe's shortage of qualified management personnel can be solved. The rapid industrial and commercial expansion in recent years has far outstripped European facilities for training management prospects. EPA addresses itself to helping overcome this serious threat to continued expansion and is actively promoting wider acceptance and teaching of management education in colleges, universities and other training institutions, such as those sponsored by professional organizations. Various types of teacher training programs, designed to improve teaching skills at the younger teacher level on up to the full professor level, are being conducted by EPA.

Trade Unions

Recognizing the need to utilize fully the constructive contribution that the trade union movement can make to productivity efforts, EPA's trade union program aims at increasing the cooperation and support of trade unions in productivity programs. This is done through educational and training activities designed to increase economic and technical interest and competence among trade unionists. Activities include those such as inter-European and U.S. study missions, international seminars and national training courses, study courses at Harvard and Columbia Universities, the publication of a bi-monthly bulletin and the publication of pertinent research results in a series of "Union Studies".

Human Factors

Activity in this field aims at achieving more cooperation between trade unions and management. This program aims at providing a forum for joint discussions between labor and management representatives on problems of interest to both.

Another aspect of this program is the application of social sciences in industry. The program in this field aims at developing increased application of knowledge in the human sciences to industry, stimulating and encouraging research in the human sciences, the training of research workers and the organization of conferences and discussions between research workers and representatives of associations of employers and of trade unions.

Technical Factors

This program aims at creating a Western European network, composed of existing public and private research institutions, for the purpose of conducting joint scientific research which can be of practical value to industry and bring about more rapid development by bridging the gap between industries and research centers. This is being carried out through the Committee for Applied Research, which sets up cooperative research projects between interested countries. EPA will also assist research organizations to improve their work methods and examine national research policies.

Food and Agriculture

The program in this field aims at promoting sound agricultural progress, particularly in connection with farm management and the marketing and distribution of agricultural commodities. This is being carried out under the following current activities: marketing and distribution of agricultural and food products, agriculture and home economics advisory services and vocational training, improvement of communications with farmers and farm workers, and higher agricultural education and applied research.

Underdeveloped Areas

In furtherance of the OEEC objective of promoting more rapid development in the less-favored areas of Europe, the EPA devotes a large portion of its budget to a program for "Underdeveloped Areas", including the training of local people to take over. Four member countries - Greece, Turkey, Italy and Yugoslavia - have applied and are benefiting from this program, which consists primarily in the creation, with EPA assistance, of "trial and demonstration zones" which will serve to show how productivity and incomes can be increased by a concerted effort on the part of experts, technicians, community leaders, government agencies and private investors. In addition to its "zone" efforts, EPA also provides to the four less-developed countries general technical assistance on problems common to their economies, i.e., the lack of vocation and management training.

Third Country Training

As already mentioned, EPA has assumed the operational responsibility for carrying out ICA sponsored participant training in member countries. It also assists in the recruitment of technicians in member countries for assignment to USOM projects in lesser developed countries. In both activities, through its technical staffs and extensive experience and contacts, EPA can greatly strengthen ICA country programs. Simultaneously, the Western European nations, through this collective effort, will be drawn more closely into the problems and needs of the economically underdeveloped areas.

USOMs seeking either third country training in Europe or European technicians should contact USRO, Paris. USRO, in turn, will forward the request to EPA, which will take the necessary action. In this, EPA is assisted by officially designated agencies in each member country.

(USRO is responsible for communications with originating USOMs and will assure that the necessary information is made available for the preparation of Blueprint documents by USOMs. PIO Ps are to be issued in accordance with M.O. 1380.2, allocating the USRO the funds necessary for the European training. USRO will use these funds to reimburse EPA for training costs incurred).

Information

This program makes known the principles and methods of productivity and the activities of EPA, as well as specific techniques in the field of industry. It is carried out by radio, films, publication of reports and a network of information officers located in the national productivity centers. This information program is broken down into the following sectors: coordination of national activities, general information, technical information and films.

The sector on coordination of national activities provides the Secretariat to the Productivity Committee, which is concerned with the exchange of views between representatives of national productivity centers on various aspects of national productivity programs.

The sector on general information publicises the activities of EPA as well as disseminates popular material on productivity principles, methods and results.

The sector on technical information provides national productivity centers with information on technical subjects through the EPA Question and Answer Service, European Technical Digests magazine which is used as the basis for national digests appearing in French, German, Italian, Turkish and Spanish. In addition, plans are being made to utilize technical and scientific documentation coming from Eastern European countries.

The sector on films supplies films on productivity to national productivity centers and organizations and gives assistance in organizing film programs.

The "EPA Activities" Newsletter appears monthly in English, French, German and Italian and briefly describes current activities. The "European Productivity" magazine appears every three months in French and English. In addition, EPA issues a variety of periodic and non-periodic publications, which is in keeping with its function of an international clearing house for the exchange of information and ideas. They appear in both French and English, which are EPA's two official languages.

The EPA Information Program is conceived as performing three functions:

1. The value of information as such;
2. Promoting information as a technique of productivity;
3. The public relations aspect.

A complete listing of both OEEC and EPA publications may be found in the OEEC/EPA GENERAL CATALOGUE FOR 1958, which may be ordered from:

The Sales and Distribution Service of OEEC, 33, rue de Franqueville, 16eme, Paris, France.

or from:

European Productivity Agency, 1346 Connecticut Ave., N.W., Washington 6, D. C.

The Concept Of Productivity And The Aims Of The National Centers*

After the second world war, following several years devoted to recovery measures which were designed to meet the immediate requirements, most European countries became aware of the fact that a systematic policy aimed at achieving higher productivity was essential both for long-term economic recovery and for a steady improvement in the living standard of the population by making the best possible use of the available resources, often inadequate, in manpower, raw materials and power.

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The creation of national productivity centres in the Member countries of the O.E.E.C., supported at the outset by Technical Cooperation agreements concluded with the American Government, was the direct result. It soon became clear that the desired result could be achieved only by drawing up a coherent, well-planned programme, which would take into account the complexity of factors involved, and which would be put into effect by special organizations suitably equipped for the task.

The task was all the more difficult because any solution involved not only positive action, but also called for the creation of the right psychological climate, which was a prerequisite of success, and which would become one of the main concerns of the new Centres. The very nature of productivity, in its fullest sense rather than its strictly technological meaning, called for a sustained effort on this delicate ground. One of the best definitions given to productivity is the following:

"Above all else, productivity is an attitude of mind. It is mentality of progress, of the constant improvement of that which exists. It is the certainty of being able to do better today than yesterday, and less well than tomorrow. It is the will to improve on the present situation, no matter how good it may seem, no matter how good it may really be. It is the constant adaptation of economic and social life to changing conditions; it is the continual effort to apply new techniques and new methods; it is the faith in human progress."

Being unable to deal simultaneously with all the aspects of such a scheme, the national centres in general have established a programme — not always rigidly defined — of activities and, to a certain extent, a doctrine. With all the reservations and exceptions inherent in such a generalisation, it can be said that most of the countries in northern Europe, where average productivity is higher, have set out to concentrate their activity at the individual firm level, whereas several Mediterranean countries, deeming it necessary to exert an influence on the economic structure as a whole, have granted their centres more extensive powers, inviting them, as in the case of the French centre, "to take their full share in the framing and the direction of the national economic policy".

A comparative study of the programmes of the national centres reveals, nevertheless, some similarity in the choice of essentials, despite differences in basic theory, legal status and powers, and the marked inequality of conditions between countries.

Moreover, although the same general group of objectives can be found in all the countries, there is a noticeable tendency for the relative importance given to the different objectives to be directly related to the special characteristics of the conditions prevailing in each country.

These objectives can be divided into five main groups, the enumeration of which gives some idea of this tendency:

1. Psychological groundwork for higher productivity, prepared by direct propaganda, general information and persuasion. Coercion being deliberately excluded on the grounds that it is incompatible with the very spirit of a productivity programme as conceived by the Member countries, the national centres have resorted to information services and persuasion to bring about an ever-increasing penetration of the ideas, attitudes and methods which form the basis of their programme.

Being directed, in particular at professional and trade-union circles, and at business and industrial (and occasionally agricultural) concerns, this information work extends to administrative quarters, to university circles and, in a broader sense, to the general public. The traditional media (the press, radio, and audio-visual aids) have been employed for this purpose, together with the organisation of conferences, exhibitions, missions abroad and meetings at national or international level.

Even in those countries which are the most highly developed in the economic sense, this activity, which is essentially psychological, has not yet outlived its usefulness, but it is in the under-developed countries, where the introduction of a policy of productivity runs into greater difficulties, that renewed efforts are called for. It is therefore not surprising that, among the three groups of activities undertaken by the Greek Centre, emphasis is given to: "the dissemination of the concept of productivity, with the aim of creating a favourable psychological

climate". Until recently, the Turkish Centre also laid emphasis on "the preparation of the ground", with a view to more detailed productivity studies, and decided that only when this groundwork was fairly well advanced would the employers' and employees' organisations be directly associated with the work of the Centre.

2. Higher national productivity by direct, immediate action. On this point, the work connected with training takes the first place in all the centres, without exception. The training of future executives and heads of firms, and the improvement of the present leadership seems to be one of the main objectives for all the national centres, and all countries can be credited with certain positive achievements in this direction.

Many centres are also interested in the training of foremen or supervisory grades, whose inefficiency is claimed by some to be one of the brakes on productivity in Europe.

Completing these various training activities, the most constant and generally accepted form of direct action is the dissemination of modern methods of management and organisation, often with the assistance of experts attached to the centres or of management consultants. This activity, designed to reach small and medium-sized firms, is sometimes carried out through (or with the active help of) trade or regional organisations; it can also take the form of an exchange of information, particularly within small groups of businesses.

The effect of this dissemination is often increased by introducing some system of "productivity loans", the long-term merit of which is that it accustoms heads of businesses and bankers alike to the idea that efficient, rational management is just as important an asset as the material resources of a firm assessed in accordance with accepted criteria.

3. The third general aim stems from those which, transcending purely technical and material considerations, can provide the productivity centres with an opportunity to contribute towards the creation of a new humanism adaptable to the world of tomorrow. This refers to efforts already made, though they may be far from having achieved their final objective, towards the promotion of a spirit of co-operation where the keynote is productivity. Co-operation between all interested parties in the cause of social and economic progress: men of thought and men of action, academic and industrial, scientists and technicians, and first and foremost, employers and wage-earners. All the national productivity centres can be proud of having done much, frequently with success, to establish, in the last-mentioned case especially, some common ground beyond the reach of opposing ideologies and conflicting short-term interests. These efforts, which seek to develop a sound, constructive spirit of co-operation, and to produce, in the long run, an equitable distribution of the fruits of productivity, are symbolised particularly well in Belgium, in the form of the well-known "Joint Declaration". They are also expressed in practically all countries by the unremitting interest shown and the aid given to the trade unions in training their executive staff. This training, partly due to the aid given by the centres, is now well beyond the stage of general information and propaganda and has reached an appreciably higher theoretical and practical standard, especially in Belgium, Denmark, France and Germany. This crusade for a change of atmosphere in labour relations sometimes, incidentally, leads a national productivity centre to study or recommend solutions to certain fundamental problems, such as fitting the job to the worker, the fair distribution of burdens and benefits, or the development of opportunities for free discussion at all possible levels within the firm.

The different forms of regional activity follow the same lines. One aspect of this, and by no means the least as it represents both cause and effect, is the promotion of a highly-developed spirit of co-operation between all those concerned with industry and commerce within defined geographical limits.

4. The first three groups of objectives corresponded to the most urgent tasks; at the outset, it was a matter of making up for lost time, of creating a favourable psychological climate with the support of all the interested parties, and of propagating as fully as possible certain techniques or methods of management which were already used on a fairly large scale by a small group of initiates. Gradually, however, some centres realised, that these activities, though clearly necessary and worth pursuing, should not be allowed to absorb all the resources available and that, in order to avoid the risk of slow stagnation, they should be supplemented by the framing of a genuine long-term policy with an eye to the rapid development of the industrial world, so as to assist enterprises to adapt themselves to the consequences. With this in view, the first aim of some of the national centres is now to launch a series of studies

and investigations on the economic and social changes which inevitably follow the ever-increasing rate of scientific progress, the gradual introduction of "revolutionary" production techniques such as the use of electronics and the various automation processes, and the new sources of power, such as nuclear energy. This concern is expressed in a characteristic way in many of the programmes: Germany, for example, is investigating the use of nuclear energy and the problems raised by the introduction of automation; Austria has formed a national committee on automation as part of the national productivity centre; Denmark, France and Norway are working on the same lines.

5. Fore-knowledge of the facts relating to the economic and industrial development of a country will not automatically solve the problems. This leads to the natural desire to influence the context for this development, to encourage it where it is beneficial, to canalise it where necessary, or to adjust it if it is in danger of getting out of hand.

In certain centres of varying importance, this final stage, if it can be so called, of a long-term productivity policy can be seen to be taking shape. For instance, almost all centres are studying ways and means of overcoming the shortage of technicians which is in danger of causing a serious holdup to technical progress, and are co-operating in perfecting technical instruction at all levels and arriving at better liaison between the Universities and industry. For the same reason, the French Centre is now working on adapting the legislation to economic developments. The Norwegian Centre is more concerned with the psychological groundwork.

Following the creation of new European institutions, and the impending establishment of others, several centres have already added to their list of objectives a specific reference to the adaptation of their national economies to free competition in Europe.

Consequently, as the relative importance of factors essential to productivity shifts, the national centres, aiming at a continual improvement in their approach to certain targets which have come to be generally accepted, are now preparing to apply the experience gained during the last few years to preparing firms for the far-reaching changes which are bound to follow the combined effects of technical progress and the extension of markets at European level.

Annex

CONCLUSIONS OF THE PRODUCTIVITY COMMITTEE **ON THE STUDY OF THE AIMS, PROGRAMME AND STRUCTURE** **OF NATIONAL PRODUCTIVITY CENTRES**

At its second session, held in Rome on 17th-18th March, 1958, the E.P.A. Productivity Committee discussed the aims, programme and structure of the National Productivity Centres in the light of their past experience and their future tasks in relation to technological progress, and to the establishment of a Common Market and of a possible Free Trade Area.

It is accepted that productivity campaigns should be considered not as temporary remedies for current and momentary difficulties, but on the contrary as long-term movements with far-reaching effects which are closely linked with economic and social progress. This is demonstrated by the recent spread of productivity drives to an ever increasing number of countries throughout the world (South America, Asia, etc.).

Although National Productivity Centres differ in organisation and in status, and although they work under different economic and social conditions, the Productivity Committee agreed in principle on the following observations:

1. All of them aim at promoting productivity within an expanding economy and at providing a steady growth in the standard of living. This definition is generally accepted;
2. Experience resulting from the activities in the National Productivity Centres and from their co-operation within the framework of the European Productivity Agency, has proved the usefulness of organised productivity campaigns in furthering the above-mentioned objectives. It is to be noted that strong National Productivity Centres are needed if this co-operation is to be ensured.
3. A review of past and current activities reveals that there are certain prerequisites of successful Productivity Centre operations:-
 - (a) the status of a Productivity Centre should allow sufficient flexibility and freedom of action to meet the challenge of new developments and of the demands brought about by the dynamics of modern technology;
 - (b) it is essential to a broad-based acceptance of, and confidence in, the Productivity Centres, that they should be fully representative. Regardless of whether they are established on a private or governmental basis they should in all cases include representation of Management and Labour as well as of the principal sectors of the national economy, and should foster co-operation between Management and Labour as well as between government and science;
 - (c) the importance and complexity of the work involved in National Productivity programmes, and the need that it should be recognised as efficiently carried out make it essential to attract highly qualified staff to National Productivity Centres and continuously to raise the professional level of such staff;
 - (d) in order not to duplicate or compete with the activities of other existing organisations and institutions, National Productivity Centres should pursue a policy of promotion, delegation and co-ordination in their relationship with other bodies, with the object of welding all existing resources into a comprehensive National Productivity Campaign. The principles of delegation and decentralisation should be applied both vertically, horizontally and regionally, depending on the type and character of programmes;
 - (e) public relations activities and the exchange of information through all available channels should be vigorously promoted. Increases in productivity depend largely on the changing of attitudes, as well as on technological improvements.

4. It is appreciated that an international programme provides valuable support and resources in carrying forward the work of National Productivity Centres.

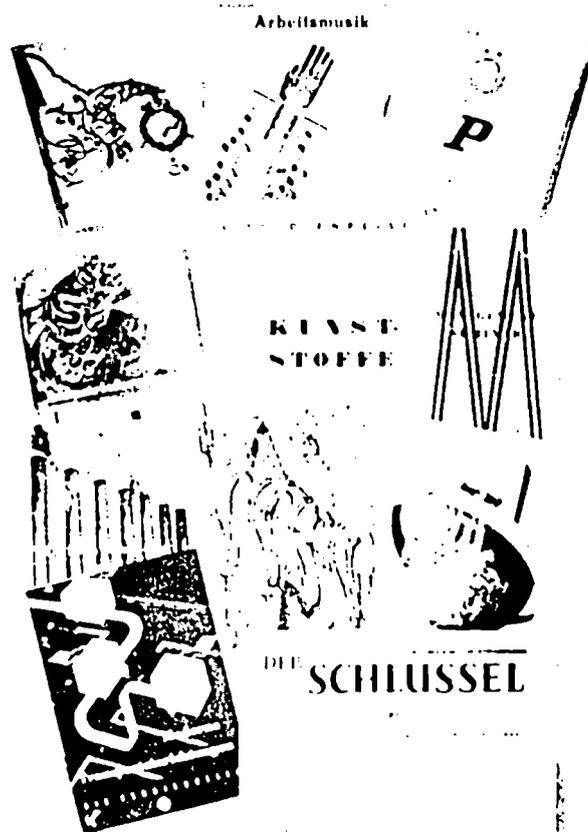
Considering that National Productivity Centres should be capable of planning long-term programmes, it is imperative that decisions as to the future of organized productivity work, both at national and international levels, should be made in good time.

The Productivity Committee agrees that National Centres should not be expected to try entirely to finance their activities by charging for services rendered. Such a policy would tend to establish them as competitors to organisations to which they should rather be giving assistance. Moreover, it would rule out all activities in research and education that could not be made self-financing.

The future existence of organised productivity work, carried out by National Productivity Centres and by the E.P.A., should as a rule be secured by a certain proportion of financial contributions from governments or from private organisations, or from both - as well as by revenue deriving from service charges.

AUSTRIA

PZ
PUBLICATIONS
BY THE
AUSTRIAN PRODUCTIVITY CENTER



Some of the publications dealing with activities of the Austrian Productivity Centre and results of study missions.

*Oesterreichisches Produktivitäts Zentrum
5, Rengasse
Vienna 1, Austria*

Structure

The Austrian Productivity Center (OPZ) was established in April, 1950 as an association of private organizations interested in improving productivity; it is a non-profit organization and a legal entity. It was established following discussions in government circles in recognition of the need for promoting productivity. As a result of these discussions the Council of Ministers decided that a Productivity Center should be established and a committee was charged with the preliminary work, which led to the present organization.

The members of the Austrian Productivity Center are:
The Federal Chamber of Commerce
The Union of Austrian Chambers of Workers
The Austrian Federation of Trade Unions
The Union of Austrian Chambers of Agriculture

The Federation of Austrian Industrialists

The President of the Austrian Productivity Center

The GENERAL ASSEMBLY is the Governing Body of the Center. It is composed of:

25 Delegates of employers associations and

25 Delegates of labor organizations.

Its functions are: Determining the general policy, deciding on the annual budget, electing the President, the Vice President and the Executive Committee.

The EXECUTIVE COMMITTEE is composed of:

The President and the Vice President of the Center

6 Delegates of employers associations

6 Delegates of Labor organizations

3 Auditors

Its functions are: Supervising the activities of the Center and determining budget breakdown within the limits set by the General Assembly.

A BOARD OF DIRECTORS is composed of:

The President of the Center

4 Representatives of employers associations

4 Representatives of labor organizations

1 Financial Advisor (Delegate of the Ministry of Finance)

The Center has the following SECTIONS:

Industry and Small Business

Agriculture

Forestry

Technical Assistance (Study Missions, etc.)

Productivity Measurement, Productivity Comparisons, Quality Control, etc.

Exchange of Experiences, Human Factors, Management Education

Commercial and Technical Information Services

Administrative Services

There is a total staff of 50, including three consultants.

The relations between the Government and the Center are established by an agreement concluded in May, 1957; close relations with the Government are maintained through day to day contacts and cooperation with the Section for Economic Cooperation of the Federal Chancellery. The budget and the release of funds for the Center's operations must be approved by the Federal Chancellery.

The Center maintains close liaison with the European Productivity Agency and participates in its programs and projects; the President of the Center is a member of the Advisory Board of the EPA.

finances

The Center is financed 95% from local currency counterpart funds and 5% from fees and charges. While most services of the Center are provided free, charges are made for its publications and for lending out films, books, periodicals, etc.

Dollar funds required for Center projects - mainly Dollar costs of Study Missions to the United States and the salaries of U.S. experts coming to Austria - have been made available by the ICA.

Program

The aim of the Austrian Productivity Center is to promote by all appropriate means the idea of productivity in Austria and to secure the cooperation of management and labor in carrying out the productivity program in industry, agriculture and forestry. In carrying out this aim, the following program is in effect:

Carrying out in Austria the programs and projects of the EPA as far as they are not exclusively within the jurisdiction of government agencies or other organizations;

Securing the participation of its member organizations in EPA programs and projects;

Supporting activities designed to raise productivity by means of financial support, advice or other assistance;

Arranging courses, seminars and lectures on problems of statistical quality control, management training, audio-visual aids and problems of interest to specific industries (i.e., Textile Seminar);

Carrying out a wide range of technical information activities through its **Film Service, Library, Question and Answer Service, Merchandise Sample Service and License Service;**

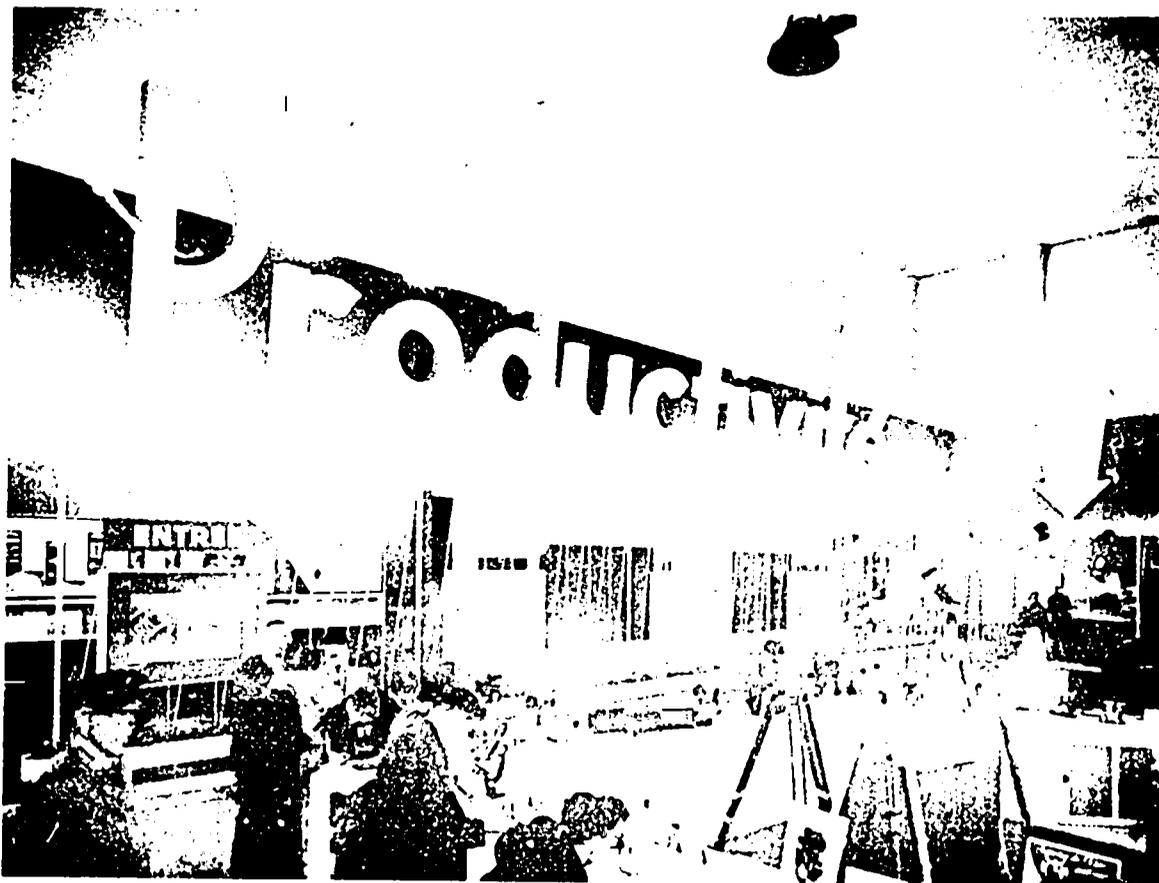
Planning and organizing technical assistance Study Missions to the United States, jointly with the ICA, and to the United States and European countries, jointly with the OEEC;

Distributing various publications, including a monthly Bulletin and a leaflet service to industry to call attention of firms to certain organizational problems;

A new Section has been added to deal with all questions relative to materials handling, packaging, transport packaging and palletising; the Austrian Committee on Automation has now been established within the Center.

The Center works closely with the ICA, primarily through the OEEC, on all program activity.

BELGIUM



The Belgian Productivity Center participated in the International Fair of Liege: Mines, Metallurgy, Electricity.

*Office Belge pour l'Accroissement de la Productivite
60, rue de la Concorde
Brussels, Belgium*

Structure

The Belgian Productivity Center (OBAP) is a private organization established in 1951 and incorporated in 1952 as a non-profit association.

It was re-incorporated in February, 1956 as an "establishment of public utility" to ensure the application of the national productivity policy incorporated in the Joint Declaration on Productivity signed May 5, 1954 by the Federation of Belgian Industries; the Employers' Federation for Commerce, Banking and Insurance; the Belgian Federation of Christian Trade Unions; and the Belgian General Federation of Labor.

The OBAP is administered by a Governing Board composed of 13 members from employers associations, 13 members from trade unions, 4 university representatives and 5 observers from Government Ministries. An observer from the Ministry of Economic Affairs sits on the Board to pass on budgetary questions.

The operations of the Center are decentralized. There are three regional offices, with two more to be established. Each has a Governing Board with joint representation, the same as the parent office, on which it is modelled. The OBAP concerns itself principally with coordination

and cooperation, which are its main functions, in addition to policy, programming and such overall activities as are in the interest of all the regional offices. Heavy reliance is placed on the staffs of the regional offices plus temporary specialists and other employees who are engaged as needed for other activities.

There is a permanent staff of 45.

The Center maintains close relations with the EPA and participates in its programs.

Relations with the ICA are maintained through close cooperation with the U.S. Embassy in Belgium.

Finances

The Productivity Center is financed, approximately half and half, by private interests and the Government. The expenditures incurred in the execution of its program are charged back to those taking part in it; those participating in the training center programs, seminars, exchanges of experience, consultations, special courses and missions pay the major part, if not the whole, of the expenditure involved. Thus the private sector does not provide a subsidy (in the sense of a fixed sum paid periodically) but is free to participate in the program or not, as it sees fit.

The total expenditures of the private sector in participating in the OBAP program are matched by a Government subsidy to cover costs of administrative and promotional activities, which are considered in the public interest, and cannot be charged to the private sector. These expenditures are:

Cost of administration, buildings, equipment and maintenance;

Cost of public relations and information (part of which may be recovered, i.e., book sales);

Cost of research and training (recoverable in part).

As the basis for determining the total participation of the private sector, the following disbursements are taken into account:

1. Payments by firms to University training centers;
2. Expenditures incurred by the Industry-University Foundation;
3. Expenditures covered by the trade unions for the operation on their training centers for productivity technicians;
4. Expenditures covered by firms in research programs;
5. Expenditures covered by firms in the direct activities of the Productivity Center, i.e.,
Participation in Missions;
Attendance at Training Courses;
Participation in symposia, seminars, hire of films and equipment;
Purchase of books.
6. Expenditures covered by firms in the activities of regional centers and industrial circles.

Regional offices receive a grant from the OBAP roughly equal to the expenditures in their areas by the private sector.

Program

The aim of the OBAP is the promotion of productivity; a distinction is drawn between applied research in industrial techniques, which is considered outside its province, and applied research in business management. The program, therefore, is concentrated on the field of business management, the objectives being:

1. To make management conscious of the need to obtain extensive information on all aspects of management;
2. To promote applied research in management;
3. To promote the establishment and development of organizations which can provide information and training and maintain cooperation and coordination.

To carry this out, the Productivity Center is developing its activities in three directions, i.e., Specialized Information (providing firms with comprehensive documentation on problems of staff administration and industrial relations, production planning, sales organization, productivity measurement, ratios and the use of statistical data), Training and Business Management.

Research is carried out by universities through contracts with the OBAP; they are paid a subsidy, a large part of which covers the remuneration of research directors, team leaders and research workers. Some 37 persons are engaged in this decentralized program.

Training for Employers is carried on at the four Belgian universities and the School of Mining Engineering at Mons, each of which has an advanced training center. These training centers are under contract to the OBAP which pays them a grant to cover part of their operating costs. They also receive funds from the payments made by employers participating in the seminars and from a subsidy paid by the Industry-University Foundation, a private organization established by Belgian industry to promote training facilities. Some 33 persons are engaged in this decentralized program.

Trade Union Program — Each of the three trade unions has a training center and spends large sums on its operation and on developing activities at regional and industrial levels. The unions allocate a certain number of persons to the training of trade union leaders. The first students who completed the course are engaged in this work. Some 31 persons are engaged in this decentralized program.

A program has been started for assisting small firms. It is based on collaboration between regional offices and trade associations.

It is planned to increase activity in industrial circles by the establishment of vertical and horizontal centers and of specialist associations concerned with the development of advisory services, technical information, exchange of information and experience and specialized training.

The Center is taking account of the problems arising from the Common Market and has prepared a program of Missions to the United States. This will enable small groups of employers, senior executives and a trade union mission to carry out a study very similar to a training course. The groups will not study problems of industrial techniques but will consider aspects of management, such as:

Trade and Distribution Problems

Research and Development of New Products

Financial Ratios

Growth of Small Businesses

Location of Industries and Firms

Trade Union Mission

Relations with the ICA are maintained through close cooperation with the USOM in Belgium.

DENMARK



The Danish Productivity Center occupies two floors of this building.

*Handelsministeriets
Produktivitetssudvalg
Kronprinsessegade 4
Copenhagen K, Denmark*

Structure

There are two Danish Productivity Councils, similar in their composition and parallel in their objectives. These two Productivity Councils act as Boards of Directors and share in common a Secretariat, which carries out all activities and is referred to as the Danish Productivity Center.

The Productivity Council for Industry was created in December, 1949, to establish policy for the conduct of the productivity and technical assistance program in Denmark. It is composed of 15 members, drawn from the highest levels of industry, labor and government; four are from the government (including the Chairman, Vice Chairman and the Director of the Council's Secretariat), five are from management, five are from labor and one from the foremen's organization.

The Productivity Council for Distribution was established in April, 1953, to fulfill, within the distributive and commercial areas, the same functions as are fulfilled within industry and labor by the Productivity Council for Industry. It is composed of 10 members: two from the government (the Chairman and the Director of the Secretariat), five from retail and wholesale distribution organizations, two from cooperative distribution organizations and one from labor.

The Center is a public institution; it is a legal entity although it is a Department under the Ministry of Commerce. It is responsible to the Ministry of Commerce, Industry and Shipping and is responsible to government accountants for all accounts.

There is a permanent staff of 24.

Geographical decentralization is being planned, as is also the fusion of the two Productivity Councils into one.

The Center draws its representatives from the following sections of the Community:

Employers

Foremen

Labor

Handicraft

Industry

Wholesalers

Retailers

Cooperatives

The Ministry of Commerce

The Ministry of Labor

The productivity program also includes the Ministry of Housing's Productivity Fund Committee, which is responsible to the Ministry of Housing. The following institutions and organizations are represented in the Productivity Fund Committee:

Ministry of Housing

Building Society of Denmark

Danish Employers' Association

Institute of Danish Civil Engineers

Danish National Federation of Architects

Federation of Trade Unions

Federation of Cooperatives

Contractors' Association

Joint Organization of Danish Non-Profit Building Societies

Crafts Council

National Institute of Building Research

This Committee was established by administrative decision and is not a legal entity.

Finances

The Danish Productivity Center is financed from counterpart funds, except that there are small charges for the Technical Information Service and the Film Service. Participants in Seminars pay a fee to cover the expenses for lecturers; participants in Missions pay travel expenses, with the exception of trade union representatives and civil servants who have their travel expenses paid out of counterpart funds, and full time officers in trade organizations who have half their travel expenses paid out of counterpart funds; participants in conferences pay board and lodging in case the conference, as is usual, is held out of town, while the Center pays the remaining expenses, i.e., lecturers, conference rooms, materials, etc.

Program

The Productivity Center's aim is to raise productivity in Danish industry, handicraft and commerce.

To carry this out most effectively, activities have gradually been shifted from vertical to horizontal, i.e., from specific industries to special productivity subjects of overall interest. 90% of the Center's activity is concentrated in Round Table Conferences, Seminars, Study Missions under the EPA and the Film Service. It is engaged in the production of film strips intended for information and instruction. The present program calls for the following subjects:

- Automation
- Atomic Energy
- Product Development
- Price Calculation in Handicraft
- Plant Lay-out and Machine Location
- Standardization and Reduction of Varieties
- Product Design
- Work Studies

Productivity Measurement in various industries accounts for the remaining 10% of its activities.

The Center has started an investigation of Joint Consultation Committees in industry and an investigation of the Danish Shoe Consumption.

A new program is being prepared with emphasis on marketing problems and including the relations between social economics and productivity. This new program will also attempt to create among public authorities a better understanding of productivity problems.

In line with the planned decentralization:

The exchange of information and experiences, i.e., the Technical Digests, has been transferred to the Danish Technical Information Service under the Academy of Technical Sciences;

Training and the work of consultants and the consultant service are delegated to organizations covering the following fields:

- Industry
- Handicraft
- Employers

Trade Unions

Wholesaling

Retailing

Training and all-around information on productivity problems are delegated to a number of organizations and institutions which receive economic and other support from the Center for specific productivity courses, publications and lecturers. The most important of these organizations and institutions are:

- a) The Association of Danish Employers, especially the Association's Department for Public Relations and this department's Management School "Egelund";
- b) The Danish Trade Union Congress and the Danish Labor Movement's Educational Department, especially this department's Trade Union School in Esbjerg, which has a special department for time and motion studies, the equipment of which has been paid for by the Center;
- c) The Danish Handicraft Association's High School at Brandbjerg;
- d) The State-supported Technical Schools and the Technological Institutes. The Technological Institute in Copenhagen has received from the Center the means to equip a department for training tool makers.

The Center organizes and develops Missions and Study Teams, of both the ICA and EPA type; it assists in the drafting of the project application, screens and orientates the participants, arranges intra-plant visits and internal study groups, makes travel arrangements, etc.; it also develops programs and itineraries for ICA and EPA consultants and arranges appointments with industries, associations, labor groups, etc.

The Housing Productivity Fund Committee is designed to promote productivity in the building industry.

In carrying out this aim, the activities of the Committee have consisted mainly in the training of efficiency experts and the dissemination of information through Seminars, publication of leaflets and the production of films.

The Committee also coordinates and supervises research activities in the building sector undertaken by various institutions and financed by special Marshall Plan funds for technical and scientific research and experiments.

The future program is concerned principally with general problems of productivity in the building trades. Advice will be given to the Ministry of Housing on the application of productivity considerations when loans or guarantees are granted under a new housing subsidy act. In this connection, attention will be given to long-term planning in certain sectors of the building industry in order to promote industrialization.

The Committee further intends to promote standard practices in the invitation for tenders and develop methods of forecasting future trends in building activity. Measurement of productivity will also be undertaken.

Consideration is being given to undertaking a survey in cooperation with the National Institute of Building Research to ascertain whether the current studies have satisfied the needs for technical, economic and organizational investigations. In the light of a general evaluation comprising the entire building sector, the Committee will ascertain what further needs may exist, how such needs can be met, and what organizations or institutions would be best equipped to handle these matters.

In addition to serving as the central agency for all U.S. productivity and technical assistance activities within Denmark in the fields of industry and distribution, the Secretariat fulfills the same functions for the European Productivity Agency. The Head of the Secretariat is Denmark's representative to the OEEC Productivity and Applied Research Committee, which is the Board of Directors of the EPA. The Secretariat and the U.S. Embassy are in constant contact and hold frequent joint staff meetings.

FRANCE

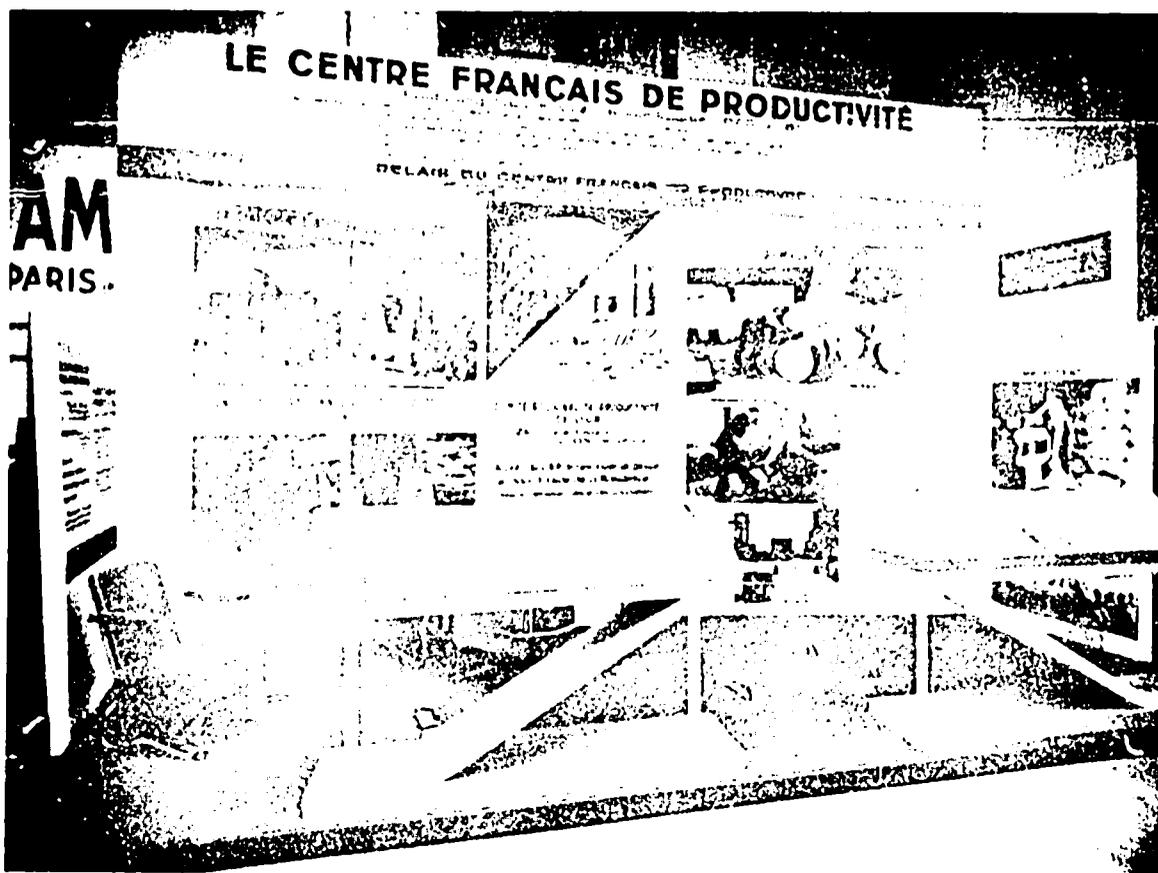


Exhibit of the French Productivity Center organized by the French Association for Increased Productivity at the 1958 Lyon Fair.

*Commissariat General a la Productivite
41, quai Branly
Paris - 7e, France*

Structure

The establishment of a Productivity Center in France goes back to 1948, when a provisional productivity committee was established, this being one of the earliest national productivity centers set up in Europe. By various Decrees, commencing in 1950, a more permanent form of organization was created through the founding of three bodies whose cooperative efforts, rather than that of a single unit, constitute an operating organism that directs and undertakes the tasks performed by national centers in other countries. The French Association for the Promotion of Productivity was founded in 1950. By a Decree of June 27, 1950 the original provisional committee became the National Productivity Committee; its composition was later modified by a Decree of February 16, 1954. The General Commission for Productivity was confirmed in its functions by a Decree of March 6, 1954.

The head of productivity activities in France is the Commissioner General for Productivity, who is appointed by Decree of the Council of Ministers on the recommendation of the Minister responsible for economic affairs. Under the Decree of March 6, 1954, the Commissioner General is responsible "in liaison with the National Productivity Committee, for studying and proposing to the Government measures designed to raise the productivity of the French economy either directly or indirectly and to exercise all the powers conferred upon the Minister for Economic Affairs with respect to productivity which have been delegated to him". This gives

him wide powers for the planning and execution of productivity programs; he works in close and continuous cooperation with the relevant Ministries.

The French Productivity Center consists of three main agencies, each of which has separate legal status. They are:

THE NATIONAL PRODUCTIVITY COMMITTEE

THE GENERAL COMMISSION FOR PRODUCTIVITY

THE FRENCH ASSOCIATION FOR THE PROMOTION OF PRODUCTIVITY.

The National Productivity Committee is an advisory body representing the Government and both sides of industry. Being a government body, it is not a legal entity. Its function is to advise the Commissioner General for Productivity and is composed of:

24 persons representing the Government and the Ministries concerned in promoting productivity;

23 persons appointed either because of their special qualifications or on the proposal of trade unions and employers associations.

The National Committee meets once or twice a year to discuss the productivity drive and to express its views on the future aims and furtherance of the program; to supplement this there is a Restricted Committee, under the auspices of the National Committee, which meets more frequently (in principle every two weeks). This is composed of 15 persons:

7 representing Ministries and the Government

7 representing industry (3 delegates from the trade unions, 3 delegates from the employers associations and one delegate from the agricultural association).

The Chairman of the National Committee presides over the Restricted Committee, which is empowered to give advice on the use of the National Productivity Fund and is consulted on every aspect of the program and on all productivity actions. The Secretarial staff of the National Committee and the Restricted Committee is provided by the General Commission for Productivity.

The General Commission for Productivity, under the Chairmanship of the Commissioner General, is an administrative section within the Secretariat of State for Economic Affairs. It is a government body and is not a legal entity; it is responsible for carrying out the Productivity Program.

The principal departments of this agency are:

1) General Departments (Secretariat, Personnel Office, Accounting);

2) Various Technical Departments, such as:

a) Horizontal Sectors, i.e.,

Training, education, research;

Social questions;

Organization and Management (private business and public administration);

Standardization;

Regional action;

Overseas territories;

Economic credit — financial and tax questions;

- Technical assistance;**
- Relations with OEEC and EPA;**
- Information and documentation.**
- b) Vertical Sectors, i.e.,**
 - Agriculture;**
 - Trade;**
 - Distribution — Consumption;**
 - Building;**
 - Transport — Handling — Packaging.**

The total staff is 175, made up as follows:

Permanent staff	— 100
Consultants loaned by other Government departments	— 30
Consultants paid from Benton-Moody funds	— 45

French Association For The Promotion Of Productivity

This is a private, non-profit association founded in 1950 and is a legal entity. Its governing body represents employers, trade unions and the Government; this governing body consists of 16 members, of which 8 represent the Government and 8 represent industry (3 trade union representatives, 3 representatives of employers and 2 representatives of agricultural organizations). This is the principal agency for publishing productivity policy.

The Association is composed of the following principal departments:

- 1) General Secretariat (general management, administration and accounting);
- 2) Guidance and Information Department;
- 3) Various Technical Departments, such as:
 - Technical Assistance Department (missions, visits to factories, organization of Seminars);
 - Audio-visual Center;
 - Applied Psychology Department;
 - Handling Methods Information Center;
 - French Center for Industrial Technical Information.
- 4) Organizations largely autonomous but attached to the Association, i.e.,
 - Consumer Research and Documentation Center, which employs a staff of 20;
 - A publishing house (S.A.D.E.P.) with commercial status for buying and selling publications, which employs a staff of 8.

The permanent staff employed by the Association is about 80.

Besides the above three Agencies, a large network of cooperating agencies has been formed, including not only already-existing bodies whose capacity for action has been strengthened and intensified, but also entirely new bodies set up for specific purposes with the help of the corresponding trade unions and trade associations. These fall into three groups:

1. REGIONAL PRODUCTIVITY CENTERS

Twelve Regional Productivity Centers have been set up in France and North Africa with the material and financial support of the General Commission for Productivity. Their headquarters are at Bordeaux, Limoges, Lyons, Marseilles, Montpellier, Mulhouse, Pau, Rodez, Strasbourg, Rouen, Toulouse and Algiers.

A number of Productivity Groups not subsidized by the General Commission for Productivity have sprung up spontaneously in ten other regions and have established relations with the National Productivity Center. Their headquarters are at Alencon, Amiens, Bar-le-Duc, Blois, Chaumont, Lons-le-Saulnier, Nancy, Poitiers, Rheims and Troyes.

These Regional Centers are established as private associations representing all economic interests in their respective regions.

2. TRADE AND INTER-TRADE PRODUCTIVITY CENTERS

57 Trade and Inter-Trade Productivity Centers have been set up or expanded with the help of subsidies from the national productivity funds; they cover industry, commerce, small business, agriculture and other trades. They have been set up on the initiative of trade associations or groups of employers and in most cases have agreed to form joint advisory committees on which the trade unions are represented.

These Centers have the status of private associations or sections of trade associations. Some of them are subsidised, some are not or never have been; the number of staff employed varies widely from one to another. Their function is to train and inform management and supervisory staff by organizing training sessions and courses, to disseminate management techniques by publishing information bulletins and calling on efficiency experts to study the improvement of business structures and conditions by drawing up accounting handbooks for different trades, the standardization of products, specialization among manufacturers, setting up joint planning offices and carrying out comparative productivity measurements.

These 57 Centers are composed of the following:

(a) Industry, Commerce and Small Industry:

36 Trade Productivity Centers, i.e., Insurance, Building, Knitwear, Rubber, Sheet-Metal Working and Boiler Making, Footwear, Air Conditioning, Men's Readymade Clothing, Canning, Metal Working, Fats and Oils, Cotton, Foundries, Forges and Stamping, Administrative and Military Supplies, Clothing Trade, Clock and Watch Making, Jute, Wool, Bookselling, Linen Drapery, Building Materials, Iron Mines, Optical and Precision Instruments, Hand Tools, Cellulose Paper and Board, Pipe, Iron and Steel Making, Silk, Welding, Tanning, Dyeing and Cleaning, Transport and Handling, Tile and Brick, Pottery and Women's Clothing.

6 Inter-Trade Centers, i.e., Technical Studies Centers for the Building Trades; National Committee on Rural Housing; General Packaging Laboratory; Technical Information Center for the Promotion of Small and Medium Enterprises; Commercial Studies Center; and the Joint Service for the Commercial and Distributive Trades.

(b) Agriculture:

11 Trade or Inter-trade Centers, i.e., Livestock, Milk (2 Centers), Oil Seeds; National Federation of Farmer's Unions; National Federation of Agricultural Productivity Groups; Association for the Encouragement of Agricultural Productivity; National Center for Agricultural Cooperation; National Federation of Agricultural Technical Study Centers; Technical Center for Canned Fresh Meat; and the National Young Farmers Club.

(c) Consumer Relations and Information:

4 organizations have been set up, i.e., Office Equipment and Supplies Information Center; Federal Union of Consumers; National Association to Safeguard the Quality of French Products; and the French Association for the Expansion of Agricultural Products of Guaranteed Quality.

3. TRAINING, STUDY AND RESEARCH

(a) Organizations attached to a University

15 Business Management Institutes have been set up in the Universities of Paris, Aix-Marseilles, Rennes, Montpellier, Nancy, Poitiers, Bordeaux, Toulouse, Strasbourg, Caen, Grenoble, Algiers, Lyons, Lille and Dijon.

7 other organizations are also subsidised, namely: Technical Education Productivity Research Center; Applied Statistics Training Center for Engineers and Management; University Bureau for Operational Research (attached to the University of Paris); Institute of Applied Human Sciences (attached to the University of Bordeaux); Institute for Advanced Training in Management Control Methods; Institute of Higher Management Education (attached to the National Academy of Arts and Crafts); and the Institute of Social Sciences Applied in Industry.

(b) Trade Union Training and Research

Joint Trade Union Center for Productivity Studies and Research;

Joint Trade Union Study Office for the Textile Industry;

Study Office of the "Force Ouvriere" General Confederation of Labor;

Study Office of the French Confederation of Christian Workers;

Study Office of the General Confederation of Supervisory Staff;

Training Center of the General Confederation of Supervisory Staff;

C.G.T.F.O. and C.F.T.C. Workers Educational Centers.

(c) Management or Joint Training

Action Committee for the Promotion of Productivity Incentive Schemes.

(d) Economic, Social or Technical Studies

Center for Psychotechnical Studies and Research;

Committee on Social Action for Productivity;

Center for Productivity Measurement and Studies;

Center for Rural Economics and Accounting;

National Study and Testing Center for Farm Machinery.

(e) Independent Bodies having established relations with the General Commission for Productivity

Research and Study Center for Management;

General Commission for Scientific Management;

National Committee of French Management;

Time Study Office.

Though outwardly complex, this structure closely associates all the dynamic elements of the nation with the French Productivity Center, brings together representatives of all aspects of French Economic life and simplifies the administration of funds.

Finances

The Productivity Program is financed from public funds, except for about 7% of its budget, which comes from payments for services. Of the public funds, approximately 68% comes from the Government and approximately 25% from counterpart funds. Responsibility for the administration and financial management of these funds is vested in the General Commission for Productivity.

The French Association for the Promotion of Productivity receives a government subsidy. Being a private organization, its administrative and financial methods are more flexible than those of a government department and enable it to act with more speed and to better adapt itself to changing circumstances. The use of these funds, however, is subject to the control of the General Commission for Productivity (Finance Law of 31.12.1953).

Although a legal entity, the Association has some special features: as most of the funds are obtained from government subsidies, it is subject to government control. Under the Finance Act of December 31, 1953, the General Commission for Productivity is responsible for supervising the use made of sums granted to the Association. In addition, a delegate of the Commission attends meetings of the Managing Board and acts as Government Commissioner. Although these arrangements do not result from statutory or administrative decrees, the financial management is strictly controlled by a Government Inspector and its Treasurer is an Inspector of Finance, who also sits on the Managing Board as representative of the Ministry of Finance.

The National Productivity Committee has no budget of its own. Its secretarial and administrative costs are borne by the General Commission for Productivity and the French Association for the Promotion of Productivity.

In the case of subsidies granted to Regional Productivity Centers, these grants cover only administrative overheads and office expenses. The cost of organizing conferences, seminars and other discussion groups is borne by the local firms, trade associations and trade unions which take part.

Program

The French Productivity Center aims to promote productivity by combining the efforts of employers, trade unions and the government in order to contribute to the success of the country's economic policy. Measures for doubling the French standard of living within the next ten to fifteen years are explored and studies are made as to how the French economy can adapt itself to the European Common Market. To this end, the Productivity Center pursues two main objectives:

1. To make the French economy more competitive;
2. To raise the standard of living through economic expansion and the maintenance of full employment.

In pursuing these objectives, the Center acts in two ways:

- (a) It supports or initiates practical productivity actions of a demonstrative or experimental nature, financing them by allocations which it administers directly and which derive either from the National Productivity Fund or the Investment Fund for Economic and Social Development in the Overseas Territories; it endeavors, in this way, to improve managerial and organizational methods, to establish contacts between industrial, commercial and agricultural enterprises, and to improve the social climate by encouraging staff cooperation at all levels and the participation of the staff in the benefits of productivity;

- (b) It initiates, produces and publishes surveys, based on the practical experience acquired in the course of its activities. These surveys are used by public or private organizations which promote productivity and by Ministries, whenever they imply a need for changes in laws or regulations.

French productivity policy embraces all economic sectors; the activities of the Productivity Center, therefore, relate to industry, agriculture, commerce, crafts and governmental services or departments. In the light of the practical examples and general surveys mentioned above, it endeavors to determine, within the scope of each sector's individual program, and with the help of the business and official circles concerned, the detailed measures to be taken to raise productivity in those sectors. In each of these programs, productivity is considered from every angle: information, training, organization, management, social problems, investment, credit, etc.

The program, as can be seen from the Structure, covers a wide range of activities. Originally, the program was experimental and isolated, rather than systematic; as it progressed, the program has become increasingly coordinated and forms a coherent whole and an integral part of France's policy of economic expansion. When the Productivity Center was first established, it launched a campaign to provide information and data, which has gradually been supplemented by exchanges of experience, as theory has given way to practical achievement. This action has spread and now extends to regional and local levels.

Decentralization is the basic policy in furthering the French productivity program. It is generally carried out through trade and inter-trade, regional and educational organizations which are the active instruments of the program. The actions is the responsibility of those interested; the essential function of the Productivity Center is to plan overall productivity policy and to watch, promote, support and coordinate the actions taken to improve productivity through private or public initiative.

Integral parts of the program comprise:

A series of surveys and studies on problems which have become particularly acute in recent years:

1. Surveys of the economic and social consequences of automation (particularly in conjunction with the International Conference on Automation organized by the EPA);
2. Surveys of the shortage of engineers, executives and technicians (in conjunction with the work of the OEEC in this field);
3. Surveys of the problems raised by the use of nuclear energy (also in conjunction with the conferences and work of the OEEC and EPA in this field);
4. Studies of the staggering of working hours and holidays, etc.
5. Work to devise and perfect a scheme of group training suitable for French firms.
6. Surveys of the situation of the French economy in the European economy and its adaptability to the Common Market.

The Productivity Center has a special administrative section for forecasting economic trends and recommending legislative action to adapt economic planning to these trends. It is also endeavoring to intensify and increase comparative studies of productivity, both national and international, as well as organizing national missions for exchanging information at inter-firm or inter-regional levels, backed up by concrete examples and practical visits.

It is currently engaged in devising ways and means of preparing the French economy for the Common Market.

Finally, the work of the Center in the field of Technical Assistance has progressed continuously, particularly in the following fields:

Exchanges of information with foreign countries by means of French Missions sent either to the United States or to European countries;

Carrying out its role in the policy of technical cooperation with under-developed countries through short term training courses and Missions organized in France, and governmental and non-governmental experts sent to some of these countries.

The French Productivity Center maintains close contact with the EPA and cooperates with its programs. It works closely with the ICA through the U.S. Embassy.

GERMANY



The two buildings in the center house the German Productivity Center and its Technical Information Service.

*Rationalisierung – Zentralstelle: Deutschen Wirtschaft Produktivität – Zentrale
26-30 Feldbergstrasse
Frankfurt a. Main, Germany*

Structure

The German Productivity Center (known as RKW) was organized in July, 1950. It is a non-profit "Registered Association", a non-Government body, and is responsible to a Board of Directors consisting of 35 members representing Government; Science; Industry; Trade, Commerce and Handicraft; Employers Associations; and Trade Unions. Organizations represented on the Board include:

- Ministry of Economic Affairs
- Ministry of Finance
- The German Railways
- The Post Office Department
- The Federation of German Industry
- Federation of German Employers Associations
- Association of German Chambers of Industry and Commerce
- Association of the German Wholesale and Retail Trade
- German Trade Unions
- Association of German Handicraft
- Society of German Engineers
- German Standards Association
- Association for Work Studies
- Committee for Efficient Administration
- Committee for Efficient Production

There are ten District Groups (Regional Offices) with headquarters in Berlin, Stuttgart, Munchen, Hamburg, Frankfurt, Hannover, Dusseldorf, Kiel, Mainz and Bremen. Each District Group has its own Board of Directors.

In addition there are "Working Committees" in which representatives of all interested bodies deal with special problems. Such working committees have been established for Building, Packaging, Human Factors and Distribution.

The regular staff of the German Productivity Center consists of 130 persons. Total staffs of the ten District Groups amount to 50. In addition, consultants are engaged for specific assignments as needed.

Finances

The German Productivity Center is financed as follows:

- 56% from counterpart funds;
- 17% from government funds;
- 27% from payments for services.

The "Question and Answer Service" charges a small amount to cover part of the cost. Audio-visual aids are charged at cost price.

Participants in Seminars, Conferences, etc. pay the full fees. Participants in Study Missions also pay all expenses if they are from industry or commerce. For representatives of the Government, Universities or Scientific Bodies, the fees can be paid from a special Government fund.

For plant surveys, especially for handicraft, small and medium sized firms, a first visit for analysis is implemented by an expert from the staff of the RKW District Group concerned. The firm is charged for this analysis; if further action is desired, the firm may hire a special consultant.

It is the aim of the Productivity Center to obtain a higher percentage of private funds in order to bring this source of revenue more in line with the private nature of the Center.

Program

The aim of the German Productivity Center is to increase rationalization (effective application of technical, economic, human and sociological factors), it being considered that the implementation of all efficiency improvement measures is a common task of the Government and the German economy.

Paragraph 2 of the Statutes of the German Productivity Center reads as follows:

1. It is the task of the association to promote all rationalization efforts which will serve to develop the German economy in technical, economic, social and human respects.
2. The association will in particular:
 - (a) stimulate and promote all works in the field of rationalization;
 - (b) co-ordinate the efforts of trade associations and other institutions in the field of rationalization and take the corresponding measures to evaluate the results of their work;
 - (c) assist the government and the administrative authorities of the Federation, the Lander and the Communities as well as the organizations of the German economy in all questions of rationalization.
3. The association is to be a promoting and clearing institution for the rationalization movement. Rationalization tasks are only to be fulfilled by the association itself if there are no appropriate institutions for these tasks or if these tasks are not carried out by the existing trade organizations or institutions in the field of rationalization.
4. For fulfilling these tasks the association shall take the following measures:
 - (a) promotion of a close cooperation between science, practice and administration in the field of rationalization.
 - (b) implementation or stimulation of discussions, reports and conferences suitable to disseminate the experiences in the field of rationalization;
 - (c) assistance to and promotion of institutes and associations, practitioners and scientists in carrying out special tasks;
 - (d) dissemination by information;
 - (e) collection and publication of the results of the work
5. Furthermore, the association has the right of taking any measures in any form deemed suitable for the purpose in question necessary for fulfilling its tasks.

6. **The association is working on a non-profit basis and not serving political purposes. Its activities are exclusively and directly of a public nature. If profits should be made they can only be used for purposes laid down in the statutes. The profits cannot be distributed to the members of the association. It is not allowed to favor persons by administrative expenses which are alien to the objectives of the association or by disproportionately high emoluments."**

The program of the German Productivity Center is based on decentralization, leaving as many activities as possible to the District Groups, Working Committees and organizations already working in the respective fields. Cooperation and coordination is provided for in the case of other independent organizations already working in specific fields.

Activities such as the following are carried out by the Center:

Industrial Engineering
Management and Trade Union Education and Training
Human Factors, Industrial Relations
Business Administration
Marketing and Distribution
Variety Reduction
Consulting Services and Plant Analysis
Question and Answer Service
Inter-plant Comparisons
Materials Handling
Packaging
Building
Information
Documentation
Audio-visual Aids

These activities are primarily directed to small and medium sized enterprises of industry, commerce and handicrafts and implemented either by special departments within the RKW or by special Working Groups.

Special attention is being given to activities serving as follow-up to EPA projects, such as:

Statistical Quality Control
Training in Cost Accounting and Budgetary Control
Training in Production Planning and Control
Training in Business Administration
Management Training and Education
Distribution and Distribution Cost Analysis
Consultant Services for Handicraft and Small and Medium sized Enterprises in Industry and Commerce.

By specific fields, the Program covers:

SERVICE ACTIVITIES:

Numerous Conferences and Seminars are held by District Groups of the Productivity Center in close cooperation with Chambers of Commerce and professional organizations.

Self-financed Study Missions to the United States are increasing. There is also greater interest in Study Missions in Europe, especially as a bilateral exchange of experiences.

EXCHANGE OF INFORMATION AND EXPERIENCES:

The "Question and Answer Service" is being extended. One of the best means of disseminating the results of the Productivity Center's work has proved to be the inter-plant exchange of experience in the so-called "Erfa-Groups" in about 90 places in Western Germany; this has resulted in a participation of approximately 4700 firms. In the meetings of the "Erfa-Groups", problems of an economic and technical nature are discussed within firms or branches of industries. Employers and employees of technical and clerical sections attend these meetings. Audio-visual aids are widely used.

RESEARCH ACTIVITY:

The productivity program includes surveys of plants and branches in close cooperation with economic and professional organizations of industry, commerce and handicraft. Operating ratios to be used in inter-firm comparisons are given great importance. Further topics in research are Productivity, Working Time and Accident Cause Research.

OTHER ACTIVITIES:

RKW is the National Committee of C.I.O.S. for the Federal Republic of Germany.

Extended Technical Assistance Program of the United Nations – Expert and Fellowship Program.

Third Country Training Program of the United States.

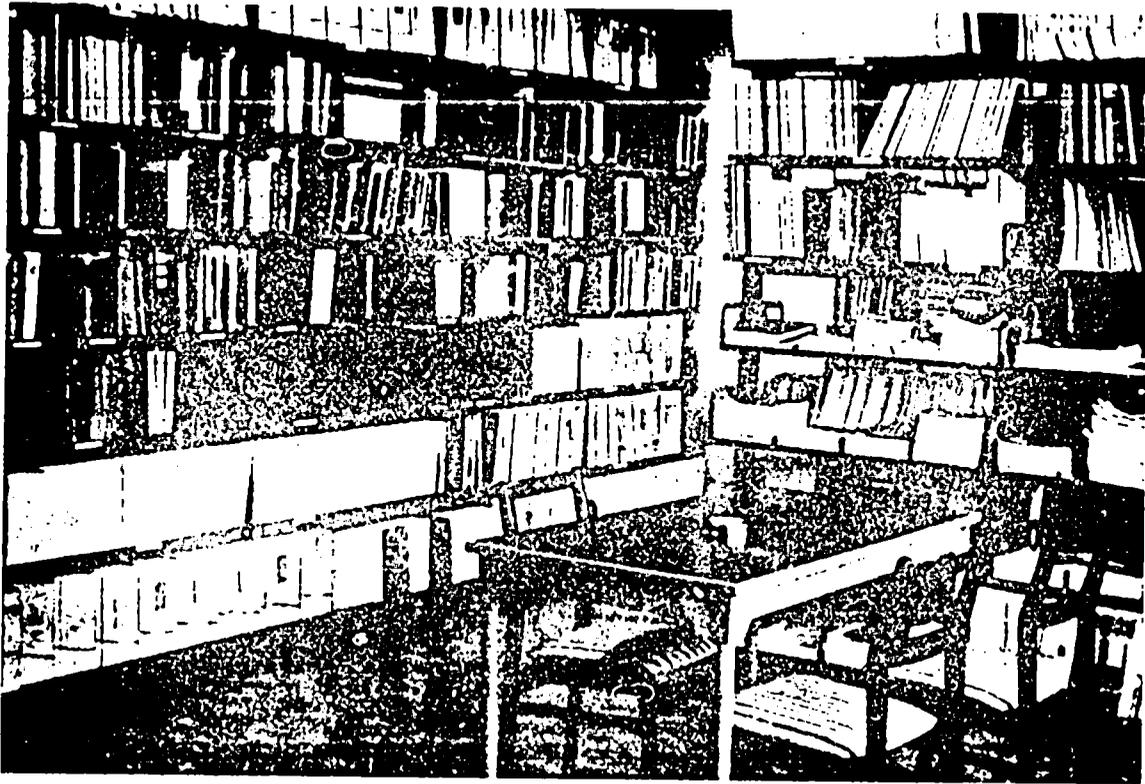
Selection of experts for the International Bank for Reconstruction and Development, Washington.

Various publications, including the monthly "Rationalisierung" and "Kurznachrichten" (Short News), issued twice a month.

It is planned to conduct surveys on Utilization of Energy and undertake a study of Technical and Social Problems arising from the introduction of automation in production and administration.

The German Productivity Center maintains close contacts with the EPA and participates actively in its programs, as well as maintaining close contact with the ICA through the U.S. Embassy in Bonn.

ICELAND



Library of the Iceland Productivity Center

*Idnadamalastofnun Islands
Skolavoerthutorg
Reykjavik, Iceland*

Structure

The Icelandic Productivity and Technical Assistance Center (IMSI) was established in 1953 by Ministerial Decree, amended by the Regulations for the IMSI, issued by the Ministry of Industries dated May 29, 1957. IMSI is a Government body and is not a legal entity. It is responsible to a Steering Board composed of six persons, which meets at least once every two weeks and also upon the request of two or more Directors. The following organizations are represented on the Board:

- The Mastercraftsmen's Association
- The Journeymen's Council of the Federation of Icelandic Labor
- The Federation of Icelandic Industries
- The Federation of Icelandic Cooperative Societies
- The Icelandic Chamber of Commerce
- The Ministry of Industry

The representative of the Ministry of Industry is appointed by the Minister and is Chairman of the Board. The other members are appointed by the Minister upon recommendations of the organizations listed above.

The Board, with the approval of the Minister, engages a Manager, who is responsible for handling the finances and the daily operations of the Center. He appoints staff members upon approval of the Board and the Minister, who determines remunerations.

The permanent staff consists of 7, plus one part-time.

Finances

The Center is financed principally by Government funds. While the ratios have varied from year to year, the following is a close approximation of its sources of income:

Icelandic Budget Grants	— 72%
ICA Assistance	— 20%
Income from Subscriptions and Services	— 8%

Participants in Seminars pay fees ranging from 100-500 kr. to cover expenses. Mission participants or their sponsors pay travel and salary expenses.

Program

The aim of the Icelandic Productivity and Technical Assistance Center is to promote progress in Icelandic industry and distribution.

In carrying out this aim, the fields covered are:

1. Direct technical assistance to industry;
2. Technical Information Service;
3. Educational activity, Seminars, lectures, etc., on scientific management and technical matters;
4. Technical Advisory Service to the Government on industrial matters;
5. National industrial standardisation program;
6. Participation in EPA and other productivity and technical assistance programs within industry and distribution. This function is more or less related to the ones preceding.

Initially, the Center was principally a technical assistance organization devoted to servicing industry directly. This activity has been maintained but recently distribution and general productivity work have been undertaken as well.

Due to its limited resources, the Center has not found it possible to substantially initiate or support the productivity efforts and research of productivity-minded associations, laboratories, etc., functions which have been of major importance in many other countries.

The activities are centralized to a great extent. Standardisation is carried on by several committees under the direction of the Center. The Center has provided foreign lecturers, conference rooms, films, etc. for Seminars held by a local association devoted to productivity in the distributing trades. It has also assisted in the training of consultants in the fields of Retailing and Wholesaling, who carry out productivity work in those lines under the sponsorship of trade associations.

A national industrial standardisation program has been undertaken under the direction of the Center. In the initial stages, efforts are concentrated on the building industry.

While the work has been directed chiefly to assisting industry, the by-laws provide that the Center "shall act in an advisory capacity for the Legislative Assembly and the Government on technical problems concerned with industry, secure information about the work of local industry and assist the Statistical Bureau of Iceland in compiling statistical reports".

In carrying out its program, the following distribution is made of the Center's activities:

1. Service Activities — Approximately 60%:

The Center provides an advisory service to industry and distribution on technical managerial problems, operates a technical library, a film library, and publishes a technical information journal. It arranges Seminars and Study Missions under the EPA and ICA programs, as well as in cooperation with other bodies.

2. Exchange of Information and Experiences — Approximately 5%;

Information and publications are exchanged with a large number of institutions at home and abroad.

3. Research Activities — Approximately 10%;

A limited amount of research work, largely connected with the development of new industries, has been carried out.

4. Other Activities — Approximately 25%;

These include:

Standardisation Program;

Advisory Service to the Government;

Sundry.

IMSI maintains close contacts and cooperates with the EPA and the ICA.

ITALY



A corner of the Technical Library of the Italian National Productivity Committee.

*Comitato Nazionale per la Produttività
83d, Viale Regina Margherita
Rome, Italy*

Structure

The Italian Productivity Center (CNP) was established by a Decree of the President of the Council of Ministers in 1954. This Decree reorganized and expanded an earlier organization, The National Productivity Committee, which was set up in 1951. The CNP is an agency of the Presidency of the Council of Ministers, and in particular is a part of the Secretariat of the Inter-Ministerial Reconstruction Committee, set up after World War II for coordinating the economic activities of the country; this Committee is still operating. Although the Center has no juridical status, and may be considered as a public agency, it has great flexibility and can work quickly; the Center, and especially its Executive Board, has full freedom of decision and action, within the limits of its budget.

The Italian Productivity Center is composed of:

The Plenary Committee;

The Executive Board;

The President.

The Plenary Committee is composed of 23 persons, appointed by Decree. It meets once or twice a year to examine general problems and to outline the policy to adopt when starting an undertaking; it also appoints the Executive Board. The representation on the Plenary Committee consists of:

A Chairman;

7 persons representing the various Ministries concerned with the economic and social fields, namely: the Treasury, Public Instruction, Public Works, Agriculture, Industry and Commerce, Labor, and Foreign Trade;

1 person from the Inter-Ministerial Committee for Reconstruction;

6 persons from Employer's Associations;

6 persons from Trade Unions;

2 persons from Technician's Societies.

The members representing the Ministries are not Government officials but are experts appointed by the Ministries, which gives them greater freedom of judgment and action.

The Executive Board is composed of 11 persons, i.e.:

A Chairman

3 representatives from the Ministries;

3 representatives from Employer's Associations;

3 representatives from Trade Unions;

1 representative from Technician's Societies.

It meets monthly to examine current activities and to issue the necessary instructions.

It should be noted that on both Committees the labor union on the extreme right and the one on the extreme left are not included. There are no members from handicrafts, credit institutions or the organization of farmers who own the land they cultivate.

The President of the Productivity Center is Chairman of the Plenary Committee, as well as Chairman of the Executive Board. He closely follows the daily work of the Productivity Center and reports thereon at the monthly meetings of the Board. The CNP offices are under his direct control and are divided into two directorates: (1) Operational Activities; (2) Administrative Services and Productivity Loans.

In order to provide for mutual exchange of information, and to ensure joint action, the Ministry of Industry and Commerce has set up a committee for liaison with the Productivity Center at the General Director level.

There is also an ad hoc committee to supervise the budget; this is treated under "FINANCES".

To conform with the Productivity Center's policy of decentralization, 25 Provincial Productivity Centers have been established. They are composed of representatives of the economic and social interests of each Province and receive technical and financial assistance from the Center. However, they are not CNP field offices, but operate rather as independent agencies.

As a further step in decentralization, most of the work connected with commerce is carried out by the "Centro Tecnico del Commercio per la Produttivita", with which the CNP has a special agreement. Although this is an independent agency, it is financed by the Center and operates practically as its agent.

The staff consists of 129 persons.

Finances

The Italian Productivity Center is financed:

Approximately 47% from Benton-Moody funds;

Approximately 47% from Italian Government funds;

Approximately 6% from receipts for services rendered, subscriptions, etc.

The CNP budget and financial activities are controlled by an ad hoc Committee of Under Secretaries, established by Law No. 626 of July 31, 1954.

Each of the 25 Provincial Productivity Centers has its own budget, which it submits to the Center annually. The total amount is made up of contributions from local organizations and the contribution of the Productivity Center, which more or less matches the local contributions. The Center aims at reaching, by degrees, the financial and organizational self-sufficiency of all the Provincial Centers, which receive direct contributions from local farmer, industrial and trade associations, credit institutions, banks, etc. Efforts are being made to build up these contributions to total self-sufficiency, so that the Productivity Center may discontinue contributions to the local organizations.

The "Centro Tecnico del Commercio per la Produttività", referred to above, is financed by the Productivity Center.

Generally speaking, it is CNP policy to offer free services in the beginning, and to charge for subsequent services. The first visits and consultations to organizations and firms by a CNP expert are generally free of charge. In some instances this service may include a tentative diagnosis of the business or organization, but the Center is paid a fee for further services, either in a lump sum or based on the time spent by the expert. In the case of foreign experts, consulting services are usually paid for from the beginning.

Similar criteria have been adopted by the Center in connection with Public Administrations (Ministries, Municipalities, public agencies in general) requiring its services for their reorganization.

Again speaking generally, participation in courses and study sessions are free to participating firms when the session is held by the CNP expert of the area. When outside Italian or foreign experts are called in, certain of the expenses are paid by the participants.

Nominal charges are made for the Question and Answer Service, Audio-visual Aids and publications.

Costs for participating in teams or international conferences are borne by the individual members, or by the agencies who appoint them. The Center only pays expenses when its own staff is involved, or in the case of experts or organizations on whose behalf a contribution is considered especially suitable, with the view of increasing national productivity.

In the case of publications, CNP is entrusting the printing of its magazines to private publishing firms, while remaining directly responsible for their editing. "Selezione Tecnica" was given over to a publishing firm at the beginning of 1957; "Produttività" in January 1958; and negotiations have been entered into with another firm for publishing the "Notiziario Mercato U.S.A.". These steps only became possible after a preliminary period, i.e., when the number of clients for subscriptions and publicity had aroused the interest of private firms.

Program

The two fundamental objectives of the Italian Productivity Center are to develop increased awareness among the general population of the benefits that can accrue to all sectors of the community from increased productivity, and to increase productivity itself. Each of its programs includes many projects involving labor, industry, commerce, agriculture, local and state administration, public services, etc., in order to achieve a coordinated productivity effort within the community.

At the beginning, the Productivity Center was conceived as an agency mainly concerned with disseminating productivity concepts and techniques and sensitizing the environment. This phase coincided with a careful study of the problems involved.

In the second phase, practical demonstrations and experiments of these techniques were made.

The third phase, started more recently, aims at laying the foundations for local permanent technical assistance at all levels of the economic and social life, and for the gradual development of a community conscience both within the area and within individual enterprises. It is felt that productivity activities should be adapted to the conditions prevailing in the area, considered from the standpoint of the national and international socio-economic structure, as well as to the requirements of the individual enterprises.

The program of the Italian Productivity Center is extensive and, in its development, it embraces a greater variety of activities than is the general custom. In this development, decentralization, as rapidly as favorable organizational and economic opportunities arise, is part of the CNP basic policy. As examples, magazine publishing is being turned over to private printers, activities in commerce are now carried on by the "Centro Tecnico del Commercio per la Produttività" and 25 Provincial Centers have been established, as referred to above. In the case of the Provincial Centers, considerable progress towards self-sufficiency has been made through training of their technicians by the CNP. Further, the CNP is now organizing several independent activities in the Audio-visual sector; in-plant training has been almost entirely excluded from the sphere of its action, at least in the Industrial Sector — other agencies, established by virtue of the Center's work in dissemination, have assumed these responsibilities and now hold regular in-plant training courses for both managers and workers; as regards courses on specialized techniques (from marketing to statistical quality control, from operational research to budgetary control, etc.) the Center has obtained the cooperation of a restricted number of outside experts for courses and consulting services; several associations for studying special techniques, composed of experts belonging to the various branches, have been founded in the last few years. It has now become CNP policy to sponsor and coordinate Surveys and Research by other agencies and associations, rather than conduct them directly.

Within the limits fixed by its budget and organization, the Productivity Center encourages all of these activities and follows them closely.

As technical, economic and social evolution is considered as practically unending, CNP activities are flexible, rather than rigidly established. The Center is always receptive to assisting in a local productivity undertaking, even though it is not a part of CNP activity, provided the organizations of the Provincial Center concerned consider it vitally important for the economic and social development of that area, and that a rational program submitted along these lines, is acceptable to the CNP.

Apart from the activities referred to above, the Italian Productivity Center is engaged in:

Assisting in the establishment of "Pilot Stores" in various Provincial Centers by supplying organizational, financial and technical aid in improving operations of small retail stores, according to the latest productivity criteria, with a view to modifying and rationalizing the country's distribution system by degrees.

Providing consulting services to Public Administrations (Ministries, Public Agencies, Municipalities, Public Utility Agencies, etc.) to reorganize offices, simplify procedures, train staffs in modern administration and management techniques, etc.

Active support for EPA Project 400 for creating a pilot area in Sardinia. The Center has made available important organizational, financial and technical facilities and cooperates actively in the development of this undertaking.

Action in the vocational training field for setting up teacher training centers in the industrial and agricultural sectors. This is a vital problem for Italy, and the undertaking aims at both increasing the number of specialized teachers and working out unemployment problems.

Active participation in the Loan Program. The Productivity Center screens all applications and assists firms in developing and carrying out their programs by making specialized consultants available. Further, CNP supports the Loan Program by:

1. Publicizing the Program;
2. Providing advance assistance and processing of loan applications;
3. Providing consultant services in carrying out the Program, principally through industrial and labor consultants in the Demonstration Areas or Pilot Provinces;
4. Control and follow-up to make sure that firms are carrying out the agreed-upon programs and to determine and report on the results.

Technical Assistance to the Housing Program.

Organization of the first Italian course in Office Management.

Organization of the first Italian course in Productivity Measurement.

International Technical Assistance (EPA activities, Italian experts for U.N. and UNESCO T.A. Programs, third country teams, foreign Fellows and Scholars, etc.).

It is planned to give increasing importance to business consultants and to the training of technicians.

The Italian Productivity Center cooperates with the EPA Program, as mentioned above, and also maintains close relations with the ICA through the American Embassy.

NETHERLANDS



Training of Workers' Efficiency Advisers by the Netherlands Productivity Center.

*Contactgroep Opvoering Productiviteit
Raamweg 42
The Hague, Netherlands*

Structure

The Netherlands Productivity Center (COP) grew out of the U.S. supported Technical Assistance and Productivity Program for the Netherlands, which was initiated in 1949 with the object of revitalizing the Dutch economy after the ravages of War and Occupation. The TA Program eventually encompassed some 250 projects, including 171 Dutch Missions to the United States. During the operation of this program, more than 1100 Dutch specialists were sent to study U.S. techniques, management and labor practices, e'c.; some 56 U.S. consultants visited the Netherlands, conducting lectures and conferences with more than 4000 participants, and visiting more than 1000 plants.*

*This has been inserted by way of explanation, on account of the wide divergence in scope between the extensive activities of the TA Program and the direct activities of the Productivity Center, which was set up to intensify the productivity drive already under way and was not, as in most other countries, a means of initiating such a drive. The operations are closely interwoven and while many projects are initiated and coordinated by the Productivity Center, other agencies undertake the execution and the costs are paid from other funds. In matters of policy, the Productivity Center works closely with the Advisor for the Promotion of Productivity to the Minister of Economic Affairs and with the Ministry of Foreign Affairs in connection with EPA policy and projects.

The Productivity Center was established in September, 1950, under a charter from the Government, as a private, non-profit Foundation. It is concerned principally with industry and commerce and only indirectly with agriculture, which is handled by the Ministry of Agriculture.

A General Board, which meets five or six times a year, directs the activities of the Center. The Board is composed of a Chairman, a Vice Chairman, 9 representatives from Employers' Associations and Trade Unions, 8 members from various Ministries and 10 from professional groups and societies interested in productivity.

An Executive Committee, which meets more frequently (about once a month), is composed of a smaller group selected by the General Board from among its members.

Five "Working Groups" are concerned with special subjects, namely:

Working Group for Measurement and Comparison of Productivity

Working Group for Variety Reduction

Working Group Training Commercial Staff

Working Group Provincial Contacts

Working Group Commercial Projects.

There are also:

11 Regional Productivity Centers, handling horizontal activities.

17 Vertical Productivity Centers, and Some 70 Local Productivity Groups.

These three groups are autonomous, but maintain close relations with the COP; they are composed of local representatives of management, trade unions and institutions.

This decentralized structure enables the Center to work effectively with a small staff, consisting of seven staff members and two secretaries.

Finances

The Netherlands Productivity Center is financed by counterpart funds, set aside in 1957 to finance its operations for the period 1957-1960. This allocation covers secretarial expenses, general publicity, coordination of vertical and horizontal centers, exchange of information and special activities in variety reduction and the training of commercial staffs.

The Center is responsible to the Government as far as financial commitments are concerned.

With the exception of publications, assistance is generally provided free of charge.

Program

The aims of the Productivity Center are the promotion of increased productivity in the Netherlands and stimulation of the means by which productivity can be increased.

In carrying out these aims, a large number of organizations covering specialized fields carry out the actual work. The Productivity Center itself is responsible for policy, the stimulation of projects which contribute to increased productivity, encouragement of new methods and practices, advice to the Government (including the formulation and development of projects and the spending of funds in the "COP sponsored Productivity Fund", dissemination of information, advice on the services rendered by various institutions, overseeing the various activities undertaken; and implementing certain limited areas of the total activity. As a coordinating body, the Center brings together industrialists, to promote acceptance of the idea that it is beneficial to share knowledge and discuss mutual problems; and provides a forum for joint management-labor efforts to promote productivity.

The program provides a comprehensive coverage of the economic and social structure. Management Seminars, Study Courses, plant visits and discussion groups (of which some 70 are in operation) are a regular part of the productivity program, in addition to Missions to the U.S. and other countries, and the provision of local and outside consultants. A new course, based on research and a program of theory and practice, designed particularly for managers of smaller industries, has been started at Delft University. There is also a course in Sales Techniques, especially for the benefit of sales executives. A course is being planned in the correct application of marketing techniques and indicating a basis for determining marketing policy; case studies in the commercial field are being compiled.

Training and education projects include a program for training labor technicians, and University courses in:

1. Practical training for graduate students in mechanical engineering in management and organizational problems;
2. Insight into the problems of small and medium-sized industries;
3. Information on how management of small-scale enterprises may best be helped to improve the performances of their plants;
4. Six months training courses for engineering students in the building industries;
5. Staff and Administrative Training;
6. Training of Instructors.

Some thirty organizations are engaged in research in Social-Psychological and Sociological fields, Technical Subjects, Management Organization, and a variety of related subjects.

Information services include publication of "Productivity News", a monthly information bulletin with a circulation of 50,000; a variety of general and technical publications, including a Handbook of Statistical Data for Market Analysis; reports on the results of inquiries, studies, etc., of which 100,000, more or less, have been sold and distributed; the publication and distribution of reports of Missions to the U.S., of which some 35,000 copies are in circulation; publication of the results of Productivity Studies carried out in 25 industries, namely: Bricks, Mens Dress Shirts, Work Clothing, Shoes, Grey Iron Foundries, Cigars, Bicycles, Tanneries, Leatherwares, Small Metals, Book Printing, Hardwood, Softwood, Three-ply Wood and Board, Flax Dressing, House Painting, Laundries, Furniture, Book Binding, Hosiery, Internal Combustion Engines, Vegetable and Fruit Canning, Offset, Chemigraphics and Motor Bus Bodies.

Film Service and Audio-visual Aids are provided by a Technical Film Center, which maintains an extensive library.

Vertical activities are carried out through programs developed on the basis of an initial survey, in combination with a productivity measurement comparison study. The results are discussed in Seminars, after which key problems are worked out with the aid of industrial consultants; the subjects cover technical as well as organizational and human relations problems. These activities cover the following industries: Building, Small Metals, Shoes, the Graphical Industry, the Flax Industry, Leatherware, Clothing, Bricks, Furniture and Mattresses, Laundries, Hides and Leather, Timber, Vegetables and Fruit Preserving, Painting, Retail Trade and Crafts, Cigars and Electroplating.

Variety reduction is carried out through extensive investigations in various industries by conducting meetings on variety reduction for different levels of management in individual enterprises, as well as collectively in specific branches, followed up by courses in the relation between costs and assortment.

Contact with the ICA is maintained through the American Embassy. There is close relationship with the EPA and active participation in EPA projects.

NORWAY



A course in personnel administration conducted by the Norwegian Productivity Center.

Norsk Produktivitetsinstitut
Schwensengate 6
Oslo, Norway

Structure

The Norwegian Productivity Institute (NPI) is a legal entity, constituted by a Degree of the Norwegian Parliament on June 8, 1953 as an independent institution. It commenced operations early in 1954. Productivity activities on a national level are carried out independently, whereas Norwegian cooperation with the EPA and ICA is a Governmental responsibility and handled separately.

Like the Netherlands Productivity Center, the Norwegian Institute grew out of earlier productivity efforts, which were initiated in 1949 with the establishment of a Norwegian TA and Productivity Program. This program was carried through 1955, but before that time there was recognition of the need for central direction and more aggressive and widespread action in various sectors of the economy. In the earlier stages of the TA and Productivity Program, funds were largely spent for study trips of some 800 Norwegians to the U.S., the visits of U.S. consultants to Norway and the provision of publications, films, other technical aids and research equipment. This preliminary work influenced, to a certain extent, the structure and program of the Productivity Institute.

The Norwegian Productivity Institute is composed of:

A Council

An Executive Board

A Managing Director

The Council is the governing body. It meets once a year, in February, and adopts the annual program and budget. It is composed of a Chairman and 23 members. The 23 members are appointed for four year terms by the King, upon recommendations from the following organizations:

- 7 members from the Federation of Trade Unions
- 4 members from the Norwegian Employers' Confederation
- 1 member from the Norwegian Engineering Society
- 1 member from the Norwegian Foremen's Association
- 2 members from the Federation of Commercial Associations
- 1 member from the Norwegian School of Economics and Business Administration
- 1 member from the Norwegian Handicraft Association
- 2 members from the Norwegian Federation of Industries
- 1 member from the Norwegian Organization of Engineers and Technicians
- 1 member from the Norwegian Cooperative Union and Wholesale Society
- 1 member from the Norwegian Institute of Technology
- 1 member from the Norwegian Government Institute of Technology

The Executive Board is composed of ten Council members, including the Chairman. It meets about once a month. There are four Advisory Committees, i.e., Industry, Distribution, Handicraft and Human Relations. They review matters within their jurisdiction, including applications for assistance received by the Institute and express their opinions thereon.

The Managing Director heads the Productivity Institute itself, which consists of the following sections:

- Technical
- Commercial
- Information
- Audio-Visual Aids
- Business Management
- Human Relations
- Liaison with Local Productivity Committees

In addition, there is a General Management Secretariat, which includes a Library, a Mailing and Accounting Section and Files.

The activities of the Productivity Institute are highly decentralized. Promotional activities are extensively delegated to other institutions, organizations and individual firms. Five local Productivity Committees have been established, one in the northern part, three in the western area and one in the eastern part of the country. Specialists are engaged for consulting assistance and new specialists are developed through education, training and practical experience. On the other hand, it is planned that the permanent staff will, in the future, concentrate more fully on the execution of projects that are considered to be of special importance.

The organizational and administrative activities are carried out by the permanent staff, which consists of 24 persons.

Finances

The Norwegian Productivity Institute is financed by Government funds to the extent of 20%, and counterpart funds accounting for 80%. The Government funds are provided by a Basic Fund set up by the Norwegian Parliament in 1953, of which only the interest may be used for administrative purposes.

Fees are generally charged to participants in NPI Seminars and Conferences, and charges are made for productivity reports published by the Institute, although these payments usually cover the direct but not the total costs.

Program

The aims of the Norwegian Productivity Institute are outlined in Paragraph 2 of the Statutes for the Institute, which reads as follows:

"The purpose of the Institute is to promote productivity in industry, handicraft and trade, for the benefit of consumers, workers and employers.

Its main objectives are:—

1. To conduct investigations to clarify the importance of productivity and to disseminate information on productivity problems.
2. To examine means by which productivity may be increased, to work for the introduction of these means in the enterprises, and to promote programs of study and instruction.
3. To collaborate with and effectuate collaboration between institutions and organizations whose objectives are within the scope of the Institute activities.
4. To grant financial support to official, private or cooperative institutions and organizations in order to promote objectives as mentioned in items 1 — 3.

The results of the work of the Institute should to the greatest possible extent be made accessible to the public."

In accordance with the Statutes, the Productivity Institute devotes its efforts entirely to productivity problems in industry, handicraft and distribution, as activities in agriculture and fisheries are carried out separately by the Ministries of Agriculture and Fisheries respectively.

As referred to under STRUCTURE, this is a decentralized operation and consists principally in stimulating, initiating and supporting productivity activities all over the country, largely through utilizing and coordinating efforts made possible by the cross-section of representations on the Council and Executive Board; these activities include allocations from the NPI Operating Grant Funds and loans made from the Productivity Revolving Loan Fund. To date, some 400 projects, covering a wide range of service activities, exchange of information and experience, research activities, etc., have been handled by the Institute. Some of these projects are of considerable size and importance while others are small and of minor importance. Approximately half of these have been carried out in cooperation with the EPA and ICA. Some of these projects have now been completed, while others are still in progress.

In connection with decentralization, two projects of the local Productivity Committees should be noted:

1. A special ad hoc committee of the Productivity Committee in Bergen is in charge of a comprehensive analysis of marketing and transportation problems for a number of the most important firms in that area. The survey includes an evaluation of the packaging, dispatching and transportation problems of differing types of goods, unit loads, etc. Internal problems as well as external problems are included in this survey.

- 2. In the Spring of 1957 a conference for small machine shops was held in Alesund to discuss the possibilities for extending sub-contracting to smaller firms. At the conference a committee was appointed to take action on the findings and conclusions of the conference. With financial assistance from the Institute, a consultant has been engaged to coordinate the activities of about 130 firms that are taking part in this activity.**

A major activity is a study of automation. As the result of an investigation into the possibilities of introducing and increasing automation in Norwegian industry, financed by NPI in 1955, followed by courses in automation and the techniques of servo-mechanisms held in 1956, several groups of factories have formed a cooperative society to concentrate on and coordinate the work of tackling automation problems in the factories represented in the Society.

The Institute cooperates with the Ministry of Industry in the development, review and execution of productivity loans to industry, distribution and handicrafts by a review of loan proposals and participation in the loan committee which passes on them.

The Productivity Institute also:

Engages in studies of technical, economic, social and psychological factors bearing on production and the industrial climate for cooperative efforts;

Organizes training programs for teachers at technical and vocational schools and supports a training program in industrial safety;

Has initiated training courses, conferences and seminars on numerous productivity subjects in all parts of the country and financially supports training-within-industry programs;

Loans films, film strips and other Audio-visual Aids to vocational schools, organizations and firms;

Is encouraging the expansion of local existing private consulting firms (by granting initial financial support) to enlarge their activities to include small businesses.

Encourages, by financial support, the establishment of local independent productivity groups.

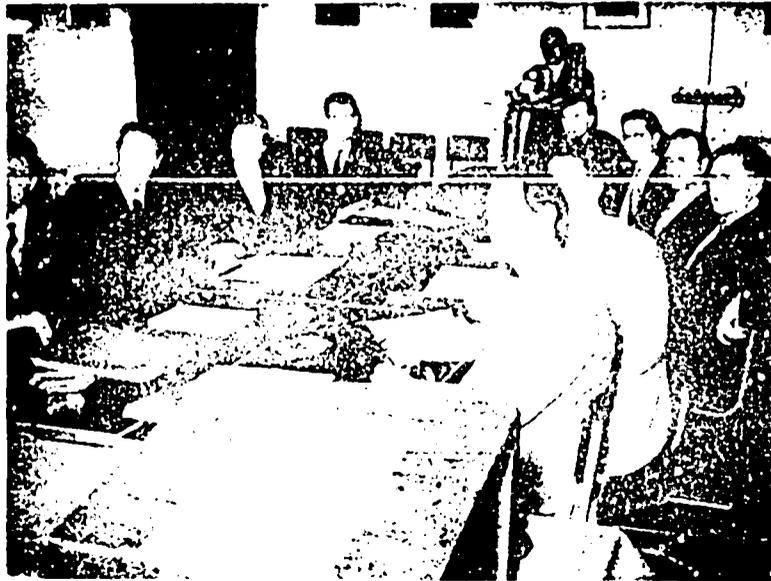
The present program contemplates increased attention to follow-up on both Grant and Loan Projects and looks forward to more efficient operation in new quarters, with sufficient space for conferences, courses, seminars, etc.

In considering present and future programs, the Productivity Institute feels that the following trends may influence future productivity work:

- 1. There is a downward trend in economic activities, which may lead to a reduction in production and sales, at least temporarily;**
- 2. A reduction in the work week will make it imperative to increase production per man-hour in order to maintain and increase the standard of living;**
- 3. Increased international competition through liberalization of European trade will probably lead to a reorientation within Norwegian industry and in many cases to a reorganization;**
- 4. Enforced mechanization and automation place large and financially strong firms in a favorable position in relation to the bigger markets. This technical development makes it even more important for the mostly small Norwegian factories to concentrate on increasing productivity;**
- 5. The changes ahead may need a psychological preparatory period in the factories, in which the cooperation of the trade unions will be of great importance.**

The Norwegian Productivity Institute cooperates closely with the EPA and with the ICA through the American Embassy.

SPAIN



A meeting of a Working Party finalizing projects in the Spanish Productivity Center.

*Comision Nacional de Productividad Industrial
Alcala, 95
Madrid, Spain*

Structure

The Spanish Productivity Center was established by law in 1952 as a temporary organization with a duration of three years; in 1955 this was extended for an additional three years. An official Decree dated September 5, 1958, confirmed the establishment of the Center as a permanent agency. It is a public institution, set up as a Sub-Division of the Ministry of Industry, under whose supervision it operates.

The Center is required by law to review and report on measures which come before the Ministry of Labor for resolution and which involve "changes of methods or procedures aimed at increasing productivity". It is also responsible for recommending to the Government such measures as, in its opinion, might help increase industrial productivity and to report to the Government, when so requested, on the legal provisions which might have a direct bearing on industrial productivity.

The Inter-Ministerial Commission is responsible for the activities of the Center, including policy, projects and budgets. It is presided over by the Minister of Industry; the Vice Chairman is the Under Secretary of Industry. The Decree of September 5, 1958 provides that the other members of the Commission, appointed by the Minister of Industry on recommendation of the interested agencies, shall be:

1. The Directors-General and the Technical Secretary-General of the Ministry of Industry;
2. A representative from the Presidency of the Government and one from each of the following Ministries: Foreign Affairs; Army; Treasury; Public Works; National Education; Labor; Commerce; and Housing.
3. A representative from each of the following Agencies and Institutions:
National Economic Council

National Delegation of Syndicates

National Institute of Industry

National Institute of Statistics

Superior Council of Chambers of Commerce, Industry and Navigation

NATIONAL INSTITUTE FOR THE RATIONALIZATION OF WORK

A smaller committee, consisting of representatives selected from the Ministries and representatives from various industries acts as an Advisory Board of Directors.

An Executive Committee handles urgent matters and expedites routine work.

A Director is in charge of operations.

The headquarters of the Center are in Madrid, but various regional offices have now been set up and additional ones are contemplated.

Finances

The Center is financed by the Government, counterpart funds and fees from Seminars, Training Courses and revenue from the sale of publications. 25% of the total is represented by Government funds, 50% by counterpart funds and 25% by payments for specific services.

The regional offices receive contributions, both in the form of money and personnel, from various industries in their areas.

The ICA pays the Dollar costs of teams while they are in the United States; international travel costs are paid by the Center.

Program

The temporary status of the Productivity Center, during the first six years, did not lend itself to long range planning. There was not a general concept in Spain of the advantages to be gained from increased productivity. The first need of the Center, therefore, was to gain wider acceptance of the benefits to be derived from a Productivity Center.

The initial step was sending teams to the United States for observation and orientation. When they returned, and submitted their reports, which strongly supported the idea of improving productivity, there was a general increase of interest in this subject.

It was then decided that technical information should be more widely disseminated and that instruction should be made the principal activity of the Center in the earlier phase. This was accomplished by sending further teams to the United States, other teams to the various European Productivity Centers and requesting that U.S. technicians come to Spain to advise in specialized fields.

Following this procedure, the program has been characterized, up to now, principally by instruction and overall activities rather than specific undertakings. These are assisted by a Technical Library, a Film Service and Audio-visual equipment. Seminars are conducted in the main office in Madrid; in the regional offices there are regular classes in various subjects, such as management, personnel matters, general productivity problems in industry, etc.

A limited training program is carried on, assisted by participants returning from the United States.

Activities are not confined to industry. They include agricultural problems, as well as assistance to public works, particularly in management, organization and construction problems.

Based on a realization that increases in wages must be accompanied by increases in productivity and lower costs, especially in view of Spain's more vulnerable position due to the establishment of the Common Market, the activities of the Center have been greatly broadened by the Decree of September 5, 1958. It is now specifically charged with responsibility for encouraging the development of industrial associations for the purpose of increasing productivity, as well as, among other things, preparing various studies bearing on productivity, developing a wide training program and conducting a program of direct aid to industrial enterprises.

SWEDEN



Lecturers of a Top Management Conference arranged by the Swedish Productivity Council in March, 1958.

Structure

The Swedish National Productivity Center (SNPC) was established in November, 1957 by the fusion of two previously existing organizations, the "Swedish National Committee for Scientific Management", affiliated with the CIOS, and the "Swedish Productivity Center", a committee for liaison with EPA. The Center, constituted for a "trial period" of three years, is a mixed body, a non-profit association and is a legal entity.

The Center is a Council, composed of Government and important trade association representatives, as follows:

- The Federation of Swedish Farmers Associations
- The Swedish Cooperative Union and Wholesale Society
- The Swedish Handicraft and Small Industries Organization
- The Swedish Employers Confederation
- The Federation of Swedish Industries
- The Federation of Swedish Wholesale Merchants and Importers
- The Central Organization of Salaried Employees in Sweden
- The Confederation of Swedish Trade Unions
- The Swedish Government

The Swedish Retail Federation

The Royal Swedish Academy of Engineering Sciences

The Productivity Council of Swedish Industries

There is a Secretariat, which is the actual Productivity Center, responsible to the Council.

There are no subsidiary organizations.

The Center has established an affiliated committee for office management, engaged in making an inventory of the need for qualified training in this field, especially in the management, rationalization and work study levels.

The Center has a regular staff of 6 persons.

A word of explanation is necessary. Due to the absence of a 115(k) Program in Sweden, productivity activities in that country were developed along lines basically different from those followed in other European countries.

In June, 1950, a relatively small TA program was established. This was tied in with a program for Swedish aid to other OEEC countries, in proportion to the amount of American TA given to Sweden.

As Sweden already had a large number of specialized professional, trade and scientific organizations, and the country was small and had good communications, it was not felt necessary to establish a national center. However, when CIOS was started (Comite International de L'Organisation Scientifique - CIPM is the American member of CIOS) and Sweden became a member, it was found desirable to set up a contact committee to assure cooperation between the many existing organizations and CIOS. Similarly, when EPA was established, another committee was set up to handle liaison with EPA. As the years went by it was found that these committees fell short of the desired objectives and they were fused into a new organization, the Swedish National Productivity Center, and given additional resources.

Finances

The Swedish National Productivity Center is financed:

50% from Government funds; and

50% from subscriptions from affiliated organizations.

Information is provided free to everybody in Sweden, although in some specific cases a "cost price" may be charged. Charges are generally made for participation in Seminars.

Program

The aims of the Productivity Center are:

To handle Sweden's liaison and cooperation with EPA;

To handle Sweden's liaison and cooperation with CIOS;

To make known within Sweden the activities and programs of the two above mentioned organizations; and

To take initiatives and support activities aimed at improving productivity and spreading the application of scientific management within the Swedish economy and official administration, all this in cooperation with governmental and private organizations and enterprises and with technical and scientific societies.

In principal, the Productivity Center is intended to serve the whole economy, including agriculture, but its work is still experimental and no fixed lines of action in the various fields have been determined. The handling of EPA projects constitutes a large part of the program at present.

In carrying out its aims, the Center intends to decentralize its activities as much as possible. Apart from promoting EPA and CIOS activities, it is planned to operate principally by encouraging the already existing specialist organizations to carry out activities considered desirable for the common good.

It is not intended that the new Productivity Center should expand into a large organization, covering all the productivity work in Sweden. It is rather intended to operate principally as an "Initiative Center" and act as a forum for cooperation between already existing bodies.

The Center is actively engaged in a study of office management, as referred to under STRUCTURE. When this is completed, the available training institutions will be called together and asked to set up a division of the work among themselves, in order to cover as much of the training requirements as possible.

UNITED KINGDOM



Location of the 107 local Productivity Committees cooperating with the British Productivity Council.

*British Productivity Council
21 Tothill Street
London, S.W.1., England*

The beginning of the productivity movement in the United Kingdom, as well as in Europe, was the Anglo-American Council on Productivity, set up on the initiative of Sir Stafford Cripps, the British Chancellor of the Exchequer and Mr. Paul Hoffman, Administrator of the Economic Cooperation Administration, to implement the Marshall Plan. The discussions were started in 1947; in 1948 an agreement was signed by Mr. Hoffman and Sir Stafford Cripps.

The first meeting of the Council was held in October of that year. At the time there were a large number of organizations in the U.K. which were already concerned with productivity, including technical colleges and universities, some forty research organizations, various trade associations and employers federations, as well as numerous professional bodies covering almost every aspect of industrial and technical activity. Members of the Council were aware that the best practices in British industries compared favorably with the best practices in American industries, but that average productivity was substantially higher in the U.S., and it was believed that an analysis of the reasons would be beneficial to British industry.

The Council concluded that much could be accomplished if knowledge of the best practices in the U.K., supplemented by knowledge of the best practices in the U.S. and other countries, could be made more generally available. It was also agreed that the term of the Council should coincide with that of the ECA legislation, which provided for a four year period ending on June 30, 1952.

Activities were concentrated on team visits, on the supposition that teams embracing all levels in an industry would constitute channels of communication on the various subject matters affecting productivity, and that the teams would draw their own conclusions from what they saw, would emphasize them in their reports and would, in this way, stimulate action at the plant level. It was believed this would break down prejudices against exchange of information and would result in a wide dissemination of information already available in the United Kingdom. Several U.S. teams visited the U.K., the purpose of these visits being twofold: To assist the British industry concerned to implement the findings of its own team, and to enable the Americans to examine British practices which might be valuable to their own industries.

During the same period, sixty six British teams visited the United States. They produced reports that are a storehouse of information on which thousands of firms in the U.K. are now drawing. In addition, the general attitude which leads to increased productivity became more widely understood; this was helped by the fact that the reports were the combined work of managers, technicians and trade union representatives. More than 500,000 copies of these reports have been printed and distributed and have been the means of stimulating firms to re-examine all the factors which improve productivity and efficiency. The influence of these reports is not confined to the U.K. Other Western European Countries, notably France and Germany, have shown the greatest interest in the findings and have published translations. At least one has been translated into Japanese; many summaries have appeared in the foreign technical press.

The success of the work carried out by the Anglo-American Productivity Council led to the TA and Productivity Programs in Europe generally, and to the establishment of Productivity Centers in the member countries of the OEEC.

On completion of its work as a joint Anglo-American body, it was agreed by the Council that there was still much to be done by the U.K. Section in securing the maximum results from its activities. As this was considered to be a continuing responsibility of British industry, rather than of a joint organization, the U.K. Section of the Council reported the intention of establishing a continuing body to continue the campaign for higher productivity.

Structure

In conformity with this resolution, the British Productivity Council (BPC) was established in 1952. It is registered under the Companies Act, limited by guarantee but — as a non-profit organization — not required to use the word "limited" in its title; the guarantee for each member is one pound. It is non-political and for all practical purposes is autonomous in handling its current business.

The organizations represented on the Council are:

The British Employers' Confederation

The Federation of British Industries

The Trades Union Congress

The Association of British Chambers of Commerce

The National Union of Manufacturers

The Nationalized Industries.

There are no government representatives on the Council.

The Chairmanship changes yearly and is held alternately by an employer and by a trade unionist.

The Board of Trade, as the Government Department chiefly concerned with productivity, and as the provider of financial assistance, must be satisfied generally on the main lines of the Council's policy and on its accounting for expenditures.

There are 107 affiliated Local Productivity Committees and Associations; they are established in all the main centers and represent both sides of industry.

The Council maintains a Work Study Unit, which is a group of work study engineers who are available to give appreciation courses, with practical exercises, in any area in collaboration with a Local Productivity Committee.

It also maintains Regional Officers whose duty is mainly to assist Local Productivity Committees in arranging their programs.

The headquarters staff consists of a Director and fifteen persons (excluding typists). The staff is not, except for the Work Study Unit, composed of experts in the usual sense of the term. It deals with general policy, films, publications, publicity and administration. In addition to this staff there are seven members of the Work Study Unit and eight Regional Officers.

Finances

The Council's income is derived approximately:

7% from subscriptions by the organizations represented on the Council;

8% from charges for conferences, etc.

85% from Government funds.

(Assistance is also received from EPA for films sponsored by the Agency and — to a very small extent — from Conditional Aid Funds).

The Council's policy is gradually to make its activities and those of the Local Productivity Committees as self-supporting as possible. It now requires these Committees to make charges at fixed rates for all sessions of the Work Study Unit; it is also pressing them, wherever possible, to make appropriate charges for any other form of conference. Some of the Local Productivity Committees are beginning to raise money by subscriptions from local firms.

With a few exceptions, where there are paid secretaries, members of Local Productivity Committees give their services voluntarily. Many speakers and discussion leaders do the same. Local Productivity Committees receive a great deal of help "in kind". Local firms frequently provide premises for meetings, projection equipment, stationery, printing facilities, office accommodations, telephones, etc. without charge.

Program

For clarification, some of the principal organizations engaged in productivity work are listed:

1. Coordinating Productivity Work:

This is the responsibility of the Productivity and Technical Assistance Secretariat of the Board of Trade.

2. Organization of Activities:

A. Government Bodies

- (a) The Board of Trade;
Monopolies Commission
National Research Development Corporation
- (b) Department for Scientific and Industrial Research
- (c) Ministry of Labor
- (d) Ministry of Agriculture, Fisheries and Food.

B. Joint Associations (financed by both the Government and private industry)

- (a) British Institute of Management
- (b) British Productivity Council
- (c) National Industrial Fuel Efficiency Service
- (d) British Standards Institution
- (e) Other academic and university bodies concerned with productivity, such as National Institute of economic and Social Research; Department of Applied Economics, Cambridge University; Economic Research Section of the Manchester University; Department of Production Engineering of the University of Birmingham.

3. Publicity:

The Board of Trade is responsible for all information on productivity, including the distribution of press notices, pamphlets and books to the Press and to the industries concerned.

4. Exchange of Documents with the EPA and National Productivity Centers:

This is the responsibility of the Department of Scientific and Industrial Research, Technical Information and Documentation.

The program of the British Productivity Council can best be understood against this background. As a large number of effective organizations were already carrying on productivity work, the U.K. did not set up a centrally coordinated national productivity program; while the Council was established as one of the principal organizations in the Productivity Program, and while the Government relies on it as the main national body for promoting productivity, its activities do not correspond to those undertaken by national productivity centers in other European countries. The key to the BPC program is the emphasis on plant visits and the exchange of information, which are its prime objects, there is deliberate reliance on action at the plant level, rather than on national direction. The Council seeks to break down out-worn prejudices by effecting a more open attitude of mind toward modern methods. It does not provide detailed individual advice, but is directly concerned with creating a demand for the services of specialized organizations and providing a greater scope for their activities, its principal function being to make their work more effective.

The aims of the British Productivity Council are:

- (1) To stimulate a wider appreciation of the importance of higher productivity and of the methods that lead to it;
- (2) To encourage a closer collaboration between managers and trade unionists in the approach to the problems connected with increasing productivity.

In carrying out these aims, the major part of the work is the responsibility of the Local Productivity Committees. These Committees are encouraged, within the broad general policy of the Council, to develop the programs most suited to their areas. Their activities are chiefly:

- (1) Exchange of information and experience by means of inter-factory visits, discussion groups, etc.
- (2) Seminars, conferences, lectures, films, exhibitions, etc. devoted to productivity techniques and more general questions connected with the subject. In the Local Productivity Committees, the Council has available some 2000 practicing industrialists; the speakers at conferences are normally other industrialists from the locality.

Originally, the work of the Council and the Local Productivity Committees was mostly horizontal, emphasis being laid on techniques common to all industries, particularly manufacturing. More recently, there has been an increase in vertical activity, particularly in applying work studies to retailing and agriculture.

Major efforts are now directed towards Work Study, because of its universal applicability and because its introduction touches the relationship between the two sides of industry at so many points. Increasing emphasis is being placed on variety reduction and quality control; the Council has formed its own Advisory Committees covering these subjects as there are no national organizations dealing with them.

Considerable attention is also being given to questions of human relations, communications, etc., as well as to the more general subjects of automation and redundancy.

The Council does not concern itself with training, as such, nor with carrying out research. Neither does it state any views on political matters such as taxation; it is concerned with promoting productivity within whatever may be the current economic climate and conditions. Further, it refrains from stating views about the distribution of "the benefits of productivity", as such matters are left entirely to the collective bargaining system.

SECTION II

Near East and South Asia

Far East

Latin America

Significant Characteristics of the Development and Programs of Industry Institutes in Areas Other Than Europe

Section II of this manual presents information on background, organization, program scope, and major activities of the Institutions in the Near East - South Asia, Far East, and Latin American areas. The common theme dominating the historical background leading to the establishment of these Institutions was the need to increase output and productivity of industry and the purchasing power of the workers; and to improve the standard of living and the economic strength of the host country. With only two significant exceptions (Japan and India) the need for stimulation of industrial and economic growth was rated by lands in these areas as even more urgent than the improvement of operational efficiency of existing industry.

The program orientation, organization, and activities assigned to the newly-developed institutions reflect these priorities - "Industry Institutes" and "Industrial Development Centers" outnumber "Productivity Centers" in these areas. To a far greater extent than in Europe, the aims and programs vary sharply between the several non-European countries, as do their organizational characteristics.

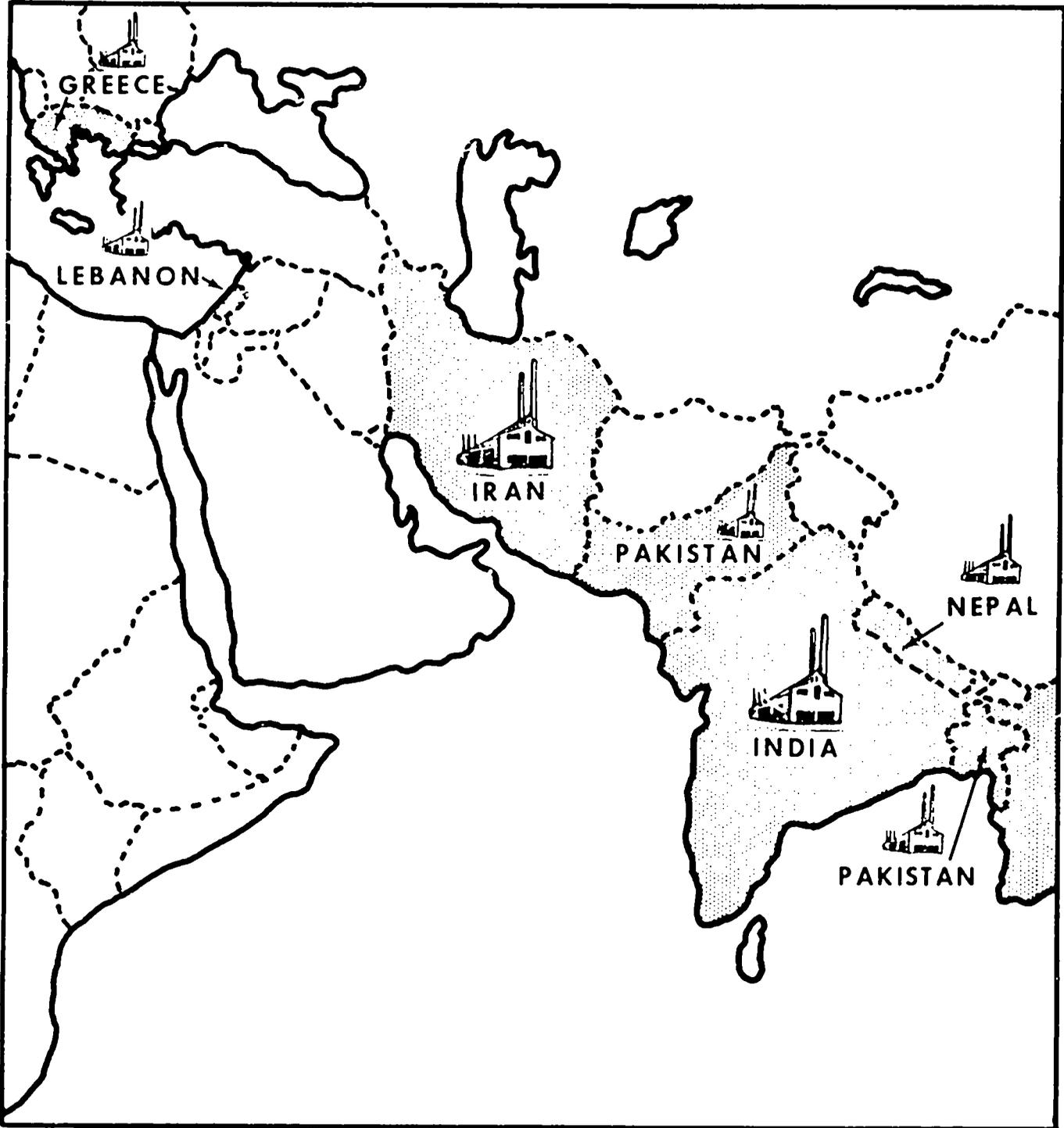
In Europe (as different as the several lands may be) their similarities were very marked in terms of their technical cooperation program institutional needs. All were already relatively mature industrially; most of them possessed reasonably stable governments, and firmly-set communications channels and working relationships between industry, government, and labor. Major problems were low productivity; frequently, also, outmoded managerial and supervisory practices and concepts; and ineffective marketing, sales and distribution practices. These the National Productivity Centers undertook to solve.

In Latin America and the Eastern areas in contrast, virtually every degree and shade of industrialization and lack of industrialization exists. The variety of cultural, sociological, and public administration patterns was much greater than in Europe. Also, the range in the amount and type of natural resources runs the gamut from small countries which are virtually without recognized types of natural wealth to entire sub-continent, teeming with abundant unexploited resources. Some of these lands have enjoyed generations of existence as independent nations, while others have just evolved from colonial status, and have not yet established firm and lasting governmental institutions and mores.

In the section following are outlined the diverse organizations established to cope with some of these problems in the industrial sector.

To the reader of these summaries, a word of caution is indicated. Due to space limitations, only the high lights and basic factual data could be included; these might appear to indicate that the establishment of these Centers followed a simple and relatively easy pattern. However, this was not the case. In some countries, these activities represent a new and untried approach to solving pressing problems created by a changed world situation. In most instances, the establishment of the Center was achieved only after long discussions and studies, coupled with the reconciliation of differing viewpoints. Program execution has also always been beset with certain difficulties, of themselves natural and understandable, originating in the backgrounds and mores of peoples with a long heritage of concepts which at times are at variance with some of the concepts of modern industrial techniques.

NEAR EAST AND SOUTH ASIA



Other organizations involved in Productivity and Economic Development Programs, but not covered in this Manual, include: Israel, and Turkey.

GREECE



Main hall of the Greek Productivity Center

*Ellenikon Kentron Paragogikotitos,
28 Kapodistriou Street,
Athens, Greece*

Structure

The Greek Productivity Center (ELKEPA) was established in 1953 by a legislative Decree; the statutes under which it operates were established by a Royal Decree in 1955. It is a private organization, is a legal entity, is tax exempt and is responsible to its own Board of Directors; it is also partly responsible to the Ministry of Coordination.

The structure of the Center includes the principal elements of the Greek economy, the organizations represented being:

The Ministry of Coordination

The Ministry of Industry

The University of Athens

The University of Technical Studies

High School of Economic and Business Science

The Bank of Greece

The Mortgage Bank

The Federation of Greek Industrialists

The Greek General Labor Confederation

Panhellenic Confederation of Agricultural Cooperatives

The Technical Chamber

The Chamber of Commerce and Industry

The Chamber of Handicrafts

The ICA Mission

Under consideration is a structural change in the Board of Directors, through increasing the representation of industry and labor.

The operations of the Greek Productivity Center are at present centralized in Athens, although the establishment of a branch office in Salonika is being considered. As the program develops, however, operations will be progressively decentralized as organizations are set up which are competent to implement the various projects undertaken.

The regular staff totals 37.

Finances

The Greek Productivity Center is financed:

60% from Benton-Moody funds;

40% from Government funds.

At present the Productivity Center is providing its services free of any charge, but it is hoped that the growing interest being shown by industrialists will result in substantial private support to the Center.

Program

The principal aim of the Greek Productivity Center is to help private and collective Initiative (Person or Enterprise or Agency) to produce more, better and cheaper goods by introducing into the country new scientific methods of production.

To this aim a threefold action is devoted to:

- (a) Collecting and studying productivity methods; furthermore, experimenting on productivity innovations both at the individual level (pilot plants) and the national level (pilot areas);
- (b) Disseminating the idea of productivity, so that a sound productivity climate be established;
- (c) Rendering the producer (capital or labor) able and willing to participate in this productivity program by improving general working conditions, both those of capital (plant, machinery, material) as well as those of labor (salaries, hygienic conditions, human relations, etc.).

It should be noted that all ELKEPA activities are carried out in close collaboration with Government services and representatives of educational institutions, employers and employees.

Due to its comparatively recent formation, parts of the Center's planning and programming are in the preliminary stages. Principal fields covered up to the present have been:

Mainly industry, handicraft, homecrafts, arts and labor, as well as agriculture, inasmuch as this activity is not included in the Ministry of Agriculture's own productivity program;

Regarding services (distribution, trade, etc.) the activities commenced at a minor level but have been growing and a significant part of the Center's activities will be devoted to this sector of productivity;

The same can be said of activities in research and technology, but it is expected that a close collaboration with technical bureaus and laboratories of the country will soon be effected, in order to promote scientific research.

More recently, major activities have been started in the following fields:

In Industry, a special section has been set up within the Productivity Center exclusively to implement projects for industry. Besides the usual implementation of EPA industrial projects, the future outlook for the Industry Division is the continuation of efforts towards management education and, more specifically, the establishment of an Executive Development Program in Athens.

In Homecrafts and Arts a special committee has been created to deal with pertinent problems and make an investigation throughout the country. Further, by collaborating with the Ministries of Industry and Commerce, the Center has proceeded to draft a law for setting up the organizational chart of a national body to deal permanently with the promotion of Greek crafts and arts.

In Labor Relations a special committee has also been set up, the aim of which is to enrich the educational project for workers and trade unionists. This project will include a three fold program of education, namely, professional education, vocational training and general or social education.

In Local Development (EPA/400 and various other projects of minor importance in local development), in cooperation with the Ministry of Coordination, the Center is implementing the "Epirus" and the "Chryssoupolis" Projects.

New Types of Activity planned for the near future are:

Industry: The final objective is that this Division in due time will become an independent advisory service industry. Although individual consultations in plants have already begun, this type of work will be more extensive when additional staff is available. Another objective of this Division is the publication of booklets on special subjects.

Handicrafts: A permanent handicraft exhibition will be held in Athens, where the showing and marketing of handicraft products will take place. The establishment of a bureau abroad, with the same object, is under study.

Agriculture and Primary Industry: Studies in the marketing and breeding of poultry, cattle, etc., as well as Seminars and special schools for butchers, slaughterers, etc. with the cooperation of foreign experts.

Local Development: A conference of Mediterranean Countries on local and community development will soon be organized by the Center.

Audio-visual: A cine-matographic center will be set up for film translation into the local language, film-stripping, magnetic and sound recording and for producing the Center's own films on productivity. This section should soon become an independent and self-sustaining organization.

General Productivity Matters: The creation by and with the Center of Working Groups to study, at a higher level, problems connected with productivity, such as Human Sciences, Productivity Measurement, etc.

The Center cooperates closely with the EPA and its programs and with the ICA through USOM/Athens. Unlike most EPA member countries, the Greek Productivity Center has full recourse to ICA industrial and technical aids, as well as other ICA services, since Greece is included by the ICA in the Near East - South Asia area.

INDIA



Visitors of Government of India Railway Photographic Exhibit in New Delhi view U. S. display on American railroading practices.
*National Productivity Council of India
Ministry of Commerce and Industry
Udyog Bhavan, King Edward Road
New Delhi, India*

Background and Problems

India, with some 400 million people, is one of the most densely populated countries in the world. The great mass of the people are poor; illiteracy is high and per capita income, in many areas, is scarcely above the subsistence level. Technological development has been slow. The economy is based mainly on agriculture, much of it primitive; industry consists principally of some large establishments and a great number of cottage industries.

Certain organizations and institutions, including a Productivity Center established at Bombay under the Ministry of Labor and Employment, have been carrying out activities for some years in certain fields of productivity in their respective areas, but their facilities are not adequate for the large number of problems involved. In the country generally, there is a shortage of skills, experienced personnel and trained technicians, and training facilities are far from meeting the needs; marketing techniques are obsolete and there is an inadequate concept of expanding markets; cottage industries are uneconomic and there is a general need to improve quality; there is no general concept of modern industrial relations.

The Government of India, in order to improve the lot of its people, has embarked on an extensive program of economic and social betterment, designed to increase wealth, per capita income and raise the general standard of living. An integral part of this program is industrial development. To give force to this phase it was decided to create a Productivity Center to remedy existing industrial deficiencies and to provide the means for initiating a concerted drive to increase productivity.

The Government realized that it would be difficult, if not impossible, to carry out such a program with the facilities at its disposal and that it would be necessary to enlist the help of outside sources, particularly in the fields of technicians and training. An agreement was entered into with the United States to assist in this undertaking by facilitating the acquisition of advanced techniques, industrial experience and knowledge, and the training of Indian personnel. This led to the establishment of the National Productivity Council. Its aim is to spearhead a concerted effort to improve productivity by organizing a program coordinating and utilizing such institutions as now exist, provide technical assistance and carry on extensive training, so that the Indian counterparts will be able to carry out the various activities on their own.

Structure

The National Productivity Council of India was established in 1958. It is controlled by a Board of Directors and management responsibility is vested in the Executive Director.

As it is contemplated to make this a nationwide activity, it is planned to set up eventually some 30 Local Productivity Centers, of which four have now been established and are operating.

The permanent staff is in the process of being organized.

Finances

The Government of India supplies the funds for local expenses. The ICA supplies the funds to cover the training costs of Indian teams and Participants visiting the U. S. and third countries, as well as the costs incurred in sending U. S. technicians to India.

Program

It is planned that this operation will be phased out in FY'61, after which the Productivity Program will be carried on by the Indian people themselves.

To achieve this end, the following program is being carried out, the specific activities being divided up into more or less equal yearly segments:

1. Productivity Teams;

38 Teams of 10 men each will visit the U. S. and third countries for six week periods, to observe and study productivity subjects, of which the following list is typical:

Building Industry

Sugar Industry

Coal Mining Industry

Textile Industry

Top Management Organization and Training

Industrial Relations

Plastics Industry

Small Scale Industries

Preventive Maintenance

Materials Handling

Plant Layout and Factory Construction

Road Transport Industry

Marketing and Distribution Techniques

2. Participants:

140 Participants will be sent to the U. S. and third countries for one year of intensive training in subjects of industrial productivity, including industrial management, industrial engineering and industrial relations, so that on their return to India they can carry out activities tending to stimulate productivity improvement by passing on the knowledge they have acquired through demonstrations, consultations, courses and seminars

3. U.S. Technicians:

46 U. S. Technicians will visit India. Twelve of them will be assigned for 3 year periods, others for periods ranging from three months to one year. There will also be three 3-man U. S. Industrial Teams for three months periods. Their activities are best illustrated by listing the types of technicians selected:

Consulting Management Engineer (Management Organization Specialist)

Technical Information Specialist

Labor Productivity Advisor

Human Relations and Personnel Management Specialist

Industrial Engineer (Plant Mechanical Supervisor)

Industrial Engineer (Productivity)

Methods Engineer (Production and Quality Control)

Methods Engineer (Time and Motion Study)

Marketing, Sales and Distribution Advisor

Training Within Industry Specialist

Industrial Design Engineer (Machine and Tools)

Foundry Engineer

Tool Engineer

Experts in the manufacture of automobile ancillaries, including electrical items.

4. Supporting Activities:

These include:

Technical Library and Publications

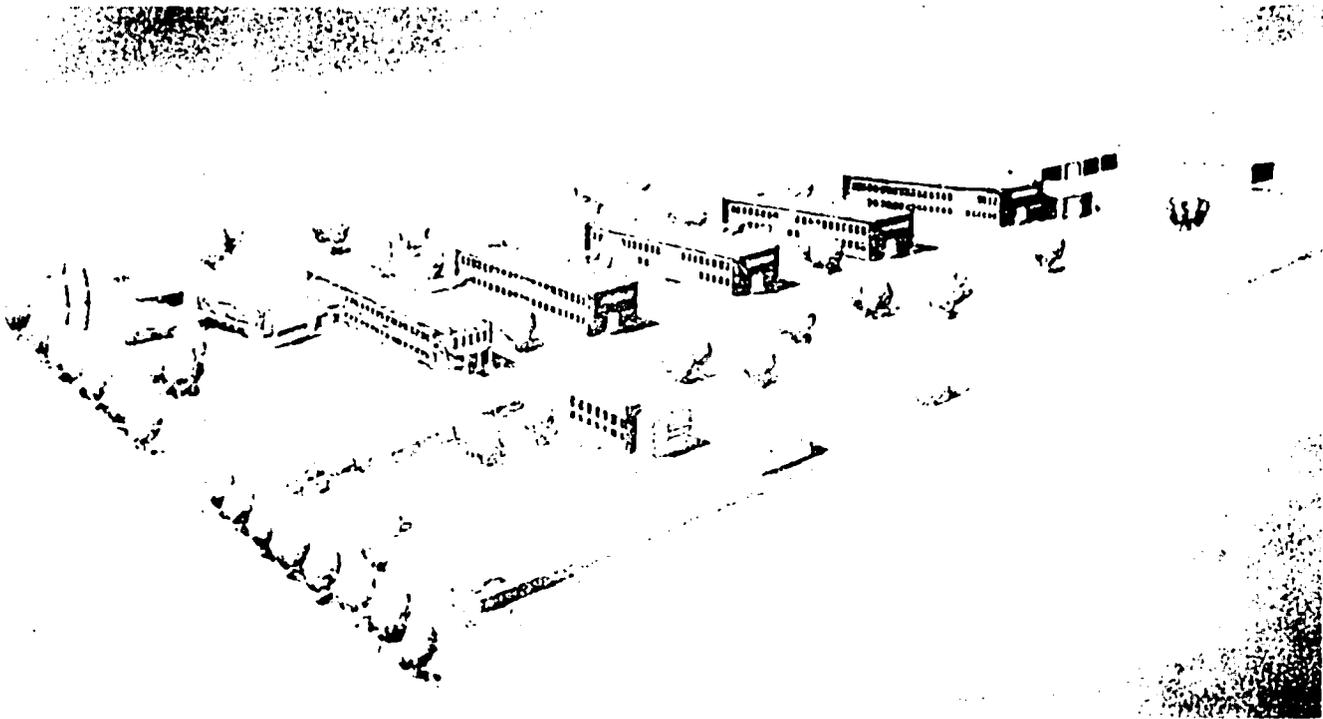
Audio-Visual Aids

Technical Aids Services of the ICA

Industrial Exhibits

Besides the above, technical support and backstopping will be provided by the Home Offices of the Contract Technicians, plus four U. S. Direct Hire Technicians for staff coordination.

IRAN



An architect's drawing of the Industry and Mines Development Center.

*Industry Development Center
Tehran, Iran*

Background and Problems

Iran, with a population of about 21,000,000, comprises an area of 628,000 square miles, much of which is arid or mountainous. Iran has a history that goes back to ancient times, including the Persian Empire which extended from the Indus River to the Aegean Sea. Traditionally, the economy has been based primarily on agriculture and the bulk of the population depends on relatively small-scale agricultural production.

Such industry as existed was made up principally of small family-type enterprises and cottage industries. In the thirties, the Reza Shah launched a program to industrialize Iran along modern lines.

With revenues from oil the Government built power plants, roads, railroads and port facilities as well as some 70 industrial plants. These included brick, cement, chemicals, food, sugar and textile mills.

These state-owned industries have benefitted from managerial and technical assistance furnished by American and European consulting firms. This prompted the Ministry of Industry and Mines to establish the Industry Development Center to provide private enterprise with such managerial and technical assistance.

Iranians are learning modern management methods and about investing in the shares of enterprises managed by others. As recently as 1955, industry was still limited and primarily in the development stage. According to a census taken at that time, there were 2832 private enterprises, employing a total of 82,132 workers, or an average of about 29 workers per establishment; the average investment was about \$14,000. Of these enterprises, 655 were established by corporations and 2177 by individuals.

The problems inherent in Iran's economic structure led to growing pressures for increased national income and industrial output, as well as better living standards. Because of these pressures, coupled with a realization of the benefits of technical know-how in the early development of Government undertakings, the Government, reinforced by requests from entrepreneurs, took positive steps to provide comparable managerial and technical assistance in developing and strengthening the private sector of industry. As an initial step, various laws were passed with the intention of encouraging industrial development. This was followed by the establishment of the Industry Development Center.

The aim of the Center is to carry out the Government's program for improving and expanding private enterprise and investment in Iran by assisting existing enterprises, as well as new ones, to find solutions for their management, marketing, financial, production and engineering problems.

Structure

The Industry Development Center was set up in 1956 and commenced operations in 1957. It is not a separate entity and does not have legal status; it is an Agency within the Ministry of Industries and Mines.

A Board of Advisors, which meets once a week, is responsible for the Center's operations. Besides keeping a close watch on activities, the Board determines policy and acts as an advisory group to the Minister including advice on the Local Currency Loan Program. The Board is composed of five persons:

The Under Secretary of Industry and Mines

A Special Advisor to the Minister of Industry and Mines

The Chief U.S. Advisor to the Development Center

The Chief of the Industry Division of the USOM

One Iranian from private industry, appointed by the Minister.

A Manager is in charge of the Center's operations.

The permanent staff consists of 40 persons. Besides the permanent staff, the Center can call on personnel from the United Nations, the Ford Foundation and other Ministries for advice. Four persons from the U.N. are directly assigned to the staff and 12 additional persons are available on call for specialized services, such as engineering.

The operation is centralized, but plans are being discussed for 10 Provincial offices.

Finances

The Center is jointly financed by the Iranian Government and ICA.

Program

Program development of the Center is proceeding along the following lines:

Encouraging improvement of existing industries and development of new ones;

Providing laboratory facilities for improving of present products and creating new ones;

Coordinating the activities of the various agencies entering the field of private industry by serving as a focal point for their activities, to prevent overlapping and duplication of effort.

The preparation and dissemination of publications, including industrial possibilities, statistical data on industrial and investment conditions in Iran and the monthly "News Letter", covering the Center's activities. There is a well stocked technical library and the Audio-Visual Aids Unit handles film showings, exhibits, and technical inquiries.

Development of better management techniques through seminars and training courses in a variety of pertinent subjects, such as Work Planning; Developing Desired Attitudes; The Supervisor's Job; Handling Job Relations; Handling Grievances; Safety; Cost Control; Methods Improvement; Importance of Plant Layout; Plant Visits, etc.;

Engineering assistance at the plant level, ranging from plant layout improvement to analysis of factory operations; this includes engineering information for the planning, setting up, modernization and expansion of industrial plants, as well as providing pertinent information about plant operations, capital and man-power requirements;

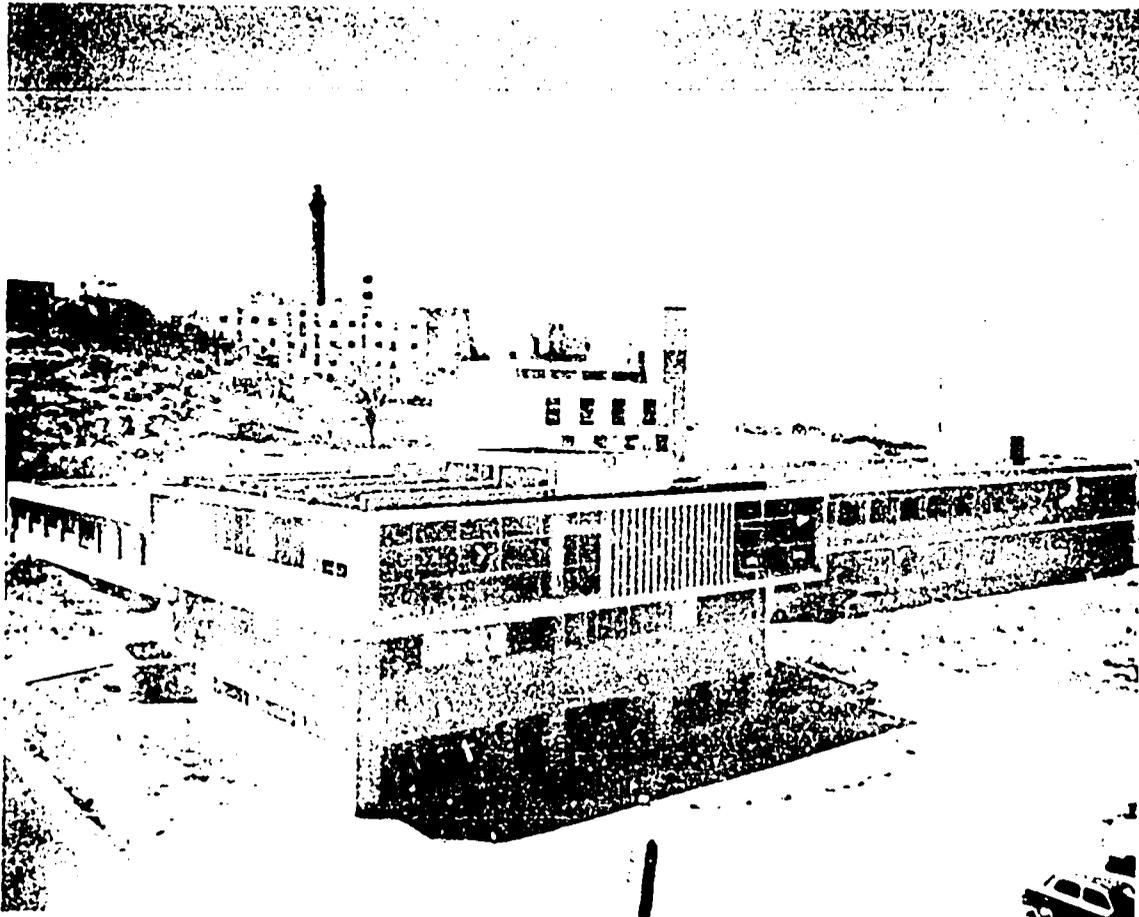
The value of cost accounting is stressed and assistance is given in setting up modern accounting procedures in factories;

The investment program is assisted by surveying and reviewing loan applications, including visits to an applicant's factory and a study of his financial status, reputation and credit rating;

Information is being provided to local entrepreneurs on the major phases of marketing, advertising and selling techniques; assistance has been started in forming professional marketing and merchandising organizations and the promotion of sound marketing practices between manufacturers, distributors and consumers;

A major part of the program is represented by a contract entered into by the ICA and an American Consulting Management Engineering firm. This firm is to provide and back-stop a team of up to eight professionals, whose duties consist of developing ways and means of training Iranians in modern methods of Industrial Management; conducting the applicable seminars and courses; advising the Iranian Government on policies, programs, and technical services related to the encouragement of private enterprise and investment; advising and assisting industrial enterprises in improving productivity; and coordinating and cooperating with the Center and other American, Iranian and U.N. personnel working on projects in related fields.

LEBANON



Lebanon Industry Institute
Industry Institute - Lebanon
P.O. Box 2806
Beirut, Lebanon

Background and Problems

The area composing the country of Lebanon (3470 square miles) has been inhabited throughout recorded history. It was the seat of the Phoenicians, who were the most venturesome and skillful traders of ancient times. This set the pattern for the economic life of the country. A diversified set of industries were a part of the economic activity but they were small and served principally as an adjunct to trade. Industrial management techniques were not known; equipment, maintenance and operations were inferior; accounting, particularly cost accounting, was either neglected or defective; training facilities were limited and there was a dearth of experienced technicians.

With the coming of modern industrial practices it was found that industry, in general, was not producing the desired results. While the Lebanese are successful merchants they appreciate that industrial operations require techniques that are different from those of trading.

Realizing this, the Association of Lebanese Industrialists and the Government of Lebanon decided that a technical organization for industrial improvement was a necessity and the

Industry Institute came into being. Its aim is to establish a permanent center of technical assistance for industry in all its phases, including management and training, to cooperate with industry and all agencies and institutions engaged in raising the general industrial level and improving the economy in that part of the world. The project was designed to provide the country with a reliable body of experts as an organized channel for the exchange of technical knowledge and productive methods with a view to providing technical advice and service for future and existing industries.

Since Lebanon is the entrepot of the Near East, the founders decided that the Institute should serve not only Lebanese clients but those in other Arab countries in need of the services the Institute has to offer. The growing importance of the regional role of the Institute is reflected in the fact that 30% of the Institute's services now represent billings for services rendered clients outside of Lebanon.

To get this operation started on a sound basis, a contract was entered into with the Battelle Memorial Institute of Columbus, Ohio, U. S. A. which started in March, 1955 and continued, with extensions, until September 6, 1958. Under this contract 16 U. S. consultants were provided in 15 specialized fields (Industrial Engineering, Business Administration, Marketing, Electrical Engineering, Accounting, Chemical Engineering, Industrial Management, Production Management, Soap Manufacturing, Ceramics, Cotton Seed Oil Manufacturing, Linter Specialist, Textile, Canning and Administration).

A principal responsibility of the Battelle Institute was to train Lebanese technicians, administrators and the Institute staff. For a time the Board of Trustees entrusted the management responsibilities of the Institute to the Battelle team. In conjunction with this, ten Lebanese technicians and Industry Institute staff members were sent to the U. S. for 6-12 month periods for training in various fields of industrial specialization, and 5 Institute staff members and 8 members of the Board of Trustees visited five Productivity Centers in Europe.

Structure

The Industry Institute of Lebanon was established by an Agreement dated June 26, 1952 between the Governments of Lebanon and the United States, and by a subsequent agreement signed March 2, 1953 creating the Institute. The original and present sponsors of the Institute are:

The Ministry of National Economy, Government of Lebanon;

The U. S. Operations Mission to Lebanon;

The Association of Lebanese Industrialists.

A Board of Trustees, appointed for a two year term, governs the Institute. Members of the Board are chosen by the previous Board, with the approval of the sponsors. The number of Board members is not to exceed 15, in the ratio of up to 3 American businessmen to 5 Lebanese as long as U. S. support continues. The present Board consists of 7 members.

The Institute is an independent, non-profit Lebanese Corporation. It is a legal entity and was granted "Public Utility" status by Presidential Decree in August, 1955. The Board controls its operations, determines policies and makes contracts; the assets of the Institute are held in trust for the public by the Board.

The operations of the Institute are managed by a Lebanese Administrator. There are four Divisions in the Institute, each with a Lebanese Supervisor who reports to the Administrator:

The Management Services Division;

The Technical Services Division;

The Public Relations Division;

The Internal Services Division.

The staff consists of 45 Lebanese technicians, assisted by a varying number of U. S. consultants.

Finances

The Institute is financed by the Government of Lebanon, the USOM/L and earnings from sponsored projects, plus contributions in kind by the Association of Lebanese Industrialists. The ratio is approximately:

Lebanese Government	- 43%
USOM/L	- 43%
Earnings	- 14%

At the end of each year the Institute submits a program of activities, together with estimated costs, to the sponsors. This estimate determines the contribution of each sponsor. The U. S. contributions are made on the basis of a quarterly advance program and budget; any unspent funds from the advance are credited on a future quarter.

The Institute accounts are audited annually by a recognized public accounting firm.

It is the aim of the Institute to eventually become self-supporting. Earnings from fees have been on an ascending scale, as follows:

1955	- \$ 54,477
1956	- 91,156
1957	- 184,919

As soon as earnings equal normal operating expenditures, plus those necessary as a result of increase in business, the Institute can be considered as self-supporting. This goal is expected to be achieved by 1962.

Program

The work of the Institute is broadly divided into two segments:

1. Operating as a Productivity Center.
2. Operating as a Contract Research and Development Center.

As a Productivity Center, activities include:

- (a) Technical Information, including the publication of "News for Industry", which averages 5 issues per month; a variety of technical bulletins and reports. In this activity, use is made of a Technical Library of some 4000 volumes and the following Technical Aids Services of the ICA:

Question and Answer Service

Technical Digest

Technical Film Service

Technical Exhibit Service

ICA Plant Requirements Reports

ICA Plant Operation Reports

Library Book Exchange Service.

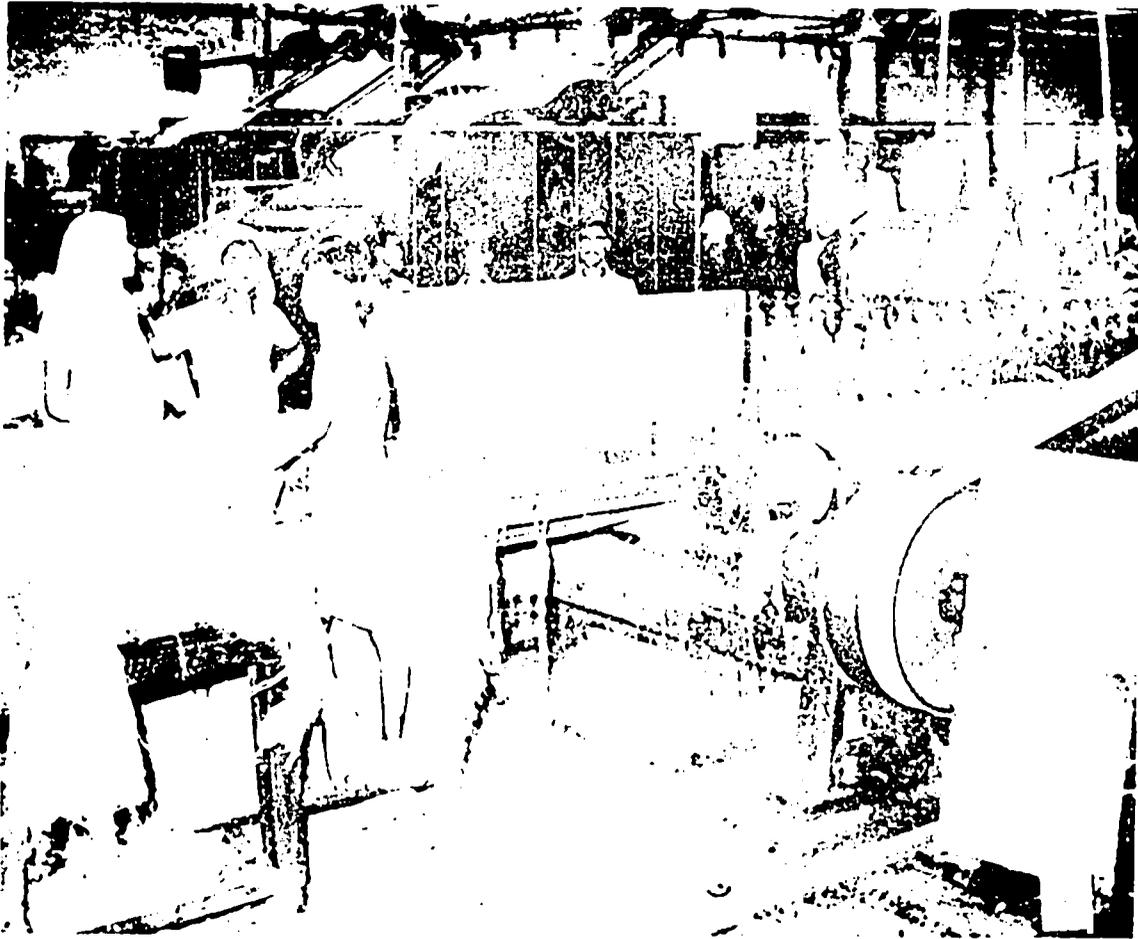
- (b) **Public Lectures by the Institute**
- (c) **Seminars and Round Table Discussions**
- (d) **Technical films**
- (e) **Technical and Industrial Exhibits**

As a Research and Development Center, activities include:

- (a) **Evaluating proposals for new industries**
- (b) **The encouragement of standardization**
- (c) **A training program for foremen**
- (d) **Conferences related to a Management Training Program**
- (e) **Maintaining a laboratory, equipped with a pilot testing plant, to give service in specialized fields such as foods, leather, vegetable oils, soap and ceramics;**
- (f) **Carrying out research with the object of improvements and further development in various fields such as: Solar Salt, Leather Tanning, Plastic Coated Materials, Cotton Seed Oil, Ceramics, Water Softening and Food Canning;**
- (g) **Carrying out Sponsored Projects in numerous industries, of which the following are examples: Cotton Seed Oil, Ceramics, Foods, Handicrafts, Leather, Metal, Building Construction, Paint, Dairy, Plastics, Fertilizers, Textiles and Utilities;**
- (h) **Conducting plant visits to discuss prevailing problems with plant owners or managers, to acquaint them with the facilities of the Institute and to promote its services, particularly those of sponsored projects.**

The Institute has established close relations with Productivity Centers and Industrial Institutes in other countries for the exchange of technical knowledge.

NEPAL



Biratnagar Jute Mills, Ltd.

*Industrial Development Corporation
Katmandu, Nepal*

Background and Problems

Nepal is the seat of an ancient civilization, but until the last decade was practically isolated from the rest of the world. It has an area of 54,350 square miles, of which 23% is under perpetual snow and ice, 46% is forest and the balance comprises crop lands and villages; the population in 1954 was about 8,500,000. Illiteracy is high and transportation practically non-existent; there are some 300 miles of motorable roads and a total of 60 miles of narrow gauge railways. Dirt roads and pack trails, generally impassable in the rainy season, afford interior communication; communication from Katmandu, the capital, with the outside world is by air or by a new mountain road. Power is limited to small local hydro and diesel generating plants which are only partially sufficient for lighting; all fuel except wood has to be imported.

The population is supported almost entirely by primitive agriculture, although in good seasons Nepal is generally an exporter of food, principally rice. Outside trade is almost entirely with India; a great part of interior trade is done by barter. Before 1936 the only industries were small cottage industries, which subsisted on local village demands. There was no mechanized manufacture. Mineral resources had not been fully investigated.

Starting in 1936 several industries were set up in Nepal, largely with Indian capital from across the border. The principal products were cotton textiles, sugar, plywood, bobbins and jute. These industries prospered during World War II but after that they fell on evil days. Their management and equipment deteriorated and capital reserves were dissipated; by 1954, without any source of technical and management consulting services, many of these industries were closed in bankruptcy while others were operating on subsidies and were in imminent danger of forced liquidation.

The Government was cognizant of this situation but did not have the facility to remedy it. The first help was received in 1954 when the Ford Foundation conducted a survey of cottage industries in the Katmandu Valley and made a grant to the Government of Nepal to establish a cottage industries training center. Under the Nepal-American Joint Cooperative Service for Industries Development, the USOM agreed to assist the Government in carrying out the program of the Ford Foundation. Following this, the Industries Advisor of the USOM made a survey of the country's resources.

As a result of discussions in Government quarters about what could be done, United States aid was requested to advise and assist the Government and Nepalese private enterprise in carrying forward an industrial development program in Nepal. A detailed study of selected industries was then made by the USOM in conjunction with the Government. A Five Year Plan for economic development, including industry, was prepared by the Government; after being published in draft form it received official approval in 1956.

The Industrial Development Corporation was then established as a Project under existing Nepal-American Joint Cooperative Service for Industries Development and set up offices and facilities in June, 1957. Its aim is to increase productivity, employment, the standard of living and the economic level of the country by assisting existing enterprises as well as proposed new enterprises in finding solutions for their management, production, marketing and financial problems. To assist in carrying out this aim, a contract was entered into on February 28, 1958 between the ICA and the Metallurgical Research and Development Company, Inc., an American management engineering firm. The duration of the contract is 27 months.

Structure

The Industrial Development Corporation (IDC) was established in May, 1957 by an agreement between the USOM and the Government under the already existing agreement covering the Nepal-American Joint Cooperative Services for Industries Development. Subsequently, through the Industrial Development Corporation of Nepal Act, the IDC was given permanent status and its powers for operating the Corporation were broadened.

The Industrial Development Corporation is a private organization having corporate and legal entity. Initially its shares are to be held by the Government. It is empowered to make industrial loans in order to round out its industrial consultative activities.

Members of the USOM staff and personnel from the Metallurgical Research and Development Company are assigned as consultants.

The initial staff consists of 6 persons and 9 trainees.

Finances

The ICA provides the services of USOM advisors and three consultants from the Metallurgical Research and Development Company, plus such short time special consultants as are agreed upon. The ICA has also provided commodity support in the form of equipment for demonstration purposes.

The Government of Nepal provides funds for all local currency expenses and also provides the funds for local industrial loans.

The Government is empowered to audit the Corporation's accounts.

Program

The program is still in its initial stages but is being developed along the following lines:

Providing financial assistance in the form of industrial loans;

A technical library has been set up and a start has been made on Audio-Visual aids;

A small standards laboratory is being established;

A Training Within Industry program has been started, covering:

- (1) Training of IDC employees and trainees**
- (2) Training of business and industrial groups**
- (3) Training of workers in Government departments;**

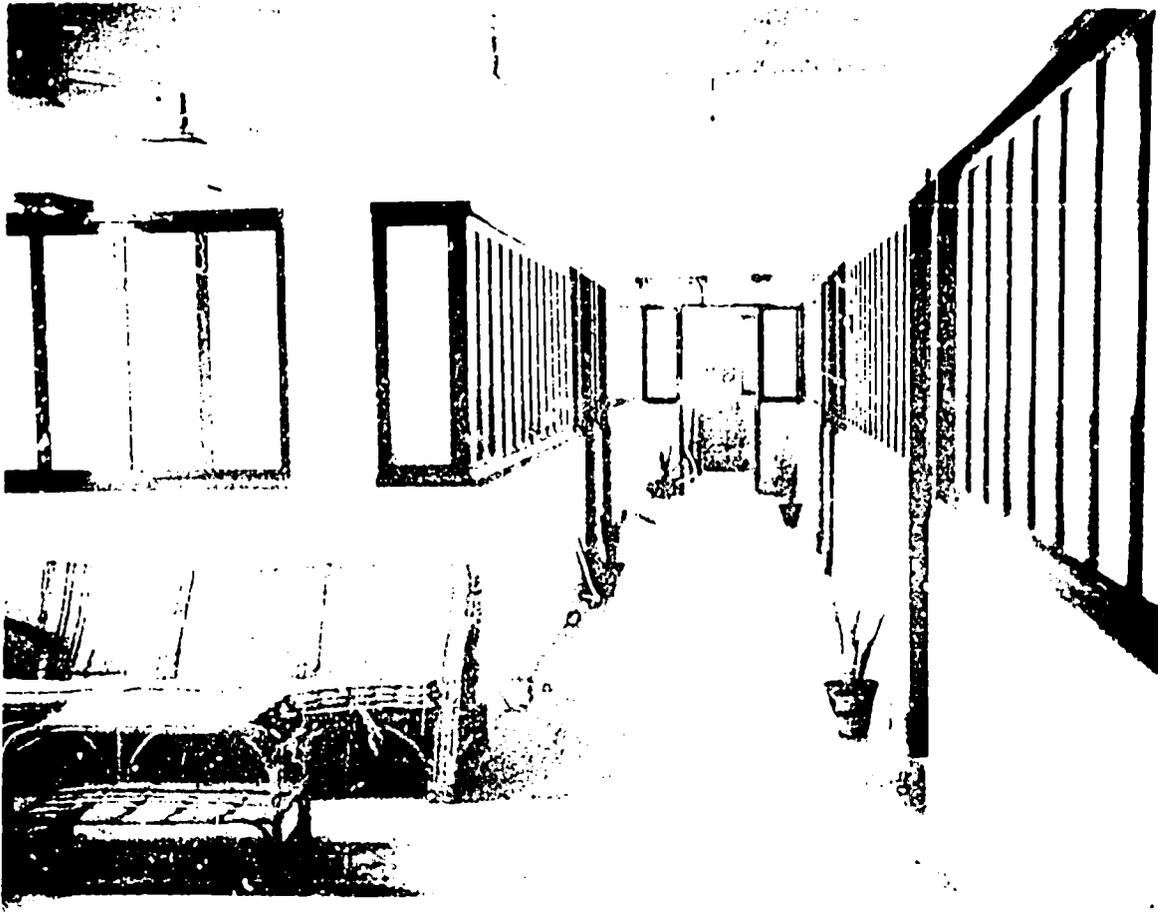
Conferences are held periodically, covering matters related to industrial development;

Two small saw mills are being operated as demonstration projects;

The agreement with the Metallurgica' Research and Development Company provides experienced technical assistance in Management and Finance; Production and Industrial Engineering; and Marketing and Distribution. The specific responsibilities of the firm under the contract are:

- 1. Advising the Nepalese Government on industrial matters in general and on how private investment can be encouraged and facilitated;**
- 2. Advising and assisting:**
 - (a) Industrial enterprises to improve organization and management, production and cost accounting as well as to improve quality and utilize labor more effectively through training and improved industrial relations;**
 - (b) Entrepreneurs in analyzing economical and technical feasibility and in estimating capital requirements of new or existing industries;**
 - (c) Investors, by rendering opinions as to economic and technical feasibility.**
- 3. Training:**
 - (a) Nepalese, staff members and others, so they can carry on after the expiration of the contract;**
 - (b) Owners and foremen in industrial techniques such as business management, marketing, finance, forecasting, procurement, costing, production control, industrial engineering, quality control and maintenance.**
- 4. Advising and assisting in the administration of the Industrial Development Corporation.**

PAKISTAN



View of offices of the Productivity Center.

*Industrial Productivity Center
Karachi, Pakistan*

Background and Problems

Pakistan, with a population of some 70 million, has had to contend with a low standard of living, recurrent unemployment and a growing population. Increased industrialization was looked upon as one means of relieving this situation, but the facilities were not at hand for overcoming many of the existing deficiencies which had to be surmounted if a sound industrial pattern was to be established within a reasonable time.

Like other areas where industrialization has not kept pace with modern practices, there was an acute shortage of experienced technicians. This highlighted the principal deficiencies in Pakistan:

1. A lack of technical data, statistics and reliable information on productivity subjects;
2. A lack of qualified consultants on such matters as plant location, production practices, utilization of raw materials, sources and types of equipment and managerial problems;
3. A lack of training facilities, including seminars and training-within-industry.

Pakistan was not without resources. There was the newly created Small Industries Corporation, to provide loans to small industries. There were a number of well equipped laboratories, mostly Government sponsored, such as:

- Scientific and Industrial Research (Ministry of Industries)**
- Central Testing and Standards Laboratory (Ministry of Industries)**
- Soil Mechanics and Hydraulic Laboratory (Ministry of Industries)**
- Industrial Research and Development Center**
- Pakistan Institute of Cotton Research and Technology**
- Wool Test House**
- Forest Products Laboratory (Ministry of Agriculture).**

However, these facilities were not sufficient for the problems involved. Neither was there a central organization for coordinating activities and providing a reservoir of technical help; there was no organized channel for the exchange of technical knowledge and assistance.

Since partition, Pakistan has come a long way towards industrial development but much of its newly created industry is still in the development stage common to factory operations in the starting-up phase; much of its industry is operating inefficiently and considerable parts of it are not working to capacity. Sufficient attention has not been given to developing indigenous raw materials, nor to the production of articles suitable for export. Pakistan industries have large investments in new machinery and equipment, but many of the workers are untrained and unless they learn how to operate and maintain this equipment, the life expectancy of this investment will be cut to a very short time.

To help overcome these deficiencies and improve the industrial picture by introducing modern concepts, the Government of Pakistan had recourse to the ICA and requested assistance in working out its problems. This led to the establishment of the Industrial Productivity Center. Its aim is to provide a better balanced economy through a program of technical and managerial assistance to help Pakistan realize a higher level of productivity and efficiency in its existing industrial operations, both government and privately owned, and to stimulate investment in productive new enterprises, particularly small and medium size ventures.

Structure

The Industrial Productivity Center was established in 1957 as a separate unit within the D. G. S. & D. organizations.

A Review Board determines policy and periodically reviews the work of the Center. The total number of the Board is not to exceed 20. The Chairman is the Secretary of the Ministry of Industries. The additional members are made up by:

- The Ministry of Finance (Secretary or Joint Secretary)**
- The Ministry of Economic Affairs (Secretary or Joint Secretary)**
- The Ministry of Labor (Secretary or Joint Secretary)**
- The Director General, D. S. & D. (Secretary or Joint Secretary)**
- Representatives of East and West Pakistan**

Representatives of Employers and Employees (country-wide)

The Director or Deputy Director of the USOM to Pakistan.

A Director is in charge of operations. He is assisted by an ICA Chief Advisor who advises on program planning, budgeting, etc., and a Deputy Director, who coordinates the functions of the Center.

Four Divisions of the Center represent activities. They are:

Administrative

Industrial Information Service

Production Specialists

Industrial Management and Training.

U. S. Advisors are attached to the last two Divisions; and a USOM Technical Aids Specialist works with the Industrial Information Service.

Finances

The Government of Pakistan finances the local costs of operating the Center, including building space, office furniture, etc. The ICA has provided commodity support, including technical books for the library, films projectors, audio-visual equipment, etc. and finances the costs of the U. S. technicians sent to Pakistan in support of the program.

Fees will be charged for most services, at rates to be fixed by the Review Board. Exceptions are made in the cases of Management Seminars, Training Courses, Demonstrations, Training of Government employees to be transferred to the IPC and services requested by a Ministry.

Program

The program is in its initial stages but it is planned that activities will be carried out along the following lines:

1. Technical Information
2. Consultations at the Professional level
3. Training

To make this program effective, the ICA will provide the following U. S. technicians, who will not only give specific assistance in their respective fields but will be charged with the responsibility of training Pakistan counterparts:

Chemical and Metallurgical Specialist

Machine Tool Technologist

Ceramics and Refractory Technologist

Steel Technologist

Foundry Technologist

Product Cost Estimating Technologist

Electrical Engineer

Industrial Engineer

Industrial Management Training Advisor

Industrial Development Specialist

Chemical Engineer

As backstopping for the program, the following activities will be undertaken:

Disseminating technical information, including films, pamphlets, and audio-visual aids, as well as maintaining a technical library;

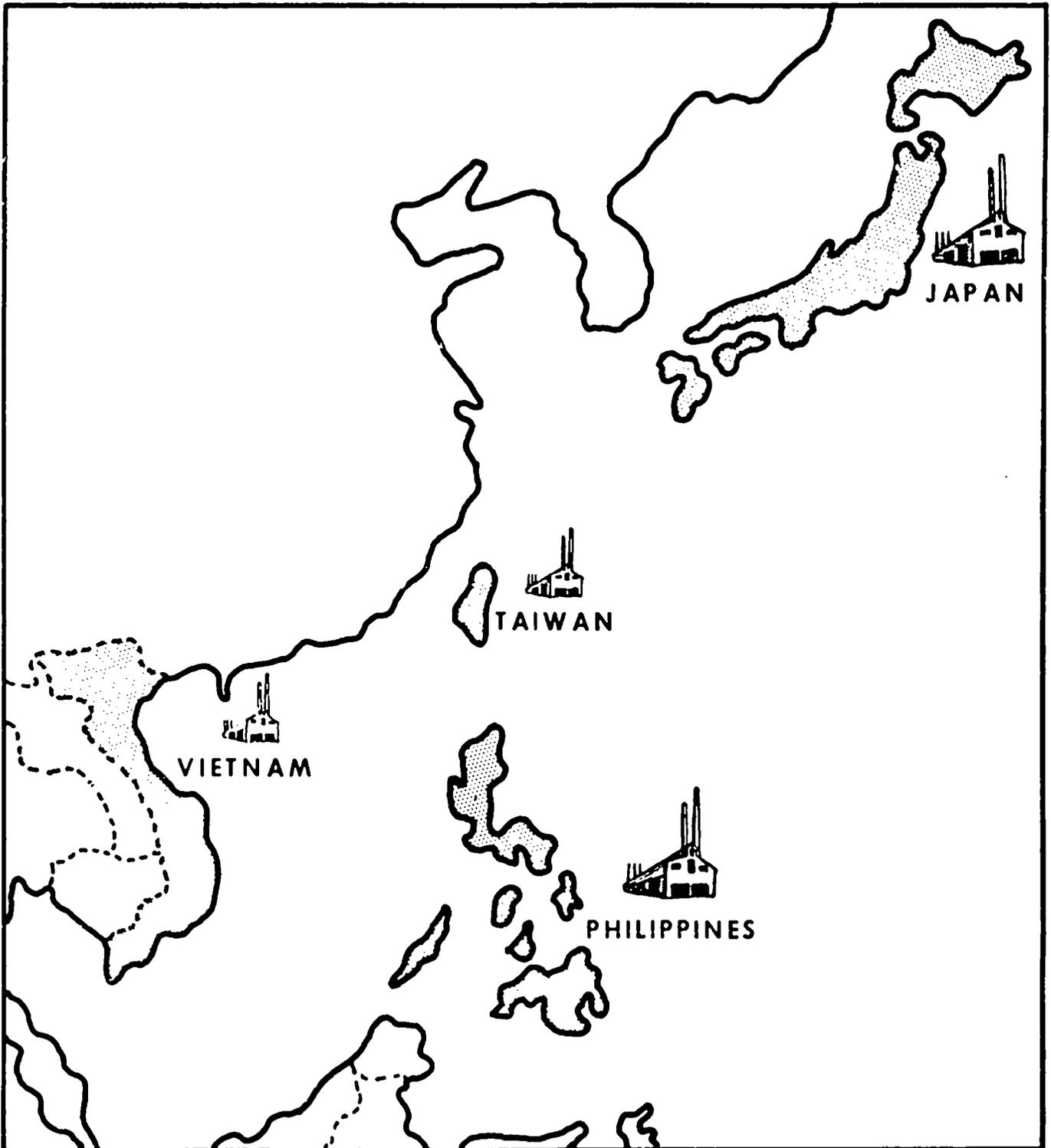
Conducting Seminars;

Providing expert counsel on the selection, planning, engineering and management of new industrial operations, especially in the small and medium sized areas, with particular emphasis on industries which will either utilize indigenous raw materials or have export possibilities;

Plant visits and on-the-spot training;

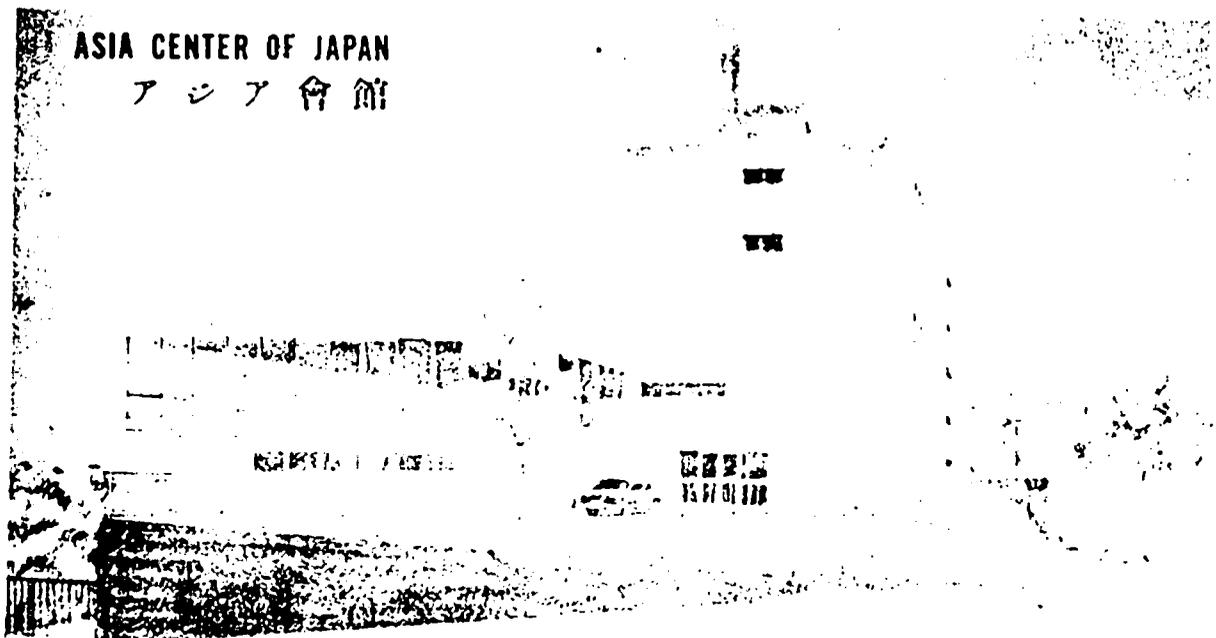
Stimulating interest in and guiding potential investors into economically sound new ventures.

FAR EAST



Other organizations involved in Productivity and Economic Development Programs, but not covered in this Manual, include: Burma, Ceylon, and Korea.

JAPAN



Asia Center of Japan.

*Japan Productivity Center
No. 1, 2-Chome, Ginza-ishi
Chuo-Ku, Tokyo, Japan*

Background and Problems

Japan is lacking, to a greater extent than most other countries, in the basic raw materials essential to an industrial economy. This list of these materials, for which Japan is entirely or mainly dependent on foreign sources, is very extensive; raw cotton, raw wool, coking coal, petroleum and iron ore, to name a few. These commodities and many others of lesser importance, together with about one fifth of the nation's food requirements, must be imported and paid for with the only available means- the skills and energies of Japan's workers and managers.

The standard of living of the Japanese people depends entirely on their ability to convert imported raw materials into finished articles, adding thereto sufficient value to cover the cost of the raw materials, the cost of manufacture and a sufficient surplus to provide for profits and the importation of other necessities, including food stuffs.

In order to secure an increasingly improved standard of living, eagerly sought for by its hard working people, Japan, with few natural advantages, must therefore acquire and keep abreast of the specialized skills and institutions that characterize modern industrial economies.

Japan has been an industrial nation for many years and is possessed of a vigorous people and able managers; however, due to an isolationist tendency prior to the war and having been completely cut off during the war, Japan was for some time outside of the main stream of technological advance and institutional development taking place in other parts of the world. This was particularly true of smaller businesses, which account for 56% of the total industrial output and employ 73% of the labor force engaged in manufacturing.

At the close of World War II, Japan was faced with two major economic problems:

1. Rebuilding its war damaged economy, including industries, and

- 2. Providing an efficient and effective industrial organization, sufficient to offset its lack of natural advantages and provide for a progressively increasing standard of living for its people.**

From the end of the war until 1955 there was substantial progress, although it was not enough to give assurance that the desired end would be attained. In spite of the progress made, Japan's commercial accounts with the rest of the world were unfavorable, in that exports of goods and services were never sufficient to pay for imports. The situation was eased during this period by the large expenditures of U. S. dollars in Japan for military purposes, including offshore procurement, but it was realized that this did not solve the problem, as these expenditures were of a temporary nature.

In seeking to remedy their economic situation, a number of groups, both private and government, began in 1953 to consider the most suitable type of organization to bring about an updating of Japan's industrial management and techniques. A decision was reached to establish a Productivity Center, patterned in part after similar Centers in Europe. This led to discussions between the United States and Japanese Governments, followed by an exchange of notes, which resulted in the joint U. S. - Japanese productivity program, initiated in 1955.

Cooperating with Japanese Government agencies in sponsoring the Center were several associations representing the Japanese business community, including the Federation of Economic Organizations, the Federation of Japan's Employer Associations and the Japanese Management Association. It was also realized that increasing production was not sufficient of itself, and that a wide sharing of the gains of productivity efforts was also required. The basic agreement establishing the joint program, therefore, defined, one of its purposes as assisting "in the equitable distribution of the results of increased productivity and production in such a way as to lower prices, raise earnings, and return a fair profit". As this involved all productive elements, a number of trade union organizations began, little by little, to participate in the work of the Center.

The aim of the Japan Productivity Center is to overcome problems of obsolescence in industrial management and techniques, the encouragement of a healthy labor movement, and to assist in reaching the objectives of the Government's Five Year Development Plan (released in December, 1957), which aims at an annual increase in gross national product of 6.5%, and an increase in exports amounting to 10.5% per year.

Structure

The Japan Productivity Center was established on March 1, 1955 as a private organization; it is a legal entity.

A Board of Directors is the governing body. It consists of 20 to 30 members, including the President, one or more Vice Presidents and the Managing Director. It meets twice a year or oftener, on call of the President or the Board.

A Productivity Liaison Council, which meets every quarter, determines top level policy in respect to the productivity program. It is composed of members of the Government and an equal number of members from the Productivity Center; the Chairman is the President of the Productivity Center.

A President of the Productivity Center has general supervision over the affairs of the Center.

The Managing Director is in direct charge of operations.

Regional Productivity Centers have been established in the principal industrial areas of the country, namely, Osaka, Nagoya, Fukuoka, Sendai, Takamatsu and Hiroshima.

Regional offices, which are less formalized organizations, have been set up in Sapporo, Yokohama, Kawaguchi and Shimizu.

The total staff numbers approximately 200.

Finances

The Japan Productivity Center is financed by the Japanese Government and contributions from private sources.

Local currency costs of operating the Center are met by the Japanese, while the ICA covers the dollar costs of the program.

A date for termination of ICA assistance has not yet been determined, although the need for dollar support is expected to decline as the program gathers momentum.

Program

The productivity program in Japan is being carried out, in general, along the pattern established by the Productivity Centers in Europe. A major activity is the sending of Japanese teams to the United States and the visits of U. S. consultants to Japan, together with the utilization and dissemination of the Technical Aids services of the ICA.

In following this plan, and coordinating its activities with the Five Year Development Plan, the program of the Center is being developed along the following broad general lines:

1. The expansion of exports, especially exports of high quality specialty products requiring skilled labor and a minimum of raw materials; the development of export trade channels. The Center and the USOM are coordinating the sending of Japanese citizens abroad to study ways to improve and standardize export products, to strengthen merchandising methods and to improve services to the consumers of Japan's products overseas.

2. The introduction of new technology and related industrial policies. A principal feature of this activity is the publication of reports prepared by teams which have returned from the United States. Some 45 such reports have been published and 80,000 copies have been printed for circulation to teachers, students, libraries, the business community, trade unions and Government agencies.

Other major activities are the publication of periodicals, books and pamphlets, and the handling of a Technical Inquiry Service. Over 400,000 copies of books and pamphlets have been published and some half million persons have viewed films.

3. The modernization of management methods, especially by top and middle management.

After their return to Japan, participants who have visited the United States conduct lectures describing their experiences and discussing American industrial and labor relations, practices that they believe can be adopted or adapted to Japan.

The Productivity Center, in cooperation with its Regional Centers, conducts a large number of seminars led by experts recruited by the ICA, covering such topics as industrial management, industrial training, labor relations and marketing. The Center has also entered into operation agreements with two plants in Japan, whereby their facilities are offered to the Center for the purpose of demonstrating better methods to the Japanese business community and testing the adaptability of certain American industrial practices.

4. Improved policies and methods affecting power resources, including transportation, the coordinated development of industrial areas, and the peaceful uses of atomic energy.

5. The improvement of small and medium-size industry, especially:

- (a) Foundries and plants producing machinery parts, measurement instruments, sheet metal, plastics, valves, bolts and miscellaneous goods for export;

- (b) The introduction of uniform cost accounting systems in the small and medium-size industries;

- (c) The training of consultants to serve small and medium-size industries;
 - (d) A program has been instituted primarily for representatives of Japan's small businesses whereby groups of business men are offered an opportunity to study practices in some of the larger and more modernized industrial plants in Japan.
6. The improvement of labor management relations.
 7. The expansion of Japan's earnings from tourism.

PHILIPPINES



The Industrial Development Center occupies the third and sixth floor of this building

*Industrial Development Center
522 Isaac Peral
Manila, Philippines*

Background and Problems

At the conclusion of the Spanish-American War, when the Philippines became an American dependency, the Islands were an under-developed area with a population of some 6,000,000, subsisting largely on fishing and primitive agriculture. In the next twenty years the population doubled and great stress was laid on commercial agriculture; the Islands became heavily involved in sugar and copra, plus rice and cattle raising to feed the population.

By 1920 the pattern was pretty well set:

1. The population was increasing;
2. The reliance was on agriculture, with a heavy dependence on foreign markets;
3. Banking was geared to export;
4. Commerce was largely in the hands of the Chinese;

5. **Manufacturing was practically non-existent;**

6. **There were no financial facilities or experience for developing industry.**

This pattern continued until World War II. By that time there was a further increase of 50% in population; mining and forestry products had become increasingly important but there had been no appreciable gain in per capita income. There was considerable under employment, particularly in the rural areas, depending largely on the cycle of planting and harvesting.

At the end of World War II the American Government took steps to reconstruct the infrastructure - roads, bridges, buildings, etc. At the same time there was a realization of a critical need to initiate industrial development. However, no specific action was taken until 1950, when exchange controls were imposed and the consequent restriction of imports more or less forced the local production of consumer goods on the country.

The years 1950-1954 marked the period when industrial development in the Philippines really got under way. The early steps consisted of developing assembly and packaging industries, which stimulated interest in industry generally. However, although assembling and packaging grew by leaps and bounds, it did not solve the problem, as almost as much foreign exchange was needed to provide the "fillers" (oils, drugs, automobile parts for assembly, etc.) as had been called for previously in importing the finished article. The result was that the balance of payments situation was getting tighter all the time.

In the early stages of this industrial development the National Economic Council was formed, with the object of improving the economic situation of the country. As far as industry was concerned, it was obvious that the elements for sound industrialization, according to modern concepts, were not available locally. A full scale development of industry would require financial facilities, experienced technicians, and a central source to which industrialists could turn for assistance in working out their financial, management, marketing and production problems; none of these elements were present in the needed quantities.

As a result of discussions among the various interested groups, an agreement was entered into between the National Economic Council and the United States Operations Mission, establishing the Industrial Development Center. Its aim is to achieve a higher level of industrial production and employment, particularly in the private sector, by promoting increased productivity in existing manufacturing plants and by stimulating investment in sound new enterprises, particularly small and medium-size ventures.

Structure

The Industrial Development Center of the Philippines was established by agreement in February, 1955. It is a Government Agency, jointly sponsored by ICA/Manila and the National Economic Council. It is an Administrative Sub-Division of the National Economic Council, which is actually the governing body of the Center through its power to appoint the Director.

The Director is the executive head of the Center. He, as well as the Deputy Director, is appointed by the Chairman of the National Economic Council, with the approval of the President.

The Center is organized into the following departments, each under the supervision of a qualified Philippine technician, who is assisted by an American advisor:

Investment

Engineering

Training

Accounting

Survey and Research

Labor

Public Reports

The Chief, Industry Division, ICA/ Manila, is Chief Advisor to the Center.

The staff consists of 120 Philippine personnel assisted by nine U.S. advisors.

Finances

The Center is financed by counterpart funds, made available through surplus commodity transactions under Section 402. The local currency generated is used for local expenditures and to provide funds for industrial loans by the Industrial Guarantee and Loans Fund in its Time Deposit and Loan Guarantee Programs. The Central Bank obligates itself to set aside out of its own reserves, earmarked for industrial projects, the commensurate dollars they otherwise would have had to spend if these commodities had been imported in the regular manner.

Program

The Industrial Development Center is an implementing and not a policy making agency; it is guided by national economic policies and priorities as formulated by the NEC economic development program, pertinent legislation and the NEC-ICA program.

In carrying out its responsibilities, the Center is engaged in the following principal activities, which have resulted in greatly improved efficiency, the creation of a large number of new industries and a sharply rising production curve, notably in cement, plywood, and textiles; there has been an overall increase of 33% in manufacturing production since 1955; an estimated 11,500 new jobs have been created in industry and the balance of payments situation has been improved to the extent of about \$56,000,000 per year (\$25,000,000 dollar earnings plus \$31,000,000 dollar savings):

INVESTMENT SERVICE

This is the most extensive activity of the Center. In this connection it serves as a Development Bank. It provides financial advice and assistance to prospective investors in industrial projects; operates the Industrial Guarantee and Loan Fund which facilitates peso financing; administers the dollar reserves of the Central Bank earmarked for industrial projects as a result of Section 402 surplus commodity transactions; administers the Export-Import Bank credit lines made available for industrial projects; administers local projects based on the Development Loan Fund financing; and screens and evaluates all applications for dollar and peso assistance from any of these sources.

ENGINEERING SERVICES

The IDC provides technical advice and specific in-plant engineering services to a large number of Philippine factories on matters such as plant layout, production methods, tooling, materials control and quality control. Where desirable, such as in the textile and plywood industries, industry specialists are engaged by this department, on a contract basis, to provide specific needed in-plant services.

TRAINING

The Center organizes and conducts management training courses for lower and middle management personnel; sponsors the Harvard Management Course for top management people; conducts seminars on specific topics in the business administration field; and operates a third country training program for individual participants and for productivity teams from the industrial field.

ACCOUNTING SERVICES

This provides cost accounting advice and assistance to industry through consultation, the preparation and distribution of brochures, and by means of seminars conducted in various industrial centers in the Philippines.

SURVEY AND RESEARCH

This department collects economic and technical data required by prospective investors; and prepares industry studies as a basis for determining promising fields for investment

LABOR

This activity promotes good human industrial relations at the plant level through stimulation of joint consultations between representatives of labor and of management on such matters as wage incentives, job evaluation, time and motion studies, absenteeism, and like subjects of common interest. It also carries on in-plant programs of work simplification to increase productivity.

PUBLIC REPORTS

This department serves as the public and technical information arm of the IDC. It obtains and utilizes technical information in printed and visual form from the ICA's Technical Aids program, from the EPA and from other free world organizations. It handles IDC's technical inquiry service and channels needed technical information into projects conducted by the Financing, Engineering, Training and Cost Accounting departments. This department also publishes a weekly industrial bulletin with a circulation of over 4,000 copies; drafts and distributes promotional and technical brochures of various kinds; operates a library of technical books and pamphlets; operates a movie film service on industrial subjects; and handles all general publicity for the Center.

TAIWAN



Technical knowledge and consultation service is "wheeled" out to the fields.

China Productivity Center
P.O. Box 769
110 Hua Ning Street
Taipei, Taiwan

Background and Problems

At the end of World War II, when Taiwan was returned to China, the people of that island took stock and found it imperative to revive their industries, as well as create new ones, in order to improve their economic situation and to provide employment for a relatively densely populated area. The situation was aggravated by the rapid extension of Communist control on the mainland and the consequent influx of great numbers of refugees.

At the same time, many industrialists and business men sought refuge on the island. They removed their factories and equipment from the mainland, as well as investing in new enterprises.

The seeds of substantial industrial development were thus sown and took root, but there were many practical difficulties to be overcome before ultimate success could be assured. The island was woefully short of technical data, technicians and adequate training facilities; quality was below competitive standards and production costs were high; distribution methods were outmoded; modern management concepts were not generally understood; there was no source of modern "know-how" to which they could turn for help in solving the many problems that faced them in adjusting their industries to a highly competitive age.

It was beyond the possibilities for the local industrialists to solve these problems with their own resources and a need was felt, in both government and private circles, for an agency that could assist with the nation's economic policy and serve as technical consultants for local business and industrial enterprises.

Consequently, representatives from public and private business organizations, labor unions, educational institutions and the U. S. and Chinese Governments met in May, 1955 and endorsed the establishment of a Productivity Center for Free China, similar to existing Productivity Centers in Europe and elsewhere. Thus the China Productivity Center came into being and was formally opened on November 11, 1955. It was founded primarily for the purpose of rendering technical assistance to local industries, especially medium-sized and small enterprises, in an attempt to increase efficiency in business management and industrial operations, and to improve manufacturing processes for greater productivity and lowered costs.

Structure

The China Productivity Center is a Private Service Foundation and is a legal entity.

The Board of Directors is the governing body of the Center and is responsible for policy and the custody of trust funds. It is composed of 15 members representing government agencies, industrial associations, labor unions, universities, management and engineering societies and prominent industrialists. The USOM, being one of the supporters, is asked to sit at Board meetings as observers.

The Executive Secretary is the chief executive officer and directs the operations of the Center, which are divided into the following sections:

Industrial Consultation Service

Question and Answer Service

Industrial Engineering

Marketing and Distribution

Industrial Training and Information Exchange

Office Management

The total staff numbers 29, assisted by three U. S. advisors.

Finances

The Center was originally financed by a grant from the jointly controlled U. S. and Chinese Government funds. Beginning in FY'57, this was supplemented by service charges and retainer fees charged to clients using the services of the Center. The revenue thus derived is substantial and is increasing. The Center is depending more on service charges and less on ICA and counterpart support; ICA support was reduced 25% in FY'59 and the objective is to be self-supporting in FY'60. At present there is an accumulated trust fund of something over one hundred thousand dollars.

Program

The China Productivity Center considers that its major responsibility is the education of industrial managers and technicians in the latest techniques. Next to technical training programs comes the handling of available resources from home or abroad; capital, labor, materials, and plant utilities for better distribution and more efficient use, to encourage the development and expansion of free enterprise.

In order to meet the needs of Taiwan's growing industry, the program is divided into five main lines of activity:

1. Industrial Engineering

Major efforts are made to educate local manufacturers and technicians with knowledge of modern and proven systems, so they can operate intelligently and manage wisely within the framework of modern engineering techniques and management know-how. An advisory service has been established to meet individual needs as situations warrant; engineering booklets on various pertinent subjects are distributed and evening classes are conducted for factory employees in several subjects. The Center has undertaken the standardization of technical terms and symbols and has sponsored overseas training of manufacturing personnel by sending industrial engineering teams to the U. S. for advanced training and study.

2. Marketing and Distribution

Services in this section come under three categories:

- (a) **Marketing technical consultation service.** This deals with problems on the technique of selling industrial products and collecting information on import materials and machinery. Major emphasis is placed on packing and packaging, and training classes are held in this subject. Another important role is advertising; modern advertising techniques are studied by Chinese who are sent to the U. S. for training and making actual designs advertising products.
- (b) **"Buy Taiwan" program.** This is a step taken to bring consumers, both domestic and foreign, together with industrial producers of Taiwan. In this connection a "Buyer's Guide" has been compiled in English and Chinese and assistance is given to holding various exhibits, both home and abroad.
- (c) **Assistance in promoting foreign and domestic markets.** To promote export and import business for local business men and industrialists, the Center constantly explores foreign markets for Taiwan products. A clearing house service is offered to clients when necessary.

3. Small Industry Machinery Consultation

As most of the small industries in Taiwan lack proper engineering practice and management techniques, a technical consultation service to small industries is maintained. This service can be divided into three stages: The first is a "Promotion Period" when Center specialists visit factories to see if any consultation service is needed, and at the same time to acquaint themselves with the problem involved. The second stage, or "Individual Service Period", is when specific consultation service is rendered on individual problems upon request. The last stage, if required, is carried out by technical assistance, given with demonstrations of techniques, to groups of workers as in a training course.

4. Industrial Training

Industrial training reaches out to the masses of Taiwan industry in an attempt to improve technical and management skills. The scope of the training covers advanced studies in the U. S., Japan or elsewhere; a feature of the Center's work in this field is the selection of candidates by open competition, offering chances to small industry people of limited means by requesting the waiving of counterpart funds or deposit of local currency, in lieu of which the industry agrees to allow the participants to assist all industry through the Center's office. There is also a local training program, and evening classes in industrial engineering are held for factory employees in the Taipei area. A program for the advancement of management is conducted yearly by professors of Harvard Graduate Business School and Chinese specialists; public lectures on demonstrations of new ideas, methods and equipment are held by returned participants of the U. S. Aid technical training programs. Short term training courses and seminars are given in various subjects, and audio-visual aids and demonstration equipment are employed to supplement classroom lectures and seminars.

5. Technical Information Exchange Service

This service covers:

- (a) **Question and Answer Service.**
- (b) **Industrial library and film service.** The library consists of some 2400 volumes of technical books, 85 subscriptions to technical publications and some 8,000 industrial catalogues. The library also offers a book circulation service. The industrial film service has been extended to industry throughout the island since

the arrival of audio-visual film equipment from the U. S., including sound tracks.

- (c) Besides the "Buyer's Guide" and the monthly magazine "Productivity", the Center has published 53 books and pamphlets dealing with various technical subjects.

VIETNAM

*Industrial Development Center
Ministry of Industry
Saigon, Vietnam*

Background and Problems

The Republic of Vietnam in its present form was the outgrowth of regional hostilities; it was proclaimed on October 26, 1955, in accordance with the Geneva Agreement signed on July 20, 1954, by which the former State of Vietnam was divided militarily at the 17th Parallel.

Prior to partitioning, these two regions were to a large extent, interdependent. The north had a preponderance of natural resources and industrial capabilities; the southern part, which became the Republic of Vietnam, produced principally agricultural products. The partitioning of the original State into two separate countries, therefore, disrupted this formerly integrated economy. The economic effect of this was to force on the Republic the necessity of importing, to a large extent, the products it had previously secured from the north or from France.

The Republic of Vietnam has an area of 66,000 square miles and is rather sparsely populated (about 12.4 million persons). The population is more or less concentrated in the southern part, around Saigon, and in the coastal strip. Approximately 80% of the people earn their living from agriculture; basic food requirements can be supplied domestically. There is a relatively important fishing industry; the balance of the population earns its living in various urban activities, employment in small local industries and as Government employees. Mineral resources have not been extensively explored but preliminary indications do not hold out hope for major developments in this activity, at least for the near future, but there are possibilities for coal, puzzuolana, glass sand and phosphate rock. Transportation is limited. A single track railroad extends north from Saigon and comprises approximately 900 miles of track; both the railway and existing highways, as well as coastal shipping, have suffered material war damage which has been corrected only in part.

While the country is not without industry, it is not industrially developed, in the modern sense. The industries are generally small, the major part being of the handicraft or cottage type; they are generally inefficient and are only realizing about half of their capacity. There are some 2100 established industries and manufacturing enterprises, mostly in the Saigon-Cholon area, employing an estimated 60,000 people; two thirds of these are textiles and clothing. Operating methods in some of these are fair. The workers, when they have the benefit of training, are quick to learn; production practices are far from modern, although considerable ingenuity is often shown in working with obsolete equipment. However, in the country as a whole there is a lack of skilled workers and training facilities; there is a great shortage of technicians; statistical data is inadequate; there is a lack of managers versed in modern management and business techniques; modern marketing, distribution and sales promotion practices are unknown - there is a general preference for imported goods over those produced locally. Investment capital is scarce; the investment climate for industry needs clarification and improvement; taxes are a major problem.

Since the establishment of the Republic of Vietnam, the country has had to fall back on agricultural exports to provide the funds for importing articles that are not produced in the country. A long list of consumer goods is imported, of which the major item is textiles. Exports, principally rice and rubber, are only sufficient to pay for about 20% of these products; the other 80% has been financed through Foreign Aid, which can only be looked on as a temporary expedient.

The Government, realizing that this situation had to be improved and that a program of sound industrial development offered the most practical solution, requested assistance from the ICA. As a preliminary step, a contract was entered into between the ICA and the engineering firm of Day & Zimmermann, Inc., of Philadelphia, Pennsylvania, to make an industrial survey of the Republic of Vietnam. The primary objective was to determine the feasibility of establishing industries in that country that could process indigenous raw

materials into acceptable products, and convert imported basic materials into finished articles; the firm was also instructed to participate in discussions between authorities of Vietnam and the USOM, concerned with the establishment of an Industrial Development Center.

To conduct this survey, Day & Zimmermann sent a field party to Vietnam consisting of ten engineers and five consultants in special fields. The field work was started in July, 1957 and completed the middle of March of the following year. During this time, besides other matters, including a study and report on the overall industrial situation, investigations and reports were made covering the practicability of establishing or expanding sixteen industries, most of them new, as well as reviews and reports on fourteen businesses which requested technical assistance. At the same time, technical suggestions and advice were presented in the discussions in connection with the establishment of an Industrial Center.

As a consequence of the foregoing, the Industrial Development Center was set up. Its aims are:

- (a) To modernize the operations and improve the productivity of established industries;
- (b) To study the possibilities of increasing the capacity of such industries, and improve quality, so as to reduce dependence on imports;
- (c) To encourage the establishment of new industries to produce products to replace those presently imported.

Structure

The Industrial Development Center in Vietnam was made possible by an agreement between the Foreign Aid Administration of the government of Vietnam and the ICA, in accordance with Project Agreement 30-23-170, dated June 29, 1957. It was established by Presidential Decree dated November 16, 1957 and was being staffed during late 1958 and in 1959.

An Administrative Council composed of a President and five members appointed by the President of the Republic is the governing body of the Center. It meets once a month, or oftener on call of the President; it is responsible for determining the general program of the Center, decides all questions which exceed the power of the Director and approves the balance sheets and annual reports submitted by the Director.

A Director, nominated by Presidential Decree on a resolution of the Administrative Council, is the executive head of the Center. He is responsible for the internal organization of the Center and carries out policies approved by the Council. He prepares an annual program and budget for the approval of the Council.

A Technical Council assists the Director. It is composed of three permanent members appointed by the Council and includes two engineers and one banking and financial expert.

The Center has three Divisions:

1. The Administrative Division is responsible for operation of the Center's activities;
2. The Finance Division carries forward the Center's responsibilities in connection with investment, new industry development, and the control and placement of the dollar and local currency loans;
3. The Technical Division responsibilities include technical assistance, technical information and aids, research, productivity improvement, and local training.

Finances

The Center has been financed by a grant from the ICA, it being specified that this sum is to be budgeted as follows:

- 60.0% - Loans for industrial equipment imported by sponsoring firms;
- 5.4% - Training aids, technical reviews and books, and for consultants to assist in setting up the various services of the Center;
- 28.5% - Equivalent in local currency for local currency loans;
- 6.1% - Equivalent in local currency for operating expenses.

Program

The program of the Industrial Development Center is now being finalized. In scope, it will consist of services which parallel very closely those being provided by the IDC in the Philippines, and similar cooperative programs which are carrying on activities in industrial development and industrial financing, i.e., services designed to improve management concepts and techniques, and to develop a consciousness and understanding of free enterprise and high productivity, as well as specific services to improve the efficiency of existing industries.

The program will draw on all of the available resources of the Technical Industrial Development program:

1. Heavy reliance will be placed on the utilization and dissemination of technical information and the Technical Aids Services of the ICA, including publications, a technical library, audio-visual aids, films, Question and Answer Service, Industrial Reports, etc.
2. Training activities will be a major part of the program. Team visits will provide training in the United States and third countries, together with opportunities for first hand observation and study of modern techniques; in Vietnam, seminars and courses in various pertinent industrial subjects will be conducted, and a Training-Within-Industry program will be instituted.
3. Financial assistance will be made available, where justified, by the establishment of an industrial loan program;
4. Where necessary to accomplish the objectives, U. S. technicians will be engaged by contract to carry out specific specialized assistance and demonstration services.

Based on an agreement between the ICA and the Government of Vietnam, a contract was entered into between the Government of Vietnam and the engineering firm of Day & Zimmermann on November 14, 1958. The Contractor, in effect, acts as the agent of the ICA in this connection, and will:

1. Advise and assist the Industrial Development Center
 - (a) To organize itself, to establish a promotional program and to set up technical and financial aid services;
 - (b) In the selection and training of its permanent staff personnel; and
 - (c) In the establishment of an industrial training program, including seminars, on-the-job training and procedural guide lines.
2. Follow up by assistance in providing technical aids to Vietnam industry.

The contract is for a period of two years; work was started early in 1959. The Contractor's staff in Vietnam includes an Industrial Field Executive, an Economist-Financial Specialist, a Chemical Engineer and three Industrial Engineers. Later, subject to prior approval of the Government, four additional engineering and/or technical specialists, as may be required for specific projects, will be furnished for periods of from four to nine months each.

LATIN AMERICA



Other organizations involved in Productivity and Economic Development Programs, but not covered in this Manual, include: Puerto Rico.

CHILE



The first "Operacion Jefe" in Vina de Mar, Chile, in 1956

*Servicio de Cooperacion Tecnica Industrial
Casilla 13120
Santiago, Chile*

Background and Problems

Chile was the first country in Latin America to institute an active industry development program, with the establishment of the Chilean Development Corporation (Corporacion de Fomento de la Produccion) in 1939. This activity was undertaken by the Chilean Government in order to better its economy by various means, including the improvement and expansion of industries by increasing their productivity and efficiency.

Traditionally, the Chilean economy has been based on the export of raw materials, principally minerals, the proceeds of which pay for the importation of other needed articles. Chile is the second largest producer of copper in the world; its mineral shipments abroad account for 75% of its total exports. However, the income from exports has proven insufficient as the population has grown and the demand for imported articles increased. Further, this source of income, particularly from minerals, has been subject to considerable fluctuations, depending on world demand. The demand for nitrates fell off about one half, as a result of developing synthetic products; there have been periods when the demand for copper was slack and prices depressed. This has resulted in unemployment, at times in financial distress and in government crises.

Chile embraces an area of some 286,000 square miles with a population of slightly over 7,000,000, which is unevenly distributed, 90% of it being concentrated in the provinces of the central agricultural area. The topography is varied. It ranges from desert areas in the north to the fertile Central Valley, which is the producer of a variety of fine agricultural products, as well as timber. The lofty Andes, which form the eastern boundary of the country, are unusually rich in minerals. In the extreme south, sheep raising is the principal occupation, and oil is produced in sufficient quantities to supply one third of the country's needs.

Industry has been a growing activity in Chile for many years. In the earlier stages it consisted principally of large establishments, connected with mining and the processing of mineral products for export, plus a considerable number of small industries producing a variety of consumer goods. In the last twenty years there has been a notable advance in industries of all types. At present there are some 353,000 persons engaged in manufacturing, as against 95,000 employed in mining. The principal industries are still the processing of mineral products for export; these establishments are modern and efficient. Besides these, there is a continually expanding list of other industries; the iron and steel industry is important and growing; cement manufacture is almost equal to demand; the processing of foodstuffs is a major industry; the textile industry is important but is a high cost producer.

This rapid development and expansion of industry required technical skills which were beyond the capacity of the country to supply from its own resources. To assist in providing these skills, the United States and Chile signed the basic "Technical Agreement for a Program of Aid to Medium and Small Industry between the Government of the United States of America and the Government of the Republic of Chile" on June 30, 1952. Pursuant to this agreement, the Servicio de Cooperacion Tecnica Industrial was established.

Besides the Development Corporation and the Servicio, there are other organizations in Chile which are devoting their efforts to the common objective of assisting in the development of industry by introducing and furthering modern and more effective industrial organizations and techniques, thereby contributing to the country's overall economic development.

In furthering the objective, the Servicio has entered into project agreements with:

The Chilean Management Association (Instituto Chileno de Administracion Racional de Empresas)

The Chilean Manufacturers Association (Sociedad de Fomento Fabril)

The Council of Rectors of the seven universities of Chile. (Consejo de Rectores)

Structure

The Servicio de Cooperacion Tecnica Industrial is a quasi-government agency operated jointly by the Chilean Government through the Development Corporation and the U. S. Government through the Institute of Inter-American Affairs.

A Board of Directors is the governing body of the Servicio. It is composed of eight members: two representatives from the Development Corporation, two from the Institute of Inter-American Affairs, one from the Chilean Manufacturers Association, one from the Chilean Management Association, one from the Council of Rectors and one other selected jointly by the Development Corporation and the USOM/Chile. The Board provides policy guidance.

The General Manager, who is the Chilean Co-Director, is the executive head of the Servicio. He confers with and arrives at agreement on all programs with the Technical Manager.

The Technical Manager, who is the U. S. Co-Director, is Chief of the Industry Division of the USOM/Chile.

The Servicio is divided into three operating departments:

1. Industrial Relations
2. Industrial Engineering
3. Cost Accounting

The staff consists of 38 persons.

Finances

The Servicio is financed by the Chilean Government and a grant from the ICA. Supplemental income is derived from charges made for services. The ICA assumes the costs connected with U. S. technicians assisting the Servicio.

In addition, the ICA extends financial assistance to certain Chilean undertakings, such as the Management Program of the Chilean Management Association and the Industry Program of the Chilean Manufacturers Association.

Program

Originally, the Servicio program was designed to cover the activities generally associated with an organization of this type, i.e., training at various levels, including seminars, team visits to U. S. and third countries, and local training programs; wide dissemination of technical information and the provision of technical aids; and specialized technical assistance to groups of industries and to individual enterprises. However, as the program evolved, separate Chilean agencies organized themselves to carry out certain of these functions, which were originally contemplated in the Servicio program. The activities of the Servicio in these areas were then transferred to the Chilean organizations and the participation of the Servicio in these activities became a matter of active cooperation with the Chilean organizations, as outlined further on. As a consequence, and as an integral part of this cooperative programming, the Servicio has concentrated its activities on middle management training. In this respect, the program development in Chile has been unique.

Following this cooperative plan, comprehensive training courses have been developed by the Servicio; they are led by U. S. consultants in various fields, including courses for Chief Industrial Engineers and Personnel Directors, as well as a Supervisory Training Course. These courses consist of:

1. An Advanced Industrial Engineering Training Course of fifteen months duration, during which the engineers attend classes at the Servicio for half a day and work the other half installing the newly learned industrial methods and procedures in their companies' plants. The first six months cover methods engineering, labor time standards and incentives; the second six months cover production planning and control, and manufacturing facilities; the final three months cover organization and management controls.
2. A Personnel Administration Course of sixteen months duration, during which personnel directors attend seminars twice weekly. An experienced U. S. consultant assisted Servicio personnel in outlining this course and organizing it. The course consists of four sections of four months each, covering: organization, functions and program of a personnel department, how to determine job and manpower requirements, recruiting and selection, transfers and promotion and merit ratings; training and development; unions, wages and hours; safety and physical security, welfare programs, communications, personnel records and research.
3. Supervisory Training Courses, developed by modifying and adapting the supervisory training programs developed by the Training Within Industry Organization of the U. S. Government during World War II. Three programs are offered:

(a) Job Instruction Training

(b) Job Relations Training

(c) Job Methods Training

Miscellaneous training has been given from time to time to specialized groups in cost accounting, time and motion study, industrial organization and industrial apprenticeship training.

Although the major emphasis is on middle management training, the Servicio has continued to act as a consultant to industry. Consultations cover surveys and solutions for problems of organization, job evaluation, plant layout, methods studies, cost accounting, personnel relations, etc. The Servicio also offers a service to industry associations to survey operations of member companies to determine common engineering needs that may be supplied by the Servicio.

In the program of cooperation with Chilean organizations, the Servicio and the ICA work closely with and lend active assistance, both financial and technical, to:

1. The Chilean Management Association, with approximately 650 members, which undertakes the training and development of top management, in contrast with the Servicio program, which is concentrated on the training of middle management and supervisors.

The Association is assisted principally in two major programs, Management Seminars and Advanced Management Training Courses. An Advanced Management Training Course is offered once a year and the ICA has financed top level seminarists recruited by the Council for International Progress in Management.

2. The Chilean Manufacturers Association, with a membership of some 1800 industrial companies, which undertakes wide dissemination of ICA Technical Aids material. The Technical Inquiry Service has been offered to the 1800 members, as well as material prepared by the Regional Technical Aids Center in Mexico. Plans are being made to utilize the film loan library, the film and literature translation service of RTAC and the Spanish language Technical Digest.

Through a program of industrial team visits, members of various industrial trade associations are being sponsored for visits to the United States, to observe at first hand U. S. counterpart industries. It is also planned to bring short term specialists to Chile to advise and follow up in specific fields covered by previous team visits.

3. The Council of Rectors, which was formed to administer certain tax funds made available to the seven universities, and to promote a coordinated scientific and technological development. A project agreement with the Council was signed in 1957, to assist the Council in making the most effective use of the tax funds; the immediate objectives are to help the universities establish and reorganize expanded scientific research and teaching facilities, to develop a staff well versed in modern scientific techniques, and to establish research institutes.

The Council is being assisted by plans to bring top level scientific consultants to Chile to assist in establishing research institutes; and by supporting a participant program to send Chilean scientists and technicians to the United States to acquaint themselves with U. S. development and concepts in the overall technological fields.

COSTA RICA



Exhibit window, facing the street, of the Technical Industrial Cooperation Center of Costa Rica

*Centro de Cooperacion Tecnica Industrial
Ministerio de Agricultura e Industrias
Avenida 1 & Calle 1
San Jose, Costa Rica*

Background and Problems

Costa Rica, with an area of 19,695 square miles and a population of about one million, is the second smallest of the five Central American republics. It has a good primary and secondary educational system and literacy is about 80%. While it lies within the Torrid Zone, the country is essentially mountainous and the different altitudes of arable land, with generally fertile soil from heavy deposits of volcanic materials, favor the production of a variety of agricultural products, which form the base of the economy. Costa Rica was the first Central American country to produce coffee, the first exports having been made in 1825.

Improvement of agriculture has been a major concern of the Government, as virtually all of the people are dependent, directly or indirectly, upon the raising of crops for home consumption or money crops for export. Agricultural production has developed rapidly in the last 15 years, and exports of these products have progressively increased; domestically, cattle raising and the dairy industry have become more important. The three most important export crops are coffee, bananas and cacao, which account for 90% of all exports. Exports exceed imports and the balance of trade is generally favorable.

Other forms of economic development have been less actively promoted. Intensive efforts have not been made to develop mineral resources; power facilities are sub-standard although potential water power is abundant. Certain regions are heavily forested but the development of timber products is limited. In spite of new highway construction, transportation is still inadequate.

While Costa Rica is highly dependent on imports for raw materials, semi-manufactured and manufactured goods, industry has never been a vital part of the economy. Industries are small, producing principally consumer products. There are less than 20 privately owned industrial enterprises with more than 100 employees, and about 50 establishments employing between 50 and 100. The principal activity is the processing of agricultural products; production of beverages, both alcoholic and non-alcoholic, is the most important industry. There is a small textile industry and the manufacture of shoes is increasing.

Capital for industry is limited, as most investment goes into agriculture and real estate. There is no Government agency whose main task is concerned with industrial development, but the Ministry of Agriculture and Industries has a small division known as the Industry Section.

In recent years there has been a growing interest in industrial development, particularly as the growth of population is greater than can be absorbed by additional agricultural activities. Population growth in Costa Rica is 3.8% per year, as compared with the world average of 1.7% and a 2.4% average for Central and South America, which is the highest area growth in the world.

In June, 1955, an agreement was signed between the Government of Costa Rica and the ICA to initiate an industrial development project. This established the Centro de Cooperacion Tecnica Industrial, which commenced operations in June, 1956. Its aim is to serve both industry and commerce as an industry or productivity center, coordinate its activities so they will supplement those of the Industry Section, to educate the public to the necessity for a Center, and to carry out studies to determine what existing enterprises can be expanded or improved, as well as what new ones could be beneficially initiated.

Structure

The Centro de Cooperacion Tecnica Industrial is a sub-division of the Industry Section of the Ministry of Agriculture and Industries.

A Director is in charge of operations.

There are four operating sections, each headed by a Costa Rican, one of whom acts as Deputy Director. One section is responsible for technical assistance to specific industries, another is concerned with overall assistance to industry as a whole; one section concentrates on Technical Aids, while the other devotes its efforts to research to determine the possibilities for new industries.

The staff consists of 8 persons, plus two U. S. technicians - an Industry Officer and an Industry Development Advisor - who acts in an advisory capacity.

Finances

The Center is financed by the Costa Rican Government through an allocation from the so-called Trust Fund, which is a lump sum provided through an annual renewal and extension of the Project Agreement covering the Industrial Development Program.

The ICA pays the costs of American advisors and consultants, the cost of participants and the study teams (except international travel), most of the costs for testing raw materials, publications and books for the reference library, and the cost of demonstration equipment and material, including films.

Program

The program of the Center is based on devoting its principal activities to the support of existing industry and commerce. These activities include:

- 1. Sponsoring short term technicians to provide specialized services to specific industries;**
- 2. Programs designed to assist wider sectors of industry and commerce, such as Management, Retailing, Wholesaling, etc.**
- 3. The procurement and dissemination of Technical Aids, including a reference library, publications, films, exhibits, audio-visual aids, Technical Inquiry Service, etc. An industrial bulletin, with a circulation of about 1300 is published monthly.**
- 4. Supervising and sponsoring projects requested by industrial and commercial groups through their respective chambers.**

Specific activities are determined largely by the requests received for assistance. In this sense the program, as the context implies, is necessarily flexible and adjustable to conform with prevailing conditions. A list of the activities for a recent 12-month period will give a clearer concept of the type of program being carried out:

- 1. Short Term Technicians: Five such technicians assisted in Shoe Production, Textile Production, Food Processing, Foundry Production and Food Retailing Productivity;**
- 2. Long Term Technicians: One technician in Applied Industrial Engineering Training Courses;**
- 3. Seminars: One Top Management Seminar;**
- 4. Participant Study Groups: Seven groups, covering Sawmill and Lumber, Foundry, Textiles, Shoes, Food Processing, Audio-Visual Aids, European Productivity Centers;**
- 5. Assistance in forming a Sales Executives Association;**
- 6. An active Technical Aids Program, including films, exhibits, reports, Question and Answer Service, etc. 52 Technical Aids inquiries were received and processed, and five exhibits were sponsored, covering Power Hand Tools, Men's Work Clothing, Plastics, Basic Hand Tools, and Industrial Safety.**

GUATEMALA



Guatemala Sales Seminar sponsored by the Guatemala Industry Center

*Centro Guatemateco para el Desarrollo Industrial
6 Avenida No. 5 - 34, Zona 1
Guatemala City, Guatemala*

Background and Problems

Guatemala is essentially an agricultural country. With its area of 42,042 square miles and a population of about 3,250,000 it lies well within the Tropics. The lowlands along the coasts comprise one third of the area, while the other two thirds consist of mountains and temperate highlands. Both areas, favored with rich volcanic soil and excellent climatic conditions, have given rise to agricultural development, which is the mainstay of the Guatemalan economy.

Close attention has long been given to agricultural production, through experimental stations and the training of experts in the National School of Agriculture. Stock raising is being developed and there is a small rubber production; cotton acreage is increasing and chicle is gathered in the forests of the Peten area. Bananas are the principal crop in the lowlands and coffee in the higher altitudes. Coffee is the most important crop, being the principal export item; bananas rank second, with chicle providing an additional source of revenue.

The standard of living is low; the average per capita income is \$175.00 per year. 70% of the population is rural and consists to a great extent of descendants of the original Mayan population; those of Indian ancestry account for 53% of the population. They tend their fields and engage in handicrafts such as pottery, weaving, woolen blankets, baskets and palm mats. They are industrious, and often skilled artisans, who still cling to old tribal customs. Among the Indians, there are some 19 dialects spoken. Elementary education is free and compulsory; a growing number of schools is being established by the Government in its battle against illiteracy, which is high, particularly in the rural areas.

There is a heavy dependence on imports for many needed articles, including a wide variety of consumer goods. In spite of this, the currency is on a par with the dollar and has been kept stable; this has been assisted in recent years by U. S. economic aid and a World Bank loan for highway construction. The budget is generally in balance.

There are extensive forest areas, particularly in the little explored Department of Peten, but they are largely undeveloped. Electric power facilities are inadequate, but plans are being made for a new hydroelectric plant. Transportation is still limited, but there is an extensive highway building program, including completion of the Guatemalan part of the Inter-American Highway. There are some mineral resources although they are neither rich nor extensive, except for the possibilities of substantial oil developments, which are being explored by several of the major oil companies.

Progress in industry has been slight; although this segment of the economy is still under developed, there is a slowly growing activity, particularly since 1954. Besides larger industries such as cement, tires, etc., production consists principally of light consumer goods such as textiles, wearing apparel, soap, foodstuffs and beverages, plus a considerable production of cottage industries in weaving and leather goods, which have found favor with tourists and for which a small export market has been developed. Capital funds for industry are scarce, private initiative is limited and there is a lack of qualified technicians and training facilities.

In an effort to strengthen the national economy, the Government created, in July 1948, the Production Development Institute. Later, the Council for Private Initiative was established under the Ministry of Economy. On April 20, 1956, on recommendations of a group of industrialists from the United Chamber of Commerce and Industry, and the Association of Industrialists, the Guatemalan Center for Industrial Development was established by Decree No. 25. Its aim is to create a propitious investment climate; develop natural resources; and increase employment, diversify production of private enterprises, and train labor and management in new techniques in order to encourage and increase productivity and improve the standard of living.

Structure

The Guatemalan Center for Industrial Development is a semi-autonomous body; it is a Division of the Council for Private Initiative. It is formed by Delegates representing the following organizations:

- Chamber of Commerce of Guatemala**
- Chamber of Industry of Guatemala**
- General Association of Guatemalan Industrialists**
- Guatemalan Association of Agriculture**
- Guatemalan Association of Cotton Growers**
- Association of Salt Mines**
- Association of Guatemalan Insurance Institutions**
- Association of Independent Guatemalan Merchants**
- Association of Producers of Chicle**
- Association of Producers of Essential Oils**
- Private Banks, and**
- State Banks.**

A Board of Directors, elected by the Delegates for a two year term, is in charge of the activities of the Center.

The Manager, who is also the Secretary of the Council for Private Initiative, is the executive head of the Center.

The staff consists of 6 employees of the Council for Private Initiative, who contribute part time to the activities of the Center.

Finances

The Center is financed by the Guatemalan Government. It does not have a budget of its own, but rent, staff salaries, operating expenses, etc. are included in the appropriation for the Council for Private Initiative.

The ICA provides financial support in the form of assuming the costs of short term consultants and the expenses of study teams to the United States, except for international travel.

Program

The program of the Center has not been extensive and no long range program has been formulated, due largely to the lack of funds, political uncertainty, innate conservatism and the fact that a keen interest in industrial development has not yet been generated.

Activities have consisted principally of study groups to the U. S., seminars, the sending of short term consultants to Guatemala and the provision of ICA Technical Aids. A monthly bulletin, with a circulation of 800 copies, is published. Reports of team visits to the U. S. have been published and circulated.

The Center works in close cooperation with the USOM and the ICA Industry Officer, particularly in supplying Technical Aids and in planning team visits to the U. S. and the activities of short term consultants sent to Guatemala.

Since the program's inception, a Guatemalan delegation has participated in a seminar on Housing in Central America and Panama, held in Costa Rica; a Management Seminar, conducted by U. S. experts, was held in October-November, 1956, after which steps were initiated to form a local Management Association; a U. S. consultant conducted a 60 day training program in the textile industry.

Four study teams have visited the United States:

A Top Management Team of 10 Guatemalan business leaders;

A Building Construction Team;

A Saw Mill and Furniture Study Team; and

A Tanning and Shoe industry Team.

In addition to the above, the following short term consultants have visited Guatemala:

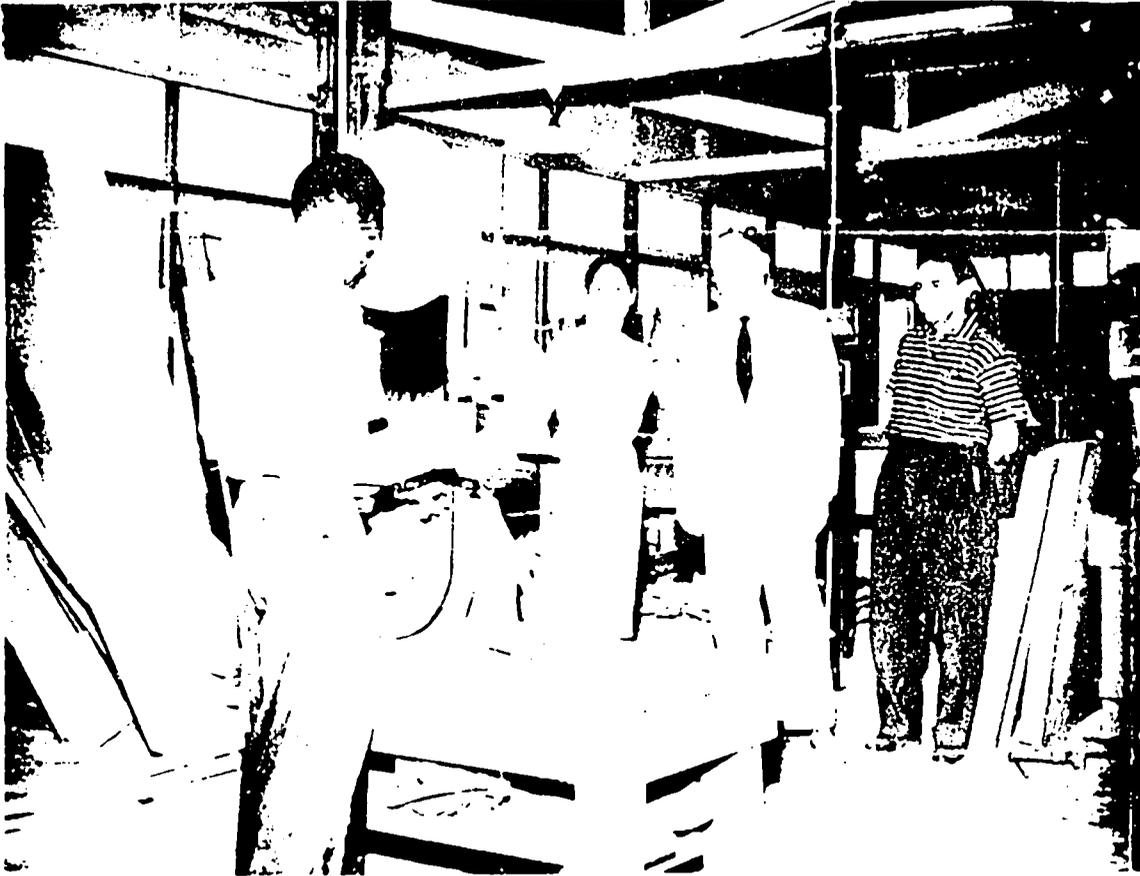
A Consultant in Construction Materials;

A Saw Mill Consultant; and

A Foundry Consultant.

The Center's program calls for continuing the present type of activities through Management Seminars, Team Visits, Short Term Consultants and the provision of Technical Aid Services.

JAMAICA



Mrs. Joyce Buchanan, Owner and Manager, Keith Sullivan, Secretary of the Small Business Loan Board, and Raymond A. Lukins, Industry Officer, USOM/Jamaica, checking the new organization in specialization of operations in the wood working factory of the Belaire Furniture Company.

*Industrial Development Corporation
P.O. Box 505
Kingston, Jamaica*

Background and Problems

Jamaica, some 500 miles south of Miami, is the largest island of the British West Indies. Traditionally, its economy has been based on agriculture, of which sugar and bananas have been leading products. Besides this, there are large investments in bauxite, and a rapidly expanding hotel business.

In spite of these activities, there was a growing awareness of the serious problem being created by the pressure of increasing population. It became evident to the authorities that, apart from the large scale activities already existing, industrialization on a broader scale was required to increase employment and to create the savings from which a further expansion of economic activity, including further agricultural development, could be financed.

A characteristic of the economy has been a pronounced lack of risk capital. Money has been available for the traditional forms of commercial enterprises, plus such projects as hotel construction, but the greater part of local industry has often found it impossible to raise the necessary funds to establish such enterprises on a sound basis. This goes back, in part at least, to a long-held concept that industrial development consists of large and successful concerns. While these concerns have made a valuable contribution to Jamaica's economic life, a broad industrial development program envisions the inclusion of a large

number of smaller diversified industries; financial assistance was required by a considerable number of such concerns in Jamaica, who were often under capitalized and lacking in modern techniques; some of them were actually at the point of being financially embarrassed.

The Industrial Development Corporation was therefore set up to provide from Government finances at least a part of the capital required for industrial expansion, and to endeavor by means of financial assistance, coupled with pertinent forms of promotional work, to give a momentum to industry which could become a self-generating process. The Corporation was founded on June 1, 1952 and charged with the duty to "stimulate, facilitate and undertake the development of industry" in Jamaica. Its original aim was to attract new industries to Jamaica and to expand existing ones largely through financial assistance.

The basic policies, established at the first meeting of the Corporation in 1952, are as follows:

1. Only those industries should be financed which were likely to be efficient and to be able to face competition without uneconomic forms of assistance.
2. The direct participation of the Corporation in industry should be limited both in scale and time.
3. The Corporation should seek to encourage participation by private enterprise as much as possible. Since its own funds were limited, and were likely to remain limited, it was obviously of first importance that they should be supplemented as much as possible by funds from other sources and that they should not be locked up by investment in large amounts for long periods.
4. Existing industries should have first claim on the Corporation's resources provided that they could satisfy the conditions imposed by the Corporation as to the general soundness of the investment.
5. Overseas capital should be attracted by all possible means.
6. The Corporation should do its best to promote sound labor relations as an essential factor in any successful development program.

In July, 1955, the United States Operations Mission in Jamaica became operative and in April, 1957, an ICA Industry Officer was assigned to the Corporation.

While the Corporation is the principal center of industrial development in Jamaica, there are other organizations which are active in this field: the Ministry of Development, which is concerned with the organization of a National Research Laboratory and a National Bureau of Standards; the Ministry of Housing, which has established a plant for producing low cost prefabricated houses with the cooperation of the United Nations; the Ministry of Education, which is building a new Jamaican Institute of Technology; the Industrial Training Corporation, financed by Jamaica sugar and bauxite interests; the Ministry of Education and Social Welfare, which is promoting assistance to Jamaican handicrafts; the Jamaica Manufacturers Association, which is seeking to promote a garment workers vocational training school, etc.

Structure

The Industrial Development Corporation was established by Law No. 13 of 1952. It is a quasi-governmental body operation under the Ministry of Trade and Industry. It has legal entity.

A Board of Directors is the governing body of the Corporation. It is composed of a Chairman, a Deputy Chairman, an official from the Ministry of Trade and Industry, and seven members, of which one is the General Manager and one is the Financial Controller; the balance are local business men. The Board has the overall direction of the Corporation, establishes policies and must approve important decisions.

A General Manager is the executive head of the Corporation.

Promotional Offices are maintained in New York and London; they retain U. S. and U. K. public relations firms to assist in making contacts with companies who can be interested in establishing branch plants in Jamaica.

The ICA has assigned an Industry Officer to the USOM/J who acts as advisor to the Corporation. He also receives the cooperation of the Corporation in implementation of all the ICA services by the Technical Aids Branch of S/IND, participant training in the U. S. and third countries, and the utilization of U. S. specialists in engineering and in Management and TWI training courses.

Finances

The Government finances the Industrial Development Corporation, providing funds for operating expenses, promotional activities and loans. It has also contributed 171 acres of Government land, available as factory sites on the Industrial Estate.

The ICA assumes the costs of the Industry Officer, and such other dollar costs as may be needed and agreed to, project by project, for U. S. commodities, technicians and/or other contractual services.

Program

The program is being developed along the following lines:

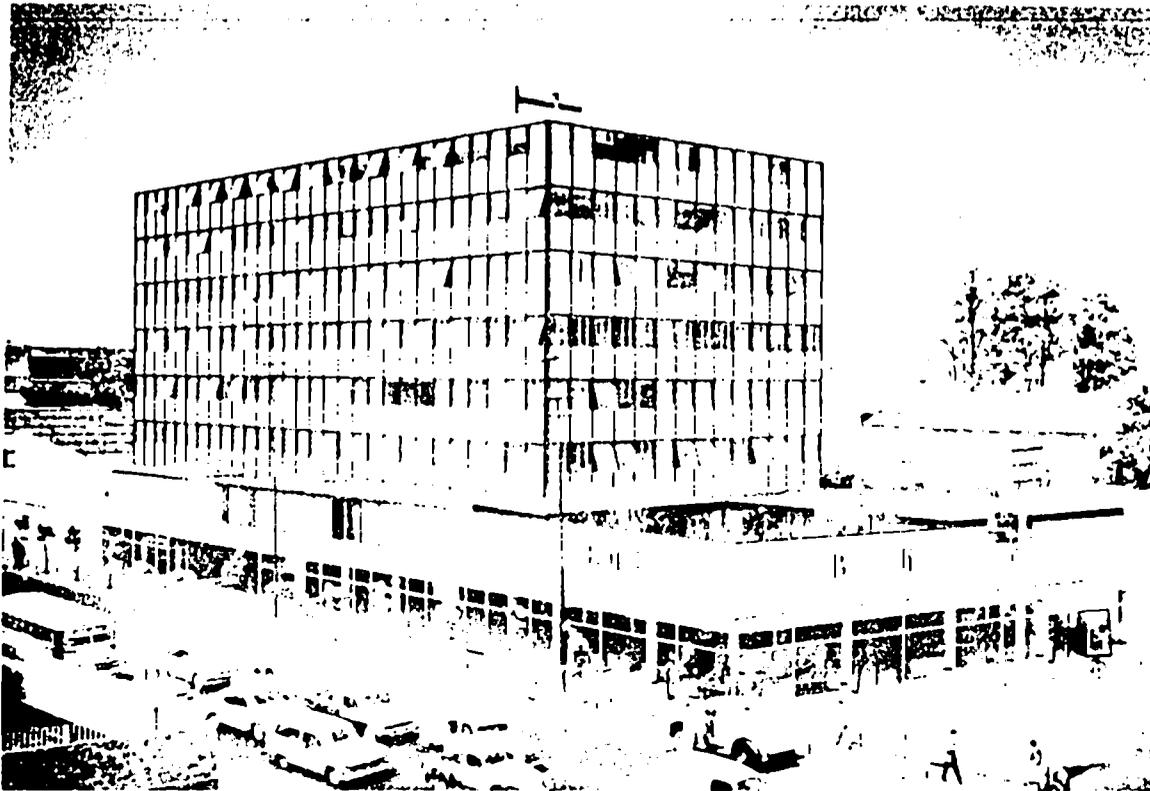
1. Attracting and assisting in the development of new industries through financial and other assistance, with the ultimate aim of securing as wide diversification as possible, in addition to lending assistance in strengthening existing industries. In many cases, the Corporation has built plants on the Industrial Estate, which are then rented to the new company or sold on terms; twenty two factories have already been installed with others in immediate prospect. As an indication of the diversification which has been achieved, the Corporation's funds have been invested in such industries as canning, furniture, pimento oil, boots and shoes, woodworking, alabaster, drinking straws, fishing, flavoring concentrates, gloves, grass drying, lumber, metal work, paint, papier mache, phonograph records, textile printing, batteries, preserves, slide fasteners, building materials, brassieres, cardboard boxes, flypaper, stock feeds.

2. The concepts and activities of the IDC have been progressively broadened to include functions such as those carried out by European Productivity Centers, designed to raise the efficiency of existing industry through detailed technical assistance projects.

In the area of productivity improvement projects, the Jamaican program, with USOM support, is carrying forward active utilization of the visual and printed technical informational media included in the Technical Aids Services. Technical Inquires are answered; reports and other publications are distributed widely (the English language being used); and an extensive program of film showings is being carried forward, based on ICA's industrial film loan library.

There is also increasing emphasis on industrial training, principally in the form of courses and seminars covering such subjects as management, management-labor relations, production, marketing and distribution. This program is being conducted for the Corporation, with ICA support, by the Council for International Progress in Management, which has assigned a Training Officer to Jamaica for some twenty months. Seminars are held periodically and courses are conducted regularly in various subjects, including planning and scheduling, organization principles and practices, safety, motivation and morale, etc., as well as basic Training Within Industry subjects of Job Instruction, Job Relations, Job Methods and Job Communications.

MEXICO



The offices of the Mexican Productivity Center are located on the second floor of this building

*Centro Industrial de Productividad
Vallarta 49, 5 Piso
Mexico 1, D. F., Mexico*

Background and Problems

Mexico, with an area of 758,259 square miles and a population of about 30,000,000, has a well diversified economy and is rapidly approaching a balanced economic structure. According to 1955 figures, investment goods and industrial raw materials accounted for 78% of imports, while consumer goods and food amounted to only 12.5% of the total.

The country is rich in natural resources, particularly minerals. Mexico is the world's leading producer of silver, the second largest producer of lead, the third in zinc, and stands ninth in the production of oil. Enormous sulphur deposits have been developed in recent years and production has been expanding rapidly, Mexico now ranking second in the world as a producer of sulphur.

With a wide variety of climatic conditions, and large areas of fertile soil, agriculture is still the principal means of livelihood, some 60% of the population being engaged in farming. Production of corn and wheat, basic foods in the Mexican diet, has increased to the point of self-sufficiency. Agricultural products account for 40% of Mexico's exports. The most important export crops are cotton, coffee, sugar and henequen; cotton is the most

important of these from the standpoint of value and represents more than 25% of the total value of exports. Mexico now ranking third in the world as a cotton producer. Truck gardening and cattle raising are becoming important sources of foreign exchange and chicle is exported in substantial amounts.

Electric power is well developed and is approaching sufficiency. In the earlier days, transportation was one of Mexico's serious problems, due to the mountainous terrain, but this is rapidly being overcome. Besides 15,000 miles of railways, road building has been a major activity for some 25 years and a net work of modern highways is being spread across the country. Education is one of the principal concerns of the Government. One eighth of the national budget is devoted to this activity; the educational system includes primary schools, secondary schools, normal schools and universities; illiteracy has been reduced to less than 50%.

Industry is well advanced and is becoming increasingly diversified. In the early stages, industry consisted principally of larger enterprises, such as iron and steel, cement, textiles, breweries, food processing and the processing of minerals, with smaller establishments producing commonly used consumer goods, sometimes of sub-standard quality. This situation began improving some 35 years ago, as the Mexican people became industry conscious, with a very rapid expansion and development of all industrial activities having taken place since 1940. The present list of industrial activities is impressive: it extends from large enterprises such as steel, oil, cement, chemicals, textiles, tires, etc., to an infinite variety of consumer goods. Handicrafts, which have always been favored by Mexicans, due to their innate artistry, are an important occupation, especially in connection with the large tourist trade. There are five principal manufacturing areas - Mexico City, Monterrey, Puebla, Guadalajara and Leon.

Training facilities within the country were not adequate for coping with the rapid expansion of industry and were not able to provide the skills required to make management, production and distribution efficient. As a result, a group of Mexican industrial leaders made an on-the-spot investigation of European productivity programs, particularly in France, and decided that Mexico could benefit from such a program. Following a request from Mexican industry and the Government for the implementation of an industrial productivity program, an agreement was signed on March 9, 1955, between the Governments of the United States and Mexico, providing for a technical cooperation program in the field of industrial productivity for a period of five years, terminating June 30, 1960. In July, 1955, the Centro Industrial de Productividad (Industrial Productivity Center) was set up under the Combined Industry Chambers. Its aim is the introduction of more efficient management, production, and distribution practices within the country, with the overall aim of increasing the standard of living of the mass of the people. The basic strength of this program resides in the fact that it is supported both by private enterprise and labor, and is given financial support by the Mexican Government.

Structure

A Board of Directors is the governing body of the Center. The following groups are represented on the Board:

The Combined Industry Chambers (whose President is Chairman of the Board)

The National Confederation of Chambers of Commerce

The Mexican Employers Association

The Mexican Bankers Association

The Monterrey Institute of Technology

Two Labor Unions (the CTM and CROM, which represent more than 75% of organized Mexican labor)

The Bank of Mexico (representing the Government)

Five leading independent industrialists.

A Director, assisted by a Deputy Director, is the executive head of the Center.

A Technical Manager heads five Departments:

Industrial Engineering

Training Department

Services to Regional Centers

Audio-Visual Section

Technical Services

Regional Productivity Centers are established in: Guadalajara, Leon, Monterrey, and Puebla.

The permanent staff consists of 50 persons.

Finances

The Center is financed through a Joint Account, to which contributions are made by the Mexican Government, the ICA and private sources.

Local currency expenses of individual projects are covered by Mexican industry. In training programs, sufficient fees are paid by the participants to cover all local expenses. The Combined Industry Chambers assumes the cost of rent for the Center and provides all office furniture and equipment.

In addition to its contribution to the Joint Fund, the ICA provides funds to cover certain other expenses of the program, such as team visits to the U. S., salaries of consultants, technical aids, etc.

Program

The program of the Industrial Productivity Center is extensive and is rapidly expanding. It is based on the policy that its aims can be best achieved by demonstration and training activities, so that a body of qualified local personnel can be formed to implement the needed changes and carry out a continuing program. In carrying out these activities, the Center works in close cooperation with the ICA.

Training Activities, therefore, have constituted the most important phase of the program. Projects have been developed and are being carried out for top management, middle management, and supervisory training.

Top management seminars have already been held covering subjects such as industrial investment and finance, management problems, industrial development and research, sales marketing and distribution, banking, and office management and administration. These seminars are led by prominent U. S. experts and their Mexican counterparts, and activities in this field are continuing.

At the middle management level, a training program in industrial engineering is being carried out at the Monterrey Institute of Technology, whereby a group of engineers is being trained, primarily for use in the teaching of others in this field.

In the field of supervisory training, a U. S. consultant spent six months in Mexico training a group of Mexicans as instructors in training-within-industry techniques. Members of the Center's staff, and representatives from the Regional Centers and from private industry were prepared, at the end of the six months course, to carry on this activity without any further assistance. Supervisory training is now being carried out at the plant level in Mexico City, Monterrey, Guadalajara and Puebla, and several thousand Mexican supervisors are now receiving the benefits of training in job instruction, job methods and job relations.

In the allied field of worker training, a program of vocational training for workers is being conducted by the Regional Center in Monterrey in cooperation with the Monterrey Institute of Technology, covering such skills as machine tool operators, welders, electricians, mechanics, and combustion engine operators.

Industry-Wide Productivity Programs are carried out in specific industries through individual industry chambers, for the development of productivity programs, and are open to all firms wishing to participate. These programs have included, among others, such industries as shoes, cotton textiles, and ready made garments, all of which have a direct bearing on the every-day life of the Mexican people; parts of this program are carried out with the assistance of U. S. consultant.

Programs with Universities is an important activity of the Center. A close working relationship has been developed with institutions of higher learning, notably the Monterrey Institute of Technology and the Universidad Ibero-Americana in Mexico City; the Center has been active in assisting them to start and expand courses in business administration, management, and industrial engineering. As a direct result, Ibero-Americana is offering, for the first time in Mexico, a post-graduate course in industrial engineering; in this project, the school was assisted by a U. S. authority in this field, who advised on the most effective methods to use.

Technical Aids - The Center cooperates with the ICA in the dissemination of Technical Aids and works with the ICA Regional Technical Aids Center in the translation and dissemination of literature, films and the Spanish language Technical Digest.

The program of the Industrial Productivity Center calls for a continuation and expansion of the activities outlined above, progressively handling a greater number of projects on its own, as experience accumulates, but with continued cooperation with the ICA and making full use of its assistance in such fields as:

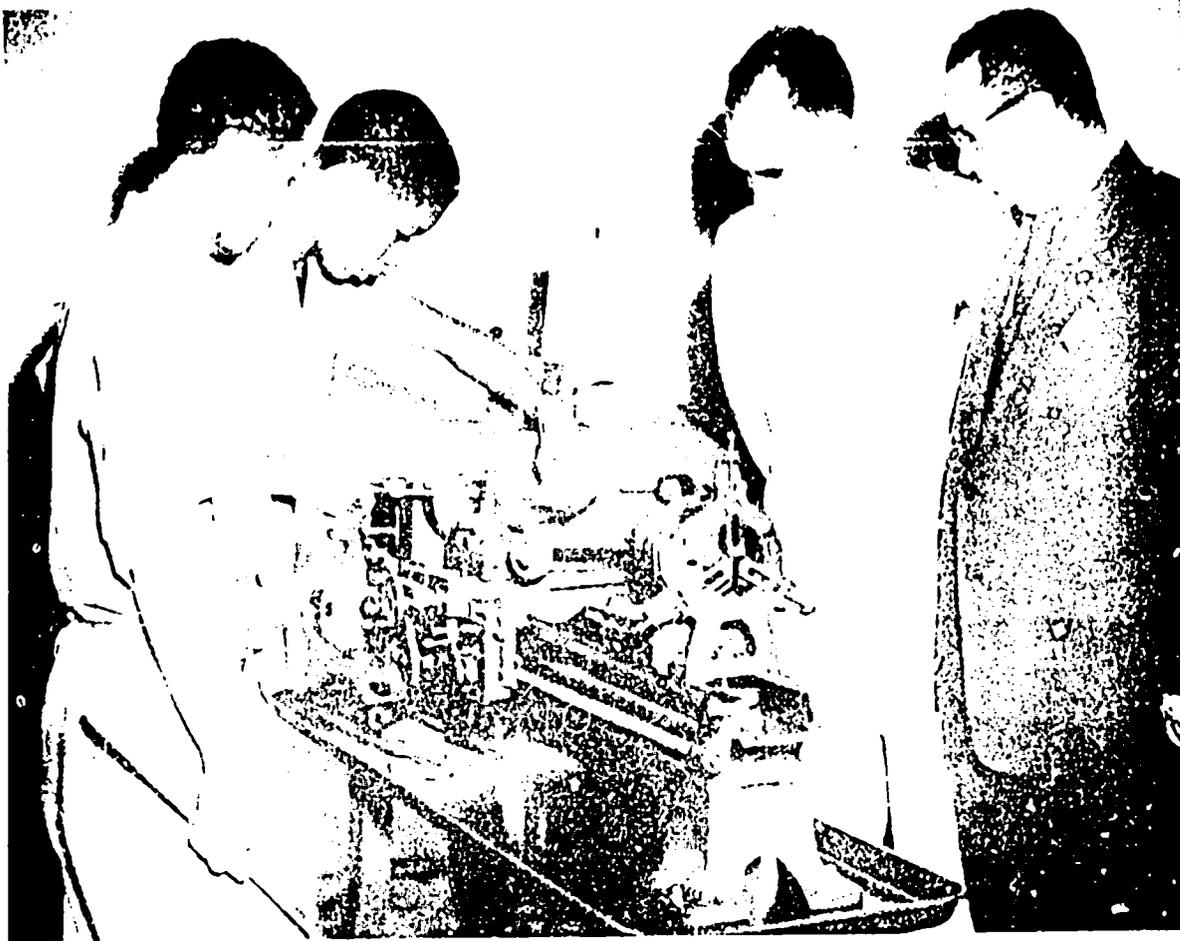
Team Visits to the United States

Participant Training

Short Term Consultants

Technical Aids

PANAMA



TWI training in the use of milling machines sponsored by the Panama Industrial Center

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Background and Problems

The geographical position of Panama has been the controlling factor in the development of its economy. Due to its location, the country has subsisted almost entirely on commerce and trading. Its importance for some 400 years was due to its being an important point of transshipment; since the early part of this century, commerce with shipping and the sale of services to the Canal Zone have dominated the economy. The country is largely dependent on imports for essential goods. Until recent years, only secondary consideration was paid to agriculture; more recently, attention has been given to industry.

Panama is divided into two almost equal parts by the Canal. It has an area of 29,127 square miles and a population of about one million, a considerable part of which is concentrated in the coast cities, including both ends of the Canal. The country as a whole is sparsely populated; the eastern half, consisting of mountainous terrain and dense jungles, is impassable for all practical purposes. Natural resources, including large stands of timber, are relatively undeveloped. Transportation is limited and electric power is not sufficiently developed.

The soil in the valleys and plains is generally fertile and climatic conditions are favorable to agriculture, but only a fraction of the land has been brought under cultivation. Government recognition of this resulted in the establishment, some years ago, of a National School of Agriculture and experiment stations, since which agriculture has made considerable progress. Panama has now become self-sufficient in rice and sugar; stock raising and the production of poultry and eggs have now become important. Export crops are produced, the principal ones being bananas, hemp, cacao and coconuts. Even so, there is considerable under employment in the rural areas.

Industry did not contribute significantly to the national economy, and was confined generally to small shops with few workers and little capital, producing principally light consumer goods. Development was restricted by the traditional preference for commerce and trading and the lack of technical skills, training facilities, cheap power and adequate transportation, as well as the fact that cheap water transport brought in a variety of goods with which locally made products could not compete. Since the end of World War II, industries have gradually been growing. A new cement mill was placed in operation in 1948 and now supplies the country's requirements; floor tile and brick manufacture are of increasing importance. Food processing is the principal activity. Besides rice and sugar mills, there is local production of tomato products, edible oils, macaroni, jams, preserves, canned milk, etc.

There was a growing awareness on the part of Panamanian leaders that the development of natural resources and agricultural possibilities should have been fostered, and that the industrial potential had been neglected. After the close of World War II, the pressures of growing population and the evident need for a diversified economy led to steps to improve the situation. In 1950 an investment incentive law was enacted "to attract and encourage the investment of capital in the exploitation of natural resources, agricultural activities, cattle raising and fisheries and in profitable industries".

Out of this background an industry development program took shape. On July 30, 1952, representatives of the American Embassy and the FOA Mission to Panama met with the Association of Industrialists to discuss a formal request made by the Association for technical assistance in industry. Early in January, 1953, Panama established the Institute for Economic Development. In April of that year the Foreign Minister requested the services of a technician specialized in the field of industry to advise in the development of an industry program. An Industry Officer was assigned to the Mission staff in February, 1954. A contract for an industry survey was made with the firm of Richardson Wood & Co. This was completed in September 1955 and the survey report and recommendations were presented to the Government and interested industry groups. Further discussions were held and on April 26, 1956, the Industrial Development Center was established.

Structure

The Industrial Development Center was established as Project 6 of the already existing Servicio Cooperativo Interamericano de Fomento Economico agreement between the Institute of Inter-American Affairs for the U. S. Government and the Institute for Economic Development for Panama.

The Center takes its direction from the Director of the USOM to Panama and the Manager of the Institute for Economic Development.

There is an Advisory Council consisting of:

The General Manager of the Insittue for Economic Development (Chairman);

The President of the Association of Industrialists;

The President of the Chamber of Commerce;

The President of the Society of Engineers and Architects;

The Executive Director of the National Economic Council.

The staff consists of 9 persons, assisted by a U. S. Industry Advisor and a U. S. Industrial Engineer Advisor.

Finances

The costs of operating the Center are borne jointly by the Government of the United States and Panama, on the basis of a two part Panamanian contribution to a one part U. S. contribution. In addition, the ICA assumes the dollar costs of agreed-upon projects, such as team visits, participants, short term consultants, and the provision of Technical Aids.

Present plans are that the Center will be completely absorbed by the Institute for Economic Development about January, 1960, after which U. S. contribution will cease but U. S. advice will continue to be supplied.

Program

The program of the Center embraces the following major activities:

1. Economic Investigation and Promotion to investigate promising new industries, develop information to prove their feasibility, and contact and attract investors to proposed new enterprises.

(a) Brochures for specific industries covering production methods, machinery, material and personnel requirements, plant layout, etc. are supplied through the facilities of the Technical Aids Branch of the ICA. Brochures entitled "Facts for Investors" and "Panama's Advantages for Industry, Trade and Commerce", prepared in Panama, have been published and distributed.

(b) Country wide investigations to determine specific fields for profitable investment are carried out. Work is progressing on prospects for pulp and paper production, assisted by a timber expert from the United Nations; and a feasibility study is being carried out covering a fruit and vegetable processing plant, assisted by a food processing consultant provided by the ICA.

2. Technical Consultation devoted mainly to the improvement of existing industries. These services are provided on an industry wide basis by specialists furnished by the ICA. Technical assistance has been provided to the shoe and clay products industries, and additional projects are planned for tanneries, clothing manufacturers and foundries.

More specific requests, such as plans and specifications for the modification of the abattoir operated by the City of David, are handled by the Center staff.

3. Training, which consists of:

(a) Industrial Management Seminars, including a Top Management Seminar, are conducted in subjects such as personnel practices, marketing, financing, production, time and methods study, material handling, packaging, etc. As a result of three seminars in Sales Management, a local Sales Executives Management Association was formed.

(b) Training within industry projects are carried out by specialists working directly in local plants, aimed at establishing training programs for continuation by the industry personnel themselves.

(c) Technicians, engineers, supervisors, Center staff personnel and others in related fields receive training in the U. S. and third countries to accomplish specific objectives and provide for transmission of the skills acquired.

(d) Team visits, usually composed of top or middle management personnel, to the U. S. and third countries, provide an impact on the participants, who are in a position to disseminate, adapt and apply new techniques to local conditions.

4. Information Dissemination provides a constant flow of technical information, supplied through the ICA Technical Aids program. Spanish language technical films, largely from the Regional Technical Aids Center in Mexico, are widely used. The Question and Answer Service and the Industrial Digest and Abstract Service are essential parts of the program. The Center publishes a monthly Bulletin and maintains, together with the Institute for Economic Development, a technical library.