The British Motor Industry and the Government, 1944-52: A Reappraisal

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This paper offers a new interpretation of the relations between the British motor industry and the Coalition and Labour governments from 1944 until 1952 by re-examining the Barnett/Tiratsoo debate and using corporate and government documents. Attention has focused on this issue since the Governments advocated an "interventionist" industrial policy. The governments' role was significant. It studied the industry, recommended micro-economic measures, rationed materials, restricted home sales, established export targets and distributed war-time fixed assets. The disagreement centers on the nature and objectives of government policy and the manufacturers' response to government initiatives.

Although most scholars of the industry have denounced government policies throughout the entire post-war period, Barnett [2, pp. 55-9, 272-5] stands out as the harshest critic of reconstruction strategy. He argues that government micro-economic policies between 1945 and 1952 sowed the seeds of the sector's eventual demise. By devoting the country's limited resources to creating a comprehensive social welfare program, the government missed the opportunity to restructure British industry, which was backward relative to its international competitors. Instead of forcibly rationalizing a sector composed of numerous small scale companies building a wide range of models primarily for the home market and reforming tax, road building and trade union policies, the government responded with *ad hoc* measures that changed little. The failure to act, he claims, allowed "virtually the same problems" that existed in 1945 to undermine the industry in the 1970s.

Tiratsoo [25, pp. 162-85] provides a different analysis. He argues that the War Cabinet Ministerial Sub-Committee on Post War Resettlement of the Motor Industry provided a comprehensive prescription for the industry's ills, but the government was prevented from enacting the plan by an intensive lobbying campaign conducted by "hostile" manufacturers and a group of fellow travelers within the bureaucracy. The "conservative" motor men objected to compulsory "radical" reform of the sector's structure, products, components and overseas sales. Frustrated, the government abandoned a sector-wide policy to favor a single manufacturer, Standard-Triumph, whose corporate strategy coincided with the government's aims. Labour's attempt to "pick a winner" failed when Standard-Triumph proved unable to cover the costs of its expansionary strategy in the late 1950s.

This study agrees that the War Cabinet Sub-Committee document accurately portrayed the characteristics of the motor industry in 1945 and suggested potentially constructive long-term guidelines. It also recognizes that government and industry officials frequently feuded publicly. However, an examination of corporate actions,

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rather than rhetoric, indicates considerable company compliance with government policies. The radical restructuring strategy, best suited to improve the industry's long-term competitiveness, was scuttled by short-term macro-economic, not political, conditions. Government policies were consistently and equally applied to all firms along the lines of the Sub-Committee's report.

Planning for the Future

The War Cabinet Ministerial Sub-Committee on Industrial Problems [14] released "Post-war Resettlement of the Motor Industry" in March 1945. The document had been drafted by the Inter-departmental Committee on the Re-Settlement of the Motor Industry [23] (IDC), which was composed of representatives from the Admiralty, Board of Trade (BoT) and the Ministries of Supply (MoS), War Transport, Production (MoP), Aircraft Production (MAP) and Labour (MoL). Defining a role for the industry in the reconstruction period, "Resettlement" offered a range of options to address the weaknesses that might hinder the sector's contribution to national recovery. The study presented a mixed picture of the motor sector. As one of the country's "most prosperous and successful" pre-war industries, the "rapid re-establishment and further expansion" of the sector was "importan[t]" to maintain employment levels, achieve overseas sales and contribute to defense, especially aircraft, requirements. IDC suggested that the industry "should be capable" of developing "large and increasing" foreign sales with existing structure and models in the short-term. Nonetheless, export prospects were "gravely" affected by the sector's fragmented structure, numerous models, preference for home sales, weak overseas distribution structures, comparatively high prices, unique components, and lack of economies of scale in manufacturing. "Resettlement" also questioned whether medium and large models were more suited than the industry's small car models to meet export demand.

Concluding that the manufacturers were "reluctant" to act, IDC suggested government "action" and "intervention" to address the weaknesses. The development of a large, powerful car – based on the American stereotype – for overseas sales should be part of a comprehensive model and component rationalization campaign. The document envisaged that the price of the export car, built in high annual volume with standardized components, would be lowered through manufacturing economies of scale. To ensure sufficiently high annual volumes, home demand for the "export" car should be facilitated by replacing the existing cylinder tax with a regressive tax based upon price or engine capacity. Collaboration in export markets would improve sales, spares and service facilities. "Resettlement" stated that the government consider "forced integration" of or "special assistance" to the motor firms to achieve these goals.

Tiratsoo and Barnett, however, interpret "Resettlement" differently. Barnett defends his case for "industrial tinkering" by stressing the document's short-term proposals. Tiratsoo rejects Barnett's argument as simplistic, claiming that the radical restructuring option represented a long-term strategy. He claims that deadlocked bureaucrats and lobbying by the Society of Motor Manufacturers and Traders (SMMT) convinced the government to avoid "real political trouble" by abandoning the restructuring program. Both analyses are based on extreme assumptions and raise unanswered questions. Barnett dismisses all government involvement. Tiratsoo fails to explain why the motor firms had more political clout than the steel and coal companies, which had vigorously protested the nationalization of their sector. More important, Tiratsoo and Barnett overlook the reasoning behind the IDC proposals and the governments' macro-economic goals.

Tiratsoo correctly notes that government officials were divided over IDC policy. Clearly, the radical restructuring policy was favored at the highest levels. One of the government's chief economic advisors disagreed with IDC's initial drafts and the subsequent rewrites became more interventionist. The MoP also advocated preferential treatment for firms that adhere to government aims [15]. Tiratsoo's argument follows this path, attributing the discontinuity of policy to political opposition and the favoritism to Standard-Triumph. In the crisis atmosphere of the late 1940s, however, a risk-aversive strategy toward the motor sector ensured an immediate contribution to the government's broad goals of higher exports, import substitution, full employment, and sufficient defense capability.

The IDC recommendations were the result of a reflective yet imprecise cost/benefit analysis. The appeal of the export car concept was based upon IDC's estimate of a post-war global annual demand of 300,000 units. IDC, however, noted that US manufacturers alone had exported that many units in 1937, some of which landed in Britain. IDC believed that Detroit had the marked competitive advantages of production scale and "mass production" methods. Some members argued that British companies were "technically unable" to compete with Detroit. The Committee agreed that large home demand, such as in the US, was necessary for the British firms to achieve manufacturing economies of scale. However, the Chancellor's intention to change the tax from cylinder diameter to engine capacity created a greater disincentive to purchase larger cars. A suggestion that removing the tax and tariff protection might compel the manufacturers to build large cars was answered with claims that small car imports "might endanger" the home market, reducing revenues needed to finance exports. In the end, IDC conceded that tax changes alone were unlikely to alter home demand in view of British driving conditions and preference for differentiated models. The IDC admitted that the motor manufacturers' resistance to compete against the Americans "in their field of expertise...was not an unfair argument" [23].

In view of the obstacles, IDC concurred that the government might have to "accept some of the risks" to induce the manufacturers to "co-operate in production of one export model using standardised components." The government could provide "special assistance" in the form of buildings and equipment to the firms. Sir George Turner, Second Secretary of the MoS, then raised the crucial question of whether the government should compel the industry to enter a "very difficult" market segment. He added that there was a "considerable" number in the industry and government which doubted a significant return was possible. The British could avoid US competition by exporting small cars, heavy vehicles and accessories. The development of an export model would require at least two years. The need to export was immediate. This view was endorsed by the IDC without dissent, noting lower prices and operating costs might provide the British small car with a competitive advantage in the immediate post-war period [23]. Unbeknownst to the IDC, the United Auto Workers and Society of Automotive Engineers in Detroit came to a similar conclusion about small car demand in the US [1, pp. 70-1].

The moderate policy was reaffirmed in a June 1945 meeting between the MoS and representatives from the French Ministry of Industrial Affairs, which was guiding the restart of its motor industry. The French delegation outlined a five year reconversion plan involving government-mandated model production plans, standardized components, inter-firm design, collaborative manufacturing and allocated materials. Turner replied that MoS' supervision of the British industry was a matter of "administrative convenience" during the transition from war to civilian production [23]. If the British had intended to pursue a more ambitious course, then surely the meeting presented an opportunity to compare strategies and discuss practical issues. IDC found the export car strategy lucrative, even ideal, but the committee believed that any radical structural or model changes within the industry raised unacceptable short- and long-term risks of increased imports and unemployment and decreased exports, consumer choice and defense capabilities.

Government Policies During the Late 1940s

Barnett describes the ministerial policies as a "patchwork of partial and largely passive expedients." Tiratsoo claims that once the radical option was blocked, the government sought to encourage exports, establish communications with industry through the creation of the National Advisory Council in 1946, and favor Standard-Triumph. Cairncross and Tomlinson agree macro-economic crises, particularly balance of payments, forced the Government to place short-term issues ahead of long-term micro-economic reforms. Cairncross claims that macro-economic policies were influenced by "democratic planning." Revealed in *Economic Survey for 1947*, democratic planning emphasized cooperation between labor, management and government (tripartism) in pursuit of the "national interest," defined as full employment, substantially higher export levels (particularly to hard currency areas), import substitution, and consumer choice through fair distribution [5, paras 25, 27, 29; 4, pp. 303-10, 328-9]. Democratic planning was more complex according to Tomlinson, who argues that Labour's own complex political assumptions constrained the Government's approach to industrial planning. In effect, the Government relied upon interdepartmental and ministerial committees to oversee micro-economic planning and stressed consensual rather than arbitrary policies. Labour deferred to "expert managers" even in the nationalized industries. Tomlinson notes Tiratsoo's interpretation of the motor industry as being the exceptional example of interventionist favoritism [29, pp. 90-1, 95, 100]. The motor sector, however, was not an extraordinary case. While MoS discriminated between sectors and among firms within the defense industry, its handling of the motor industry after reconversion conforms to the general interpretations offered by Cairncross and Tomlinson. In contrast to the defense industries, where the state as primary purchaser could dictate specifications, the civilian motor firms competed at home and in export markets. The nature of supervision therefore was different, especially given the industry's vital contribution to the "national interests" in the short-term.

Reconversion

Barnett and Tiratsoo overlook how closely the ministries' actions during reconstruction followed the recommendations of "Resettlement." The ministries facilitated reconversion by disbursing materials, overseas marketing assistance as well as war-time plant and equipment to the firms and by doing so advanced the government's goals of higher exports and full employment. Employment concerns first restrained and then propelled British reconversion during 1945. Early in the year, MoL insisted that war production left little labor for civilian work, yet acknowledged that the winding down of defense work would result in redundancies at the motor firms. By spring, the MoL and IDC realized that large scale short-term unemployment in the Midlands was about to become a reality. Companies, including Standard-Triumph, where redundances appeared imminent were the first to receive permission to reconvert with the understanding that the manufacturers "fully" utilize installed capacity and "employ all available labour." Convinced that this arrangement could not be maintained with the initial output quota of 43,050 units, MoS quickly increased the schedule to 205,000 units [23].

The MoS publicly emphasized the need for "voluntary agreements" with the individual firms regarding output and exports rather than though control orders or trade associations, as Tiratsoo claimed. The BoT believed that government direction of model production and overseas markets required an "impractical" amount of supervision. Therefore it issued an industry-wide export target of 50% of output in 1945, raising the goal to 75% two years later. Within the sector, MoS set specific company targets to account for war production and inadequate export distribution structures. Violations were handled on a case basis. MoS preferred to negotiate a new agreement rather than to punish the offender by reducing the materials ration. However, BoT warned the SMMT that compulsion could be used to ensure certain export thresholds [23].

If restricted home sales and allocated supplies were the sticks, then the "special" assistance outlined in "Resettlement" was the carrot. The aid came in many forms. MoWT and MoS stimulated production by placing orders with Ford (UK), Hillman, Morris, Austin, and Standard in early 1945. BoT made export licenses available and arranged sales with colonial and European governments. To promote entry into new markets, High Commissions throughout the Empire conducted studies of market conditions and recommended specific design requirements [23]. The MoS and BoT, in 1946, unsuccessfully lobbied the Treasury to ban foreign sales of German cars. Thereafter British diplomats in Europe routinely investigated Volkswagen, which had been identified as a long-term threat to British exports. The High Commission in Germany, frustrated by the existing British product channels, arranged for the financing and distribution of British cars and parts by the US Army's EUCOM Exchange Service in 1949 [21, 22]. One year later, the Embassy in Washington undertook a comprehensive analysis of the British sales performance in the US. MoS passed all of this information, and a Volkswagen car, to the manufacturers [17, 20].

The distribution of Shadow Factories and machine tools, at heavily depreciated cost, by MAP and then MoS was a prominent aspect of government reconstruction assistance. In view of the shortages and high prices of new machinery and buildings, demand for the war-time plant and equipment exceeded supply. However, companies that suffered damage or managed the Shadow Factories during the war had the right of first refusal [23]. Similar terms applied to machine tools. A 1943 SMMT report to the BoT suggested that 71% of the general machinery and 84% of the special tooling the sector had acquired during the war could be utilized in peacetime. Unwanted machines were requisitioned by the MoS which distributed it to companies based on need [16]. Austin, Rover, Nuffield and Standard-Triumph purchased large quantities of machinery. In addition, the MAP reimbursed the firms for repairing enemy-inflicted destruction, restoring civilian production equipment to pre-war configuration and removing redundant government machines. Although company and government accountants wrangled over "reinstatement" costs, firms generally found the final settlements satisfactory [12,8,23,7].

The effects of the Crown Asset program were mixed. Former Crown tooling certainly represented much of the nearly 46% of the industry's equipment that was less than eleven years old and most of the nearly 10% of machinery that was five years old or less. The firms in the SMMT survey believed that 93% of their equipment would be "moderately" or "substantially up-to-date" after the war. However, SMMT warned that shortages of specialized tooling and machines would quickly develop since much of this equipment had been imported from the US prior to the war. After the war MoS controlled imports of machinery, approving only essential replacement items. The Crown's plants were nearly ten years old by the end of the war, but only seven of 43 manufacturers had factories of that age or newer and the Shadow Factories were about one-half as old as the average age of the industry's existing buildings. The Shadow Factories were largely responsible for the 57% of the companies that had a "substantial" expansion of capacity during the war, including eight firms that increased installed capacity by 90% or more [16].

The Crown Assets' influence upon productivity, especially in the short-term, is questionable. The advantages of the Shadow Factories--reduced age of plant and increased installed capacity – were largely offset by insufficient material supplies that limited capacity utilization rates. The motor men regarded the government's disposal campaign as an opportunity to acquire equipment at bargain prices during a period of scarce tooling. In the end, the Crown Assets represented a substantial one-shot injection of plant and equipment in an industry that had largely neglected capital replacement in the decade prior to the war [24, pp. 105-6]. It also served the government's interests in the drive for output, exports and full employment.

A Favorite Firm?

According to Tiratsoo, Standard-Triumph received special treatment from the ministries in the form of early reconversion, discounted Shadow Factory lease, generous tooling allowances and ample material allocations throughout the reconversion period. However, a comparative analysis of the government's treatment of Standard-Triumph indicates the firm did not have a privileged position. The ministries were careful to avoid favoritism.

The IDC understood the importance of its reconversion timetable. First movers would have a competitive advantage, yet the complex structure of the industry and nature of war contracts prevented a uniform transition. Pressed by MoL, IDC agreed that employment considerations, especially in the Midlands, would determine the order of reconversion. Corporate strategy was never a factor. Thus Standard-Triumph, whose defense contracts were ending in late 1944 and would consequently shed labor, was one of the first companies to reconvert [23,12]. Rover faced a similar situation. In July 1944, MoS was warned by the Board that unless the company received more defence work or allowed to begin civilian production, its future would be "seriously affect[ed]." MoS quickly extended Rover's tank engine contract, began negotiations for leasing its Solihull Shadow Factory and authorized car production upon the completion of its defence orders. In September 1945 IDC was surprised to learn that complications at Solihull had prevented Rover from being the first car company to reconvert [8, 23]. Only unforseen circumstances allowed Standard-Triumph to begin civilian production before Rover.

Tiratsoo highlights the "swift and satisfactory" agreement between the BoT and Standard-Triumph concerning the Banner Lane Shadow Factory. This was not an exception. In late 1944 IDC complained of slow negotiations with Birmingham firms, but praised the progress made with Coventry-based Standard-Triumph, Rover and Rootes [23]. Both Rover and Standard-Triumph agreed to their lease in March 1945 and paid £33,000 annual lease fees [8, 9]. By mid-1945 short-term redundancies placed pressure on MoS to quickly conclude Shadow Factory arrangements. Nuffield was offered generous concessions to operate the Eaglescliffe Shadow Factory, located in an area of high unemployment [7].

The Standard-Triumph Board was not as convinced as Tiratsoo that it received extra government assistance for tooling-up its new agricultural tractor. The tension that emerged during the war between the firm and the MAP and MoS concerning the liability, maintenance and unauthorized use of Crown Assets carried over into the transition period. In 1946 both sides threatened to take legal action. A final settlement that "compared very favourably with other firms" was reached in which the MoS halted an audit of the company and Standard-Triumph dropped its law suit [12]. Standard-Triumph did receive government funds, but the firm was forced to borrow £1 million in 1945 to tool up its new tractor and renovate a foundry after MoS refused to provide one on a Shadow Factory basis [9,10]. MoS also denied the company's request, in 1946, to import specialized machinery "essential" for tractor production. Just as Standard-Triumph settled for MoS pool machines in this instance [16], other firms obtained imported equipment in different cases. Moreover, the Standard-Triumph Board complained that "other manufacturers must be receiving preference in supplies" when material shortages prevented the company from achieving its government-authorized car production schedule. The situation became so desperate in early 1947 that the Board debated ceasing car production [10].

Five years later the MoS considered ending Standard-Triumph's car range by withholding steel supplies. Although the company exported 80% of its output, its hard currency earnings were fifth among the "Big Six" producers. MoS became more alarmed when Standard-Triumph exceeded its home quota with repatriated cars to "preserve" the firm. Denying additional steel to develop new export models, MoS shifted materials from car to tractor production and warned of future reductions [19]. MoS did confer special treatment upon some motor firms during the early 1950s, but it was not Standard-Triumph. Austin, which held the largest British marketshare in North America and the most defence contracts, routinely received extra steel for new car development and current production [19,20]. Austin and the other "Big Six" manufacturers were judged according to the same criteria. A different standard existed for semi-specialist and small scale companies, which consistently failed to export 75% of output. MoS stressed that these companies survive the rationing period, basing steel quotas on mutually agreeable export targets [20]. After all, these firms contributed to the export drive, employed labor and filled a domestic niche market.

Hostile Manufacturers

Tiratsoo's contentious motor men surely would have resisted all government suggestions regarding exports, standardization, new "export" models and horizontal integration. However, the motor men were not as hostile and the period was not as static as claimed. The manufacturers were less than enthusiastic about the recommendations in "Resettlement," but the companies made efforts toward the IDC's objectives, if not to the degree envisaged.

The claims of several Nuffield directors in 1947 that "vociferous young Labour backbenchers" were responsible for MoS' standardization policy seem to support Tiratsoo's claim. However, Managing Director, Miles Thomas, chastised his Board for blaming the government for "everything that happens." Competitors, he argued, had adjusted products and manufacturing methods to market conditions without complaint. Lord Nuffield added that the company was unable to alter "difficult" macro-economic conditions, but it could change corporate strategy and operations. Nuffield also banned his directors from publicly commenting on government policy [3, 7]. Nuffield and Thomas were more concerned with changing the company's performance than influencing politics.

The companies responded to the government's call to export, some adopting overseas sales as a long-term strategy. The Nuffield Board agreed in 1945 to take a "new outlook" on overseas sales. Two years later the Board insisted that the firm make "every effort" to comply with the "government desire" to export. Admitting that it had unduly placed a reliance on domestic sales, the Board acknowledged that "our very existence is dependent upon it" [3,7]. At Rover, which rarely exported prior to the war, Managing Director Spencer Wilks argued in 1946 that "quite apart from National Considerations" and steel quotas, increased overseas sales served "our own interests" as a buffer against fluctuating home demand [8]. Austin's Managing Director, Leonard Lord, claimed that US exports were sold at a loss, but the volume increased capacity utilization and returned "millions of dollars to England" [6]. In 1952 Austin and Nuffield announced that their merger to form British Motor Corporation would "lead to more efficient and economic production... furthering the export drive" [3,6,7].

The manufacturers individually developed large "export" cars, but low sales of the models confirmed IDC's suspicion that the British could not compete against Detroit. The British Embassy in Washington reported that American buyers regarded the British large cars as uncomfortable, unreliable, high priced and distributed by inadequate sales networks. The Embassy argued that differentiated models had the best chance of sales success in the US [20]. The companies responded to material supply and demand conditions with small and semi-specialist vehicles. MG, Jaguar and Triumph sports cars, Land Rover, and the traditional small models established the largest overseas market shares during the export drives [27]. IDC's risk-aversive policy fulfilled expectations of short-term export success.

Materials and tooling shortages also pushed the manufacturers toward greater component standardization and model rationalization. Rover's rationalization program was implemented in 1946 to reduce costs and improve product quality [8]. Estimated new engine initial costs convinced Standard-Triumph to modify existing units and share them amongst several cars [10,11]. Among the volume producers, Ford (UK) and Austin built the narrowest range of components and models in pursuit of economies of scale. This did not go unnoticed at Nuffield, whose Board attributed Austin's higher annual production in 1946 to its "simpl[er]" range. Building fewer models and components, the Board agreed, was "both economically and politically the right course to pursue." Thereafter, the company pursued an ad hoc component and model rationalization plan [3,7].

The companies were dismayed by MoS warning in 1947 that material shortages might force each company to build only one model. Nevertheless, the firms made preparations to adhere to the policy. Rover intended to concentrate on Land Rover production [8]. Nuffield prepared a pared model range to be enacted upon orders from MoS. The directive never came. In discussions with MoS, the

Board warned that employment and export levels might decline if the draconian policy was implemented [3,7]. The plan's effect upon exports and employment might have caused second thoughts. Shortly thereafter, MoS abandoned the strategy, raising export targets to 75% of output. The multi-model policy was reaffirmed in a 1948 meeting of "Big Six" Managing Directors and the MoS, when Sir George Turner agreed that the variety of overseas demand required a number of models. "Old controversies," he concluded, had been "put to rest"[18]. A Standardization Committee was formed at the meeting to promote the use of common components, but the short-lived committee fell prey to the assemblers' belief that differentiation, even of parts, was a marketing advantage [13].

There was never a meeting of the minds concerning the material allocation scheme. Throughout 1945 and 1946 accusations by Austin, Rover, Nuffield, as well as Standard-Triumph [6,7,8,9] of MoS discrimination in material supply and home car orders arose from rational post-war corporate strategies that were based upon fully utilizing Crown Assets to meet the large pent-up home demand and exporting at pre-war levels. The rumor of industry deregulation during 1946 [23] probably fueled corporate expectations at a time when the ministries were formulating export targets, domestic sales and steel supplies. Limited material supplies depressed capacity utilization rates while variable costs soared as material prices rose and the servicemen returned to work. Deprived of the high unit profit home sales windfall, the companies faced high breakeven points. The financial reserves of Austin, Standard-Triumph, Nuffield and Rover, built-up during the war, were depleted by tooling costs and operating losses which all experienced at various points between 1945 and 1952. It would have been extraordinary had the companies not complained in this situation. Blame fell not just on the government, but also upon component suppliers and the companies' themselves [6,3,7,8,10].

While the firms complained of hardship and the government threatened to use steel to gain company compliance, the government-induced failure of a manufacturer, even a minor one, would have produced intolerable short-term labor, export, defence and consumer choice consequences. The materials allocation program was a motivation tool, especially for the "Big Six" manufacturers. Meeting export targets was voluntary. The MoS admitted that it had no accounting mechanism, relying instead upon manufacturers' data. Individual company quotas corresponded more to the amount of steel released to the entire industry than firm performance. In periods of reduced sector supplies, materials for defense and agricultural tractor output, regardless of the producer, were lowered the least. As a producers of tractors, Ford and Standard-Triumph simply benefitted from the priorities. Disciplinary action, infrequently imposed, consisted of a marginal reduction in materials. MoS preferred to shift allocations among products within firms, withhold development materials and provide "bonus" supplies for compliance [19]. Clearly the government had the lever to restructure the industry. It alone chose not to use it.

Conclusion

The relationship between the motor industry and the government between 1944 and 1952 was defined by the interaction of risk, uncertainty, time frame, objectives and, as Tiratsoo admits, an ambiguous Government program. Given the importance of the sector in reconversion and the severity of macro-economic conditions, the policy was a hedge. Far from tinkering, it was consistent and directed toward the broad objectives of full employment, high export levels to hard currency market, defense capabilities, ministry/industry cooperation and consumer choice. Tiratsoo's argument that the radical strategy was foiled by political pressure overlooks the uncertainty of economic conditions and the risks inherent in the strategy. The ministries struck an implicit bargain with the industry, not Standard-Triumph. The sector was given a measure of operational freedom to contribute to the "national interest" in exchange for government assistance outlined in "Resettlement." The manufacturers heeded government guidelines, criticizing those that hindered profit maximization and competitive position. Somewhat paradoxically, the Governments, which perpetuated the industry's structure and profit motive, regarded this stance as selfish. In the end, the oversight of the motor industry was not an extraordinary example of Labor industrial policy; rather it was a case of policy meeting an extraordinary national emergency.

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