

National Productivity Year 1962

Reflections and lessons 60 years on



Why a National Productivity Year?

In the decade prior to 1962, labour productivity (output per worker) was thought to have grown by about 2% per year. That's a rate we would be delighted with today. But at the time this was cause for concern. Competitor economies, such as Germany, France and the Netherlands, were seeing growth of around twice that amount.

While the UK considered itself close to the frontier at the time, politicians were keen that the UK not be overtaken by its neighbours in Europe. Indeed, according to data by The Conference Board, the countries above had already overtaken the UK in terms of their level of output per worker, and the UK only retained a slight advantage in terms of output per hour worked, because hours per worker in Britain were lower than in the continental economies.

It is with this backdrop that the British Productivity Council proposed a National Productivity Year, to begin in November 1962.

What was the National Productivity Year about?

The British Productivity Council proposed a National Productivity Year, to commence in November 1962. The Year was supported by employers and the trade unions alike, and across all sides of the political spectrum, endorsed by then Conservative Prime Minister Harold Macmillan, and Leader of the Opposition Hugh Gaitskell.

It was even supported by King Charles III's father, Prince Philip, Duke of Edinburgh. When brought

before the House of Lords by Labour Lord, Lord Crook, there were supportive speeches from all sides of the House in a debate that lasted over three hours. There was even a set of commemorative stamps issued.

It aimed to achieve the following six objectives:

1. To strengthen the determination of all organisations concerned with industry to take an active part in improving the country's efficiency and in maintaining its place among the leading industrial nations of the world
2. To foster a more favourable climate of opinion to better methods and their proper use
3. To bring clearly before everyone the nature and value of services that exist to help business leaders
4. To promote discussion and research the needs of industry
5. To encourage mutually agreed co-ordination among bodies, to secure an even more concentrated and purposeful contribution to the problems of industry
6. To bring into being a means of regular consultation and discussion, which will continue after the Productivity Year is over

The Lords debate includes discussion of many ideas to boost productivity that would look at home in today's discourse: management practices; communication between employers, supervisors and workers; job quality and security; capital investment and depreciation allowances; dispersion in productivity across firms; and the link between productivity and pay.

That such topics should still be relevant 60 years later could suggest that the National Productivity Year was not successful, as it failed to find solutions to these problems. But that seems unfair. Rather, these are deep-seated and difficult issues, that evolve in nature with the times and technology.

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Public information films

Engaging the public seems to have been a key aim of the British Productivity Council, which produced several films. One, in 1964, was by renowned animator Bob Godfrey entitled *Productivity Primer*. It explained the importance of increasing the Gross National Product (GNP) and ways in which it can be improved. Each individual's share of the GNP is dubbed "TOTO".



Was the National Productivity Year a success?

It's difficult to say, but the signs seemed promising. Based on current measurement from ONS, output per worker grew 5.2% in 1963 and 4.4% in 1964 – compared with less than 3% per year in the decade before (this is higher than estimates from the time of around 2% per year, due to data revisions and changes in statistical frameworks).

A conference was held in November 1963 called *Productivity – the Next Five Years* to reflect on the National Productivity Year and think about the future. Five themes of the conference were research and development, production, retail distribution, marketing, and education and training. The conference was opened by Edward Heath, the Secretary of State for Industry of the time, and future Prime Minister. This is perhaps an indication of the importance placed on productivity at the time.

A history of UK productivity-focused organisations

1948-1952

Anglo-American Council on Productivity (AAPC)

The AAPC brought together leaders of industry and business from the UK and US, in an attempt to share knowledge and boost growth in both countries. Members of the council visited potteries in Staffordshire, commissioned many reports, and a book: *We Too Can Prosper: the Promise of Productivity* by British economist Graham Hutton.

1953-1973

British Productivity Council (BPC)

The successor to the AAPC, it drew its membership exclusively from British shores, notably from the Trades Union Congress and leaders of industry. It too commissioned reports, as well as embracing modern media: producing and sponsoring an array of films on business practices. One film on industrial relations, *Dispute*, even won the BAFTA Film Award for Best Specialised Film in 1961! It ran a **Quality and Reliability Year** in 1966 (without commemorative stamps it seems), supported many films, and commissioned many reports.

1973-1999

British Council of Productivity Associations (BCPA)

After UK government funding ended in 1973, the name changed to the British Council of Productivity Associations (BCPA) to reflect a move to more autonomous local associations. It was funded by providing training programmes, management courses, films and publications. The Council was dissolved in 1999.

2020-

The Productivity Institute

TPI is a UK-wide research organisation exploring what productivity means for business, for workers and for communities – how it is measured and how it truly contributes to increased living standards and well-being. Based at The University of Manchester, TPI began in 2020 and has research, policy and business engagement arms. TPI's partner universities are across the UK - Cambridge University, King's College London, Cardiff University, Warwick University, Sheffield University, Glasgow University and Queen's University Belfast. It is funded by the Economic and Social Research Council.

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What has changed since 1962?

Some things have changed since 1962 of course. Manufacturing accounted for around a third of the UK economy then, compared with about 10% today. Over the past 60 years, the UK has morphed into a services economy, which relies more on intangibles, such as investment in software and R&D, and other spending on innovation and organisational changes, than on business investment in machines and structures.

Trade union membership was around 40% in 1962 and closer to half that today, although industrial action has increased recently. Europe was as important a topic then as now, although the context in 1962 was about joining the Common Market, rather than leaving it.

Some things have also stayed the same. In a survey by the Institution of Works Managers for the National Productivity Year, there was widespread criticism of the weaknesses in British industry: “the inefficiency of management, lack of training facilities and the absence of planning”.

There continues to be a large and growing body of evidence that suggests that better management practices are associated with higher productivity and yet the World Management Survey ranks the UK as fifth amongst the G7 advanced economies in international comparisons of management practices (behind the USA, Japan, Germany and Canada).

Lessons learned

Sixty years on, there are still concerns about the UK’s productivity record. The Productivity Institute and a UK Productivity Commission have been established, but despite the many changes in the UK’s economy, there are many of the same topics and challenges as the British Productivity Council had in 1962, often using modern methods and richer data sources to explore them.

In his paper *Levelling Up: The Need for an Institutionally Coordinated Approach to National and Regional Productivity*, Philip McCann argues that the



UK’s current institutional and governance set-up is a barrier to addressing the UK’s endemic productivity problems. A new coordinating institution, body or forum is needed to facilitate proper analysis of the productivity problems in national and regional context.

It also requires engagement and commitment by multiple stakeholders from business and government to design effective policy-solutions and delivery processes to reboot productivity growth. A key takeaway from the National Productivity Year is perhaps the need for a concerted, nation-wide effort – drawing from all sides of business, politics and communities. Productivity growth benefits everyone, but it also needs everyone to pull it off.