

The Association for Diplomatic Studies and Training
Foreign Affairs Oral History Project
Labor Series

JAMES SILBERMAN

*Interviewed by: Morris Weisz
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INTERVIEW

[Note: This interview was not edited by Mr. Silberman]

Q: Today is March 12, 1991. This is Morris Weisz and I'm interviewing Jim Silberman for the Labor Diplomacy Oral History Project. Jim is an old friend of mine from the Labor Department. He was active representing the Labor Department's projects and under contract occasionally to the Marshall Plan in various aspects of Marshall Plan activity. Jim, we usually begin by getting a one- or two-minute summary of your career if you don't mind. I forget as to whether or not you are actually an engineer or just got into this business sidewise as borrowed from your experience at the Bureau of Labor Statistics (BLS).

SILBERMAN: Well, my doctorate major was in labor economics under Ed Witty and Selig Pro at the University of Wisconsin.

Q: I never knew that you were at Wisconsin until now. You learn a whole lot of things at these interviews. When did you get your doctorate?

SILBERMAN: Well, actually I didn't complete it. I completed my orals and my written exams and all my course requirements and—

Q: And started to work instead of writing the thesis, yes.

SILBERMAN: I had the thesis half-written and Ed Witty finished it under his name. I came to Washington and was employed in the Labor and Productivity and Technological Development Division.

Q: Who was in charge of it then?

SILBERMAN: Dwayne Evans.

Q: Oh Dwayne, yes.

SILBERMAN: And over the years I rose to be chief of the division.

Q: After Dwayne left? He shifted to other work.

SILBERMAN: Yes, he became the statistician of the BLS. There were a whole series of visitors from England and France and from other countries in Europe asking why American productivity was about three times the level of European productivity. This was of course an important question in Europe because they were re-equipping their plants. I knew Phil Kaiser who was a deputy—

Q: He was an Assistant Secretary of Labor for International Affairs, another Wisconsin graduate.

SILBERMAN: Yes. I told him about these visits. I said I thought that if we could do a survey in Western Europe, we might be of some help to the Marshall Plan.

Q: Can you put a date of when this was? Would this be right at the beginning of the Marshall Plan, '48, '49?

SILBERMAN: Yes, yes. I talked to Phil in April and May of '48 and he sent me over. So I went over at Department of Labor expense and we made our own arrangements. I did an initial survey in England in June and went over to France and did a second survey of factories in France. I got a little bit of help from the embassy in England, but I had to do a lot of the planning work myself. Jim Killen was the labor advisor.

Q: Mission chief, yes.

SILBERMAN: No, he wasn't the mission chief; he was the labor advisor.

Q: Oh really. Maybe he was a mission chief elsewhere.

SILBERMAN: No, he was at that time the labor representative in the Embassy and in his typical manner, and I knew him most of his career, he was rather negative. He always felt threatened, and basically he was a rather destructive person in his concept and his programming.

Q: This is quite important because we're going into the relations of the labor attachés. I don't think he was a labor attaché. I think he was on the Agency for International Development (AID) staff or something. The labor attaché at the time I think may have been Gotson or his predecessor. In any event the reason that this is important is because he was a mission chief elsewhere. So far what I've gotten from my own knowledge of Jim with whom I worked during the war was that he was a typical basic trade unionist. He looked with suspicion not on trade unionism, but rather on that aspect of trade unionism, which involved bread and butter subjects such as he has described them, rather than the

technological. He's suspicious of professional engineers in the labor field, etc.

SILBERMAN: Well, I wasn't an engineer actually. I was in the Labor Department, but I got no help from him. All I can say with respect to your comment was that in the history of his activities in AID and the Economic Cooperation Administration [ECA; also referred to as the Economic Cooperation Authority] before that and so on, he was used by the agency actually as a mission chief, sent to missions where the agency wanted to compress, to break down the mission, to reduce its number, to reduce its activities. And he typically went in and accomplished that with a junior person cutting our programs. Anyhow I got no help from him though I may have gotten some help from other staff members. I have a very detailed report made to Phil Kaiser, which was circulated rather widely. As a result of this survey—

Q: Excuse me one minute. On the subject of reports that you have and things like that, will we be able to borrow them down here either to duplicate to the extent you're willing to have them, or are you going to lend us copies, or will they be up north so we can reproduce them?

SILBERMAN: Yes. I need them at the moment because there's a prospect that the World Bank may send me to Eastern Europe to—

Q: Okay. As long as we know where they are and that at some time they may be available for us to copy. Of course this is the sort of thing that a student who will be writing about the Marshall Plan—I'll be telling you a little bit more about some of the academic interest in it—would like to have in addition to a tape or a transcribed tape. Yes, good.

SILBERMAN: Yes, this will be available.

Q: To identify it why don't you give its date, to, from, and then you would just leave it at that.

SILBERMAN: Yes. The report is dated August 2, 1948, and the title is "*Productivity Survey of English and French Manufacturing Plants, May 29th to July 10th, 1948, and Recommendations for Further Action.*"

Q: Good. Thank you very much. That identifies it. I'll be interested in looking at it because of personal interest, but aside from that it will be valuable material. I should tell you one other thing and that is the material itself, the copy that we make from yours, will be deposited with your interview at the Lauinger Library in Georgetown, but will be available on inter-university loans through that university.

SILBERMAN: I must say that, as an aside, the French government is very much interested in the same subject of a history of this productivity effort, the Marshall Plan, and they've assigned it not to a student, but to one of the most senior officials in the economics ministry.

Q: It will be helpful if you give names on that because it may be that the academic looking into this would want to get in touch.

SILBERMAN: At any rate, they've been making a very serious study and they've contracted some parts of the study out to Harvard University. But the person in charge—It's the Ministry of Industry and the senior civil servant at the highest level is named Philippe Muller Feuga. He flew in from France to tape me on a tape. It took a whole day, and he made arrangements for copying a lot of this documentation. Apparently there's going to be a seminar/conference in Paris, and I've been told that I will be invited. All the aspects of the productivity effort of the Marshall Plan will be discussed from the point of view of adapting it to Eastern Europe and Russia, former Russia.

In any event my recommendations were rather strong. I came to the conclusion that the billion dollars in aid being given to England and France on the basis of what I saw was being wasted. I concluded that on the grounds that the reinvestment was to the prevailing technology that existed prior to the war and that was perhaps thirty years behind what existed in the United States. And that held also for American operations, American divisions of American firms in France and in England.

My primary conclusion was that the whole productivity level could only be lifted by a massive infusion of productivity teams to include labor, management, research and development, marketing, and people from the industries. I felt that the modernization of English and French plants could only be accomplished by sufficient teams to reach into every factory in each of the countries employing fifty or more workers. The British were very, very upset at these recommendations and fought them.

Q: On what grounds? Did they want the old technology to be continued because of investment they had there?

SILBERMAN: No, I think it was a matter of national pride and their feeling of—It's a complicated series, but they fought the recommendations bitterly. The French, however, didn't fight the recommendations and invited me back to make a comprehensive survey in France, which I did a few months later.

In any event, I met with Paul Hoffman after talking with Bert Jule and Clint Golden about this and discussed my recommendations with Paul Hoffman. Paul Hoffman had been head of a Chrysler auto manufacturing operation in England and he agreed with my conclusions. Apparently he talked with Sir Stafford Cripps over the phone. Sir Stafford Cripps was unyielding and my understanding was that Paul Hoffman stopped the flow of capital funds to England in the months of July and August and in effect forced the British to accept my recommendations. So the British set up an Anglo-American Council on Productivity which arrived in late September, and then he resumed the flow of funds.

Q: I'd like to encourage you to give names wherever you remember. Was Ted Fletcher a

part of it, because it may be that we want to have him interviewed, etc.

SILBERMAN: Ted Fletcher?

Q: Yes. Does that name sound familiar to you, or did he come along later?

SILBERMAN: You mean in the Trade Union Movement?

Q: Was he one of the positive or negative elements?

SILBERMAN: No, as a matter of fact, the negative elements in England came from industry and government.

Q: Rather than the trade unionists.

SILBERMAN: The trade unions were on the side of my recommendations and Sir Edwin Plowdon was the only government person who was on my side. But the labor people—

Q: Well, if it's in the report, don't bother. I was just wondering. I got to know Ted later and I was just wondering if he was in at that early stage. Well, it doesn't matter.

SILBERMAN: (Leafing through report) No, it wasn't him, but he is listed in here.

Q: Let me put one more name in the record with respect to France. Jouffret? Sound familiar?

SILBERMAN: No, no.

Q: Okay. This is much later and the names at any event are in the file.

SILBERMAN: The names are in the file, but actually the person who supported me was the head of research for the labor party.

Q: Oh that's in Britain. And in France? Fouraskier?

SILBERMAN: Oh yes. In France I met with each of the three trade union movements and of course with Monet and Monet's staff. And there the management or the head of the Employer's Association were really quite friendly and they were the ones who took me around from plan to plan.

Q: Okay. It's in the report. I'm so anxious to get what you have to say that's not in the written material, so we should continue.

SILBERMAN: Well, to summarize it, I met with Clint Golden and Bert Jewell and went over the recommendations and prepared some budget information. Clint Golden was the

most active person in responding. He was a little shocked at the fact that my recommendations involved bringing over many thousands of people. There had been no precedent for it. He told me he was a little concerned going to Paul Hoffman with such a massive budget.

However, I found Ted Silvey—At that time Bert Jewell and Clint Golden were very close to Paul Hoffman and actually were among his closest advisors. However, they had virtually no staff. They had just Ted Silvey and I think Collman. I had many talks with Ted Silvey. Ted Silvey intervened and convinced Clint Golden that we should go ahead with these recommendations in detail to Paul Hoffman and I prepared budget data. The essence of the program was this massive infusion of teams, industry by industry, to include labor and all aspects of ownership and management.

Q: Tri-partite.

SILBERMAN: Yes. That was a 13-point program. That was to be backed up by twelve types of back-up assistance, which is explained here. We were to send engineering data on the American industries that they had visited, plant designs. We were to receive blueprints from them and help them on problems. We were to send American products that they could disassemble and study how to simplify their designs. We were to help them with specialization, simplification, and standardization. My technological development unit was to abstract hundreds of American journals and send the abstracts to them as well as to send technical magazines since they didn't exist very much in Europe, and so on.

The larger part of the work was in effect contracted out to the Bureau of Labor Statistics and other aspects of the Labor Department. The Commerce Department complained so that some of it went over to them. Ted Silvey took this concept of a broader staff over and he prepared a very interesting paper for Clint Golden and Burt Jewell suggesting that the labor staff of the Marshall Plan be enhanced. He used a lot of the budgeting information and technology that the Department of Labor was using at the time. He prepared a whole series of recommendations in a paper dated December 28, 1949, which involved a great expansion, tremendous expansion in the staff, project by project. The plan also included backstopping in the Marshall Plan Agency the productivity effort that I'm talking about. I don't know how many of these projects were finally approved, but the big expansion of the labor effort in the Marshall Plan and subsequent agencies stemmed from this effort.

Q: Well, Ted is still around, very active and—

SILBERMAN: He may not even have this paper but he had ten projects here.

Q: It will be interesting to get a little bit more on this from him, which we will do. Yes.

SILBERMAN: Anyway, I think you ought to get a copy of this.

Q: Good, fine. I'll look forward to getting it.

SILBERMAN: In this first survey of May and June, I didn't have too much contact except in my initial days with the labor people at the embassy, and I had some exit talks. But I went back again and spent three months at the Office of the Special Representative (OSR), the Paris office of the Marshall Plan. I came with one of my staff members.

Q: *At that time the head of it was Shiskin?*

SILBERMAN: Yes, at that time the head of it was—No.

Q: *Cruikshank? Those were the first two heads.*

SILBERMAN: They weren't there yet, but Myers from the BLS was there. I think I worked directly at that time with the French embassy.

Q: *You mean our embassy in France?*

SILBERMAN: The U.S. embassy in France.

Q: *Was Eldridge the Labor Attaché? Who was the person there you worked with?*

SILBERMAN: I don't remember. It possibly was Eldridge but I took along one of my staff members and we made a very comprehensive survey of fifty or sixty French plants. I did this under the auspices of Monet's modernization plan for French industry. Actually he made me a member of his staff. I came out with elaborated recommendations. At that time one of the recommendations was to set up a productivity center in France. Again there's a file on these surveys.

As a result of these surveys, France asked for assistance and decided to initiate the program of teams coming to the United States. Early in 1950, Clint Golden asked me to go back to Europe to see if we could spread this effort to the other countries in Europe. That's when I began to work closely with the labor attachés. The visit didn't start off very well. There was a lot of rivalry at the time between Clint Golden, Bert Jewell on the one side and Boris Shiskin under Harriman on the other side. It was really a rather unpleasant experience because on my flight over a cable reached me in Iceland telling me to stop dead and not proceed to Europe. There was a flurry of telephone activity—

Q: *This was initiated by the Paris side?*

SILBERMAN: It was initiated by Boris Shiskin who didn't want me to come to Europe, feeling that this was a threat to his work. He really didn't know who I was apparently. I was then told to proceed to Europe and there was a big meeting in Harriman's deputy's office. It was thrashed out that I would continue to do what Clint Golden had asked me to

do, but under the auspices of Boris Shiskin, and that I would join the staff—

Q: That solved the problem!

SILBERMAN: That solved the problem. I joined the staff of Boris Shiskin during this three-month period. I went over the previous survey work that I'd done, over all the recommendations, and they were apparently accepted by the staff.

Q: Was this with Boris himself, or with his economic advisor?

SILBERMAN: No, with Boris directly. He ran his operation with an iron fist. He had a staff member named Stern.

Q: Stern, yes, Jim Stern, another professor emeritus at Wisconsin.

SILBERMAN: Oh yes, is he?

Q: Yes, yes. He was from the United Auto Workers (UAW).

SILBERMAN: Yes. I worked most closely with Stern, although I saw Boris Shiskin very often.

Q: Cepas was there on leave from the Labor Department but he did not have much to do with it.

SILBERMAN: No, he really didn't.

Q: Joe Mincis?

SILBERMAN: Yes. Joe Mincis basically did statistical work. I did work in liaison with the industry division, naturally, of OSR. We had a continued series of meetings with the French. I then went on a circle tour with some of the staff members of Boris Shiskin. I went to Austria and worked very closely with Jim Cook. Was that his first name?

Q: No, Cook's name was not Jim. It was something else, which we'll figure out in a minute.

SILBERMAN: Yes, anyway, I thought Cook had a very powerful role in the Marshall Plan office in Vienna, and Cook set up some extremely good meetings. Actually in a relatively few days, we set up an Austria productivity center. The Austrians committed themselves to these teams and studies and so on. Cook mainly worked through the industry associations so we met mainly with them. I was attacked very bitterly in the press by the Communist Trade Union Movement, which was the dominant movement at the time in Austria.

Q: I thought the Austrians might challenge that because they were still divided into the sectors. So the Soviets had influence, when in the elections actually the Socialist Trade Unions were stronger. But the attack I can understand. That would have been in any country in which the Communists were in power.

SILBERMAN: Anyway, I had a record of the attacks, also a newspaper clipping sent to me by Cook.

Q: By the way, did you have any contacts with the U.S. Information Service, the Voice of America, and all that? Did they try to publicize the good efforts of the United States or was that not taking place?

SILBERMAN: Yes, that was taking place. It wasn't very successful. The Information Service in France tried to publicize what we were doing, but the French didn't take up on it and there was almost nothing in the French newspapers. When we complained, I remember a meeting in which the French said bitterly that they couldn't afford to for political reasons because of the prominence of the Communist movement in France at the time. And secondly they said, "The one billion dollars of assistance that you're giving us each year is equal to the one billion dollars we're spending on the war in Vietnam." So in effect they said, "Your aid is of relatively little importance. We're holding Vietnam down for you."

There were similar problems. I think Cook was quite successful in Austria although—

Q: Was it Phil Cook? Was that his name? No? It doesn't matter.

SILBERMAN: I have him somewhere in my notes.

Q: It doesn't matter. I remember him very well.

SILBERMAN: The communist press predominated in Vienna. From Vienna I went to Yugoslavia. I was alone. There was no labor attaché there. There wasn't even an industry attaché. So I was introduced by the acting industry and labor attaché who was our representative of the Department of Agriculture.

Q: Did we have a mission there by that time?

SILBERMAN: The mission was just beginning. As a matter of fact when I first got to England there was not even an office. People were working on packing boxes. It was that early but in Yugoslavia the mission was just a few people, and offices hardly existed. I had very successful meetings in Yugoslavia and they agreed to set up a productivity center and they agreed to participate in the program. I had many meetings with the labor representatives of the new Yugoslavia, the communist government, and it was agreed that their approach would be through joint labor management councils. On that basis, the Yugoslav productivity center was set up and participation in the program was initiated.

I then went on to Czechoslovakia and the communist coup had already taken place. I met with Milton Freed, the labor attaché at the time. We had some very, very sobering meetings over a two-day period. It was clear that Czechoslovakia would follow the Moscow line.

Q: They were forced to. They even applied to join the Marshall Plan and were rejected.

SILBERMAN: So he said there was no use in my doing any work there. From Czechoslovakia I went on to Germany and we had a very successful series of meetings with the German industrialists and German trade union people. I don't remember who was the labor representative there by name, but I spent a week or so there and the Germans agreed to set up a productivity center. When the program in Germany was initiated I made some surveys of German plants and discussed my British and French findings and they agreed that they would apply to Germany to the extent that I hadn't surveyed many German plants.

My memory is a bit hazy after that. After Germany, or in Germany, I was joined not by Jim Stern, but a member of Jim's staff. I believe we went on to Belgium and to Denmark.

Q: Does the name Bob Sherback sound familiar to you?

SILBERMAN: Yes.

Q: He was on the staff in Paris in the productivity division there.

SILBERMAN: Yes. That sort of completed the three-month assignment in 1950. I spent some time at the BLS coordinating the back-up work. There was a tremendous expansion in staff and there was a substantial transfer of funds from the Marshall Plan to the Labor Department, to BLS and other agencies of the Labor Department to backstop the work. At that time Marinas Wickens had a meeting with me and she said that the U.N. was anxious to get started on labor productivity in the developing countries and wanted to borrow me for the better part of the year. I then turned to U.N. staff for about nine months and I worked with them on all of these aspects, trying to adapt—

Q: Was this a transfer to the U.N. or was it just a secondment while on Labor Department staff?

SILBERMAN: I was a secondment, yes. I lived in New York for nine months, ten months, eleven months, and I came home weekends to see my family. After that I joined the Institute of Inter-American Affairs, again on secondment from the Labor Department. They paid my salary. I was still on the BLS rolls. I became the first industry officer of the Institute of Inter-American Affairs with my primary mission to do productivity work and set up productivity centers in Latin America. So I set up productivity centers in Brazil, the first, spending three months in Brazil, and I set up a productivity center in Chile.

We almost set one up in Uruguay, but Uruguay had a government then which was very indecisive and couldn't make a decision. In Peru I didn't have much luck because the agricultural office dominated the program and didn't want any challenge from anything other than the agricultural efforts. Yes, we were successful in Argentina, too. We set up a program. I think American? The Institute of Inter-American Affairs was independent of the Marshall Plan; however, when President Eisenhower came into office, all of these organizations were amalgamated.

Q: By the way, who took your place at Labor while you were gone? You had a deputy or?

SILBERMAN: I forget their names, but they brought in a person to head up the Labor Productivity Division who lasted a year or less and he was relieved with work. A second person was brought in and he lasted a year or two. And then finally Greenburg, I think, came in.

Q: Oh yes, Greenburg came in, but you didn't go to head up the division but maintained—

SILBERMAN: I didn't go back.

Q: All the time you were on leave from—

SILBERMAN: All the time. I was on leave, actually, until about 1954, 1955, when AID said, "You'll have to fish or cut bait, you know. Decide to go to BLS or come and stay with us and come on our payroll."

Q: And?

SILBERMAN: And I decided then to do that.

Q: To do which?

SILBERMAN: To go over to the Economic Cooperation Administration of the United States.

Q: Oh, you were actually in ECA?

SILBERMAN: Yes, I became a staff member of ECA, I think, in 1953 or 1954.

Q: Oh, I didn't realize that and posted in Washington and again going abroad for individual assignments.

SILBERMAN: Yes. I continued this productivity work and actually went on to set up productivity centers in India and Pakistan and in Israel and in Lebanon.

Q: How long did you stay with the ECA?

SILBERMAN: I stayed with ECA basically until I transferred to the Department of Housing and Urban Development (HUD), but I had a five-year period in which I was detailed to the Peace Corps.

Q: Oh well, we'd better get your career down then. You were at ECA from about '54 to ?

SILBERMAN: ECA became ECA, I think, in 1953 and I was folded into it.

Q: That was when Stassen was coming in?

SILBERMAN: Yes. I stayed with ECA until 1962, when the Peace Corps was set up. I was on the working party that set up the whole Poverty Program. I did work on several of the study groups that set up various aspects of the Poverty Program, but they asked me to go into the Peace Corps. I was the first Assistant Administrator for the Far East for the Peace Corps.

Q: And you stayed with the Peace Corps how long?

SILBERMAN: I stayed with the Peace Corps about a year and a half or two years. I made a recommendation that there be a world conference of labor ministers on the subject of middle management. I spent about a year as the technical secretary preparing for that. There was the first world conference on middle-level management in Puerto Rico, which included labor ministers and I think three prime ministers. Golda Meir, for example, came over to represent Israel. There were two other prime ministers there. The result of that conference was to set up the International Peace Corps Secretariat as an international agency separate from the U.N. because at the time the U.N. wasn't very popular with the United States.

Q: So you stayed with the Peace Corps until?

SILBERMAN: I left the Peace Corps and went over as an Assistant Administrator of the Peace Corps Secretariat.

Q: Oh I see. That was a non-government agency?

SILBERMAN: That was an international agency at the level of the UN, but separate from the UN. There's a governing body of twelve nations. The purpose of that was to set up Peace Corps programs and Civilian Conservation Corps (CCC) related type programs, and youth corps programs and so on. So we set them up all around the world. I was with them until my five-year tenure—there's a five-year limitation in the Peace Corps. I then went back to AID.

SILBERMAN: I went back to AID for about two years and I was Deputy Director of the

Personnel Office for two years.

Q: About when? In the '70's?

SILBERMAN: No, I think it was '67 to '69. Then I went over to—There was no auditor general's office, but there was an office of management within AID. There was a new office set up on management improvement, something of the sort. I became Deputy Director of that and my main mission was to set up the auditor general's office.

I spent a couple of years studying all of the auditors' general reports and the auditors' general offices' functions in State Department and other agencies, and I drafted the structure of the auditor general's office. The deputy director of that office was a Nixon appointee and the Nixon Administration moved him to the Department of Housing and Urban Development (HUD). I was the only person he asked to come with him, so—it was a strange move on my part, but I went with him and I spent three years at HUD. In a management capacity.

SILBERMAN: Yes. We were in the office right under Paul Hoffman, the administrator of HUD. Basically I did trouble-shooting on various housing projects.

Q: For three years or so?

SILBERMAN: Yes. I retired in 1973.

Q: Well, that's a fascinating career. By the way, you began at the BLS. Was that your first job with the government?

SILBERMAN: Yes. India was a special interest of mine.

Q: Yes, I see evidence around the room.

SILBERMAN: I spent three months in India setting up the India Productivity Center and working on various other related efforts.

Q: Can you put a time on that and the labor attaché involved? André Sakharov perhaps?

SILBERMAN: No.

Q: Burgess?

SILBERMAN: I think that was the name.

Q: Burgess by the way is cooperating very closely with our project and not only have we done tapes with him but he's doing some interviewing for us on the West Coast.

SILBERMAN: Yes. Most of my contacts there were with the industry office of the mission and also the industry office of the Indian government. I was determined to set up a program in Japan, and the State Department was bitterly opposed to it and really fought me. It took me two years, and I finally worked out an arrangement with the Indian government in which there would be an Asian Productivity Center for all of Asia centered in Tokyo and the first director of it would be Indian.

Now with that relationship covering all of the Pacific rim headquartered in Japan and with the first director an Indian, the State Department couldn't oppose that any longer, so the Center was set up.

Q: Have you got a name for that first Indian director?

SILBERMAN: I think his name was Shouri.

Q: Let me get into the question that's very important that you raised before with respect to Europe, and get your reactions to the response in developing countries. Remember you said that there was great reluctance on the part of the British to go into totally new or modernized technological development. Instead they wanted to re-establish and just improve slightly the prevailing status of productivity and industrial initiative.

The response I got in India, and that's why I want to get your reaction to it, was again differences among people who felt as if entirely new technology were necessary rather than building on the old, inefficient scheme of British neglect. There was a political dimension to this, encouraged by the Communists, to the effect that, look, what these Americans want to do is not give us the most modern technology that they have or help us establish something that will conflict with their interest. They want to give us the dregs of their technology so that we will be less efficient than they.

In areas like the steel industry where the Russians would be helping them establish totally new factories, we thought new steel industry was necessary too. The difference was political. The Soviets didn't care about any technological problems. They wanted to get political involvement in the country whereas we wanted to make sure that any steel industries that we helped them develop would be ones that were relevant to the status of their economy.

The Indians of that persuasion, for instance, complained that they needed road-building equipment of the most efficient type produced by Bucyrus in America. Whereas the response on the part of the Americans was, "You're not ready for that yet. Your people aren't trained. They can't use it. We have stuff here that you can use very much more efficiently and you won't have to train your people to use it." The response to that was: you just want to get rid of your old machinery so that you can develop the things that will be much more modern. We want to use and train our people for that.

You can see some elements of justice on both sides and certainly some elements of

political thinking and industrial bias on the other. How do you come out with that in Europe and what's your reaction to it with respect to the developing countries, which always wanted the most technologically advanced equipment?

SILBERMAN: To take India first, I had many meetings with and became a friend of the minister of planning of India.

Q: Who was? That was Ashok Meta, was it?

SILBERMAN: No, it was before him. He was the minister of planning and we had many talks. I told him about the insufficiencies of the five-year plans. He was all for the Russian formula of five-year planning and initially going into heavy industry like the Russians did. I told him about some comprehensive contractual studies that we had contracted out to Columbia University and Stanford in which we analyzed the evolution of industrialization in the United States and England and Switzerland and a fourth country.

Q: You said we.

SILBERMAN: AID. I had used AID money and I'd had a whole series of contracts with a whole group of research firms. The research proved that the evolution of industry in the major industrialized countries was initially through tertiary census industries. You know: small assembling industries. As they developed then they went on to secondary industries and then finally to the heavy basic industries.

I told him there was no evidence of any industrialization that was in reverse. I don't think I was very successful with him at the top planning level. I thought, however, that the cooperation and the understanding were very good at the level of the Productivity Center and the ministry and industries in India.

Q: Well years later let me tell you how this came up in my experience.

SILBERMAN: Let me just finally finish. I had meetings with most of the top industrialists in India and certainly with the government people in the ministry of industry. To my knowledge—of course we were visiting three thousand factories a year in the BLS and many of them I personally visited—I didn't find anyone in the ministry of industry or the ministry of planning who was competent to determine what was top technological equipment and what wasn't. There was no one competent to say that the road-building equipment that we were recommending was less sophisticated than—

Q: Or less relevant to their situation.

SILBERMAN: Let alone relevant, but it was less sophisticated.

Q: The issue became what sort of steel capacity they should have and we all agreed that

they should build steel plants because they needed them. The Russians had a political element in it and of course helped them build steel plants that could use their equipment and their people. As a matter of fact, they asked the Czechs to do that for them since the Czechs were still reliable for them.

With respect to a larger plan to build the equipment necessary to build steel plants, the heavy equipment, the Russians helped them build heavy equipment machinery plants for that purpose. Of course they didn't need them because they could only use them, as it turned out, less than thirty percent of the time because the heavy equipment obviously could be produced and then they'd have nothing to do for a while until they needed more steel plants.

In a political discussion with Indian economists, I said, "You're losing money on this heavy machinery plant. Look at what the Russians are telling you to do. Instead of that investment, why don't you use the heavy machinery equipment manufacturing facilities in other countries—the Soviet Union or the United States, whatever you want to do. Use the money that the foreign exchange that you could develop in increasing the capacity of fractional horsepower motors? You have a facility for producing fractional horsepower motors that has orders for years. You're way behind. Why don't you build that kind of plant and use your relevant capacity to do that?" The response I got—

SILBERMAN: You were correct in that and basically that's what I told them, too.

Q: Years before!

SILBERMAN: Years before.

Q: But the reason they didn't do that was this feeling that they had to have politically, that they had to have the capacity in their own country. It's just like the smallest country in Africa has to have its own airline even though it's inefficient to have that. We were accused of pushing our ideas for the industrial advantages it would give the United States, which I don't deny. There were industrial advantages to us for that policy too but they were cutting off their own noses to spite their faces.

SILBERMAN: No, you were right.

Q: You were right, I was right, and I see no indication that that political thing was changed in India until the Soviet Union break-up. Now they're talking about those things. It's really fascinating how the politics and economics go together.

SILBERMAN: There was not only my argument and your argument, but there was another argument that I raised and that was that the heavy industries employed relatively few people.

Q: Right.

SILBERMAN: The heavy industries couldn't generate the secondary and tertiary industries. Just having sheet metal doesn't mean that they would know how to make kitchen appliances or to make other products. I mean you have to generate industries that use sheet metal.

Q: The level of technological ability that was required they didn't have. Moreover the people were being trained for that high-level stuff abroad, and then India would lose them because they stayed in the United States rather than coming back. So the net result is that, with respect to this issue, we were right, they were wrong, but the political considerations outweighed the economic and technological ones. Jim, it's after one o'clock. I have to be with Correll at two. I would propose, unless you have some final things to say, that we continue when you get up north.

SILBERMAN: Yes, there's a lot more.

Q: I find it interesting and I think you do, too, to recollect this.

SILBERMAN: Yes. Actually there is a period from 1953 to 1959 when this effort was very effective because those were the years when we set up programs in Taiwan, in South Korea, in Israel. They became very, very effective, all around the world as a matter of fact.

Q: Witness the industrial and technological levels of those countries you've mentioned as against India that we're so troubled with. Well thanks very much, Jim. I found it very interesting and I want you to sign that release to the extent that it's useful. Until then.

SILBERMAN: Sure.

Q: Okay, thank you very much and it's wonderful seeing you and seeing you in such good shape. I'm glad.

End of interview