

TRANSITIONS FROM SCHOOL TO WORK:
Comparing Policies and Choosing Options for
Vocational Education and Training

by

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B.A., Oxford University
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Submitted to the Department of Political Science
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ABSTRACT

Rapidly changing demands on workers and their skills have thrust issues of vocational education and training to the fore in political debate. This thesis focuses on public policies emerging from this debate as they affect a particular group in the population, namely young people leaving school and looking for work. At a theoretical level, the thesis is designed to promote an understanding of the key dimensions of public policy for the transition from school to work. Empirically, the thesis uses comparative analysis first of all to explain Britain's failure adequately to train young workers in the 1980s, and secondly to draw lessons for policy development in the 1990s.

Thesis Supervisor: Professor Ellen Immergut

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ABBREVIATIONS

AFDC	Aid for Families with Dependent Children (US)
AFG	Arbetsforderungsgesetz (Sweden)
AMB	Area Manpower Board (UK)
AMU	Arbetsmarknadsutbildning (Sweden)
BGJ	Berufsgrundbildungsjahr (West Germany)
CETA	Comprehensive Employment and Training Act (US)
CPVE	Certificate of Pre Vocational Education (UK)
CPRS	Central Policy Review Staff (UK)
DE	Department of Employment (UK)
DES	Department of Education and Science (UK)
DM	Deutschmark
ET	Employment Training (Program, UK and US)
GDP	Gross Domestic Product
GED	Graduate Equivalency Diploma (US)
HMSO	Her Majesty's Stationary Office (UK)
ITA	Industrial Training Act (UK)
ITB	Industrial Training Board (UK)
JCP	Job Creation Programme (UK)
JTPA	Job Training Partnership Act (US)
LEA	Local Education Authority (UK)
MA	Managing Agent (UK)
MDTA	Manpower Development and Training Act (US)
MSC	Manpower Services Commission (UK)
NCVQ	National Council for Vocational Qualifications (UK)
NEDO	National Economic Development Office (UK)

NRC	National Research Council (US)
NTI	New Training Initiative (UK)
NIER	National Institute Economic Review
OBRA	Omnibus Budget Reconciliation Act (US)
OECD	Organisation for Economic Cooperation and Development
OJT	On the job training
PIC	Private Industry Council (US)
SDA	Service Delivery Area (US)
SLS	Social and Life Skills
TVEI	Technical and Vocational Education Initiative (UK)
UVP	Unified Vocational Preparation (UK)
VET	Vocational Education and Training
WEP	Work Experience Programme (UK)
WIN	Work Incentive Program (US)
YEDPA	Youth Employment Demonstration Projects Act (US)
YETP	Youth Employment Training Program (US)
YOPS	Youth Opportunities Programme (UK)
YTS	Youth Training Scheme (UK)

INTRODUCTION

Public policy paradoxes are a blight for decision-makers, but a blessing for graduate students, as they often involve puzzling policy failure, and are therefore ripe for study. Government policies affecting the transition of young people from school to work in Britain and the United States seem to present such a paradox¹. For twenty years or so after 1960, British and American public policy in this field displayed important similarities, and by the early 1980s, it was clear that the skills of workers in both countries were seriously deficient in comparison to their major competitors. It was widely acknowledged that these inadequacies were central to economic failure, and on the basis of foreign (primarily West German) experience, British policy has been gradually remolded by successive administrations under Mrs Thatcher. At the end of the 1980s, however, the paradox is that despite the reforms of the last ten years, Britain's training system continues to produce underskilled workers. This thesis is an examination of why this should be, and what can be done about it. We will use evidence from thirty years of international experience to draw lessons for the place and content of youth policy in the 1990s.

¹ One small, methodological point is noteworthy here. Throughout the text, I refer to 'Britain' and not the 'United Kingdom': this is because analysis of the situation in Northern Ireland requires separate study

The thesis uses theoretical considerations and case by case description to build a framework with which to understand policies for youth vocational education and training (VET). The primary focus is on national level government policy (as expressed in legislative acts and regulations) and its subsequent impact on aggregate indicators of how an age cohort is making the transition from school to work. This is not to belittle the importance of initiatives in local government, but rather an acknowledgement of the national ambit of manpower planning. Nor should the focus on national public policy be taken to imply that the activities of the private and voluntary sectors are unimportant for VET provision - as we will see, the interaction between public interest, as expressed in government policy, and private endeavour is crucial to youth policy.

The thesis covers the period from the early 1960s to the present day, and therefore includes analysis of policy-making during the relatively calm economic times at the end of the long post war boom, as well as during and after the oil shocks of 1973 and 1979 that crystallized latent sources of instability in the economic system. In the field of youth policy, the countries under consideration all faced two major problems in both the good and bad economic times: first, how to cope with unusually large cohorts of young people leaving school for work; second, how to prepare economies and workers for the challenges of increasing global competition in the dawning technological age.

The thesis suggests that government answers to these questions are revealed in two key indices: first, whether or not policy for youth VET forms one part of a broader economic strategy; and secondly, the role of the market (specifically the atomistic decisions of individual firms) in deciding the content of training policy. Based on careful counterposition of British, North American, West German and Swedish experience, three claims are made. First, that policy for youth VET can only contribute to improved economic competitiveness when it is fully integrated with related policy areas. Second, that the paradox of British experience in the 1980s - when policy for youth VET did form part of a larger strategy but failed significantly to improve skill levels - reveals the fundamental weakness of the free market as a provider of suitable training provision. Finally, it is claimed that to be successful, policy-making must take account of the peculiarities of the national political and economic context.

The potential pitfalls of a comparative approach to public policy analysis are serious. Most obviously, two problems stand out: first, the political response of different countries to common problems is shaped by distinctive histories, institutions and cultures; secondly, policy for the transition from school to work must fit the specific contours of labor market structure in each country, and is therefore country-specific by necessity. At the same time, the range of policy options open to countries

facing similar economic circumstances is limited, and the gains from judicious comparative analysis are enormous. Most importantly, theories can be tested in different contexts, simultaneously revealing their general applicability and illuminating the influence of nation-specific factors on policy outputs.

The approach taken here involves the use of 'case studies' to illuminate different aspects of school to work policy². These studies are centered around the 'critical case' of policy development in Britain over the last thirty years. The British case is important because the initiatives undertaken by Mrs Thatcher represent a controlled experiment in neo-liberal, market-oriented youth policy. However, to strengthen our claims for policy prescription, consideration is also given to policies pursued in the other countries. The American example is used to gain perspective on the shift in British policy in the 1980s³,

² An alternative approach to comparative politics involves the use of regression analysis. This approach is not used here for three reasons: first, as we will discover, there is no one dependent variable in youth VET policy; second, at the aggregate level at which figures are compiled, countries are too different to produce worthwhile correlations; finally, my concern with government strategy for youth VET policy, as well as the content of policy, makes it very hard to produce a useful one dimensional scale on which to place different countries

³ As Studlar notes, one might have expected British and American policy to converge in the 1980s, given the two countries' similar long term economic problems and the conservative resurgence in both countries in the late 1970s, culminating in the elections of 1979 and 1980. See D.T.Studlar 'Introduction: Policy Convergence? Political Economy in the US and UK' pp 3-10 in D.T.Studlar and J.L.Waltman Political Economy: Public Policies in

while the West German and Swedish cases illustrate the regulated alternatives to the North American and British brands of voluntarism. Detailed analysis of the Japanese case has been put to one side, in large part because public policy now plays a relatively minor role in the system, testimony to the resilience of existing structures for the induction of young workers into the labor force.

The structure of the thesis is quite straightforward. Chapter one provides the theoretical backbone for subsequent discussion; chapter two outlines three tracks along which public policy has proceeded in the post war period; finally, chapter 3 draws lessons for policy development.

the United States and Britain (Jackson: University Press of Mississippi), 1987)

Chapter 1

SKILLS AND SCHOOL LEAVERS

A confusing multitude of government policies have been pursued under the umbrella title of 'VET' over the last thirty years, driven by many different objectives, and aimed at various groups in the population. Any useful examination of public policy in this field must therefore be based on a clear understanding of the intention of the policy, and the target group at which it is aimed. Following a brief review of possible objectives, target groups and policies, this chapter isolates one set of objectives (improved economic competitiveness), one target group (school leavers) and one group of policies (vocational education and training) as the subjects for this study. On this basis, we then proceed to develop a working typology of policy for youth VET which will be helpful to our examination of the policies pursued in the different countries.

The multiple objectives that can be served through policy for VET include the improvement of economic competitiveness, an increase in welfare payments to the poor, and the diminution of alienation resulting from unemployment. VET helps economic competitiveness through the productivity gains that seem to result from improved skill and education of workers. These issues are discussed in more detail below. However, policies falling within the VET rubric have also been used to serve more of a social welfare function, either as a channel for income

support with the aim of combatting poverty, or as a means to preserve social stability by offering work-related tasks to the unemployed. For instance, in times of recession, political pressure can force governments to take some action on behalf of the unemployed, and work experience schemes offer one way to divert resources to the disadvantaged. It has also been argued that these schemes are used as insurance against riots and urban disorder: it is claimed that programs in the 'war on poverty' in the US aimed to defuse tension in the inner cities, and it has been suggested that the development of the Youth Training Scheme in Britain was at least in part a response to the riots in Liverpool and London in the summer of 1981⁴. These latter objectives will not, however, be of primary concern in this thesis, which concentrates on policies designed to improve economic performance.

Policy for VET obviously cannot be applied to the population indiscriminately. Different groups of people have different requirements, and it is therefore necessary to disaggregate the workforce for policy purposes. Two obvious lines of demarcation are employment situation and age. Just as the unemployed have different immediate needs from the employed, so younger people

⁴ The classic statement of this case with regard to the American scene is F.Fox Piven and R.Cloward Regulating the Poor: The Functions of Public Welfare (New York: Pantheon, 1971). On the origins of YTS, see for instance D.Finn Training Without Jobs: New Deals and Broken Promises (Basingstoke: MacMillan, 1987) pp 141/2

need to be offered different sorts of help from older people. This thesis focuses on a particular group of young people, namely those leaving school between the ages of 16 and 18 with the intention of finding work. The notion that these young people are undergoing a "transition" from school to work focuses attention on a veritable leap required of them - a leap from dependency to productivity⁵. Over the last thirty years, often spurred by competitive pressure and labor market failures, government policies have increasingly recognized the special needs of this group of people, and policies for youth vocational education and training have sought to smooth their transition into the labor force.

The policies under scrutiny in this thesis flow directly from our dual interest in economic competitiveness and the young unemployed: they involve changes to the High School curriculum, and vocational training between school and work. Thus, policies for job creation through public works are not covered in any detail here, on the grounds that they make little contribution to improving the skill levels of the workers involved. Similarly, short term remedies for youth unemployment that seek

⁵ Prais makes the useful point that while seven year apprenticeships from age 14-21 offered young people time to adapt to their new status, the raising of the school leaving age and the lowering of the voting age have cut to two years (16-18) the time for transition from dependency to full legal independence. See S.J.Prais 'Comment on Chapter 5' pp 98-103 in P.E.Hart (ed) Unemployment and Labour Market Policies (Aldershot: Gower, 1986) p98

to move young people up the job queue (by, for instance, cutting the cost of youth labor through wage subsidies) are not given extensive treatment. Although there may be some economic rationale for these policies, on the grounds that finding a first job is the most difficult part of the transition into the labor market, the low skill jobs at which these policies are aimed do little to equip young people with skills that offer longer term employment stability⁶.

It is now important to review our selected objective, target group and policies in more detail.

1.1 THE OBJECTIVE: IMPROVED ECONOMIC COMPETITIVENESS

It is useful to start from a most basic correlation: among industrial nations, the most economically successful countries in the last twenty years seem to have been those with the most educated and skilled workforces. It is hard to prove a direct one to one relationship between education and economic performance, largely because of the number of variables involved, but as Stevens says:

⁶ Sheldrake and Vickerstaff call these policies "the misuse of training as a palliative for unemployment" and label the pursuit of them the 'poor law effect'. See J.Sheldrake and S.Vickerstaff The History of Industrial Training in the United Kingdom (Aldershot: Avebury Press, 1987) p2

...a well educated and highly skilled workforce is a vital prerequisite for innovation and growth, and for the timely adaptation of industrial structures to rapidly changing economic and technological conditions⁷

Putting Japanese exceptionalism to one side, a comparison of West Germany with the UK and US is instructive, not least because such a comparison has informed policy development in Britain in the 1980s. In terms of rates of unemployment, inflation, and current account balance as a percentage of GDP/GNP, German economic performance has been consistently impressive (lowest inflation, third lowest unemployment, and fourth highest current account balance of 12 OECD countries between 1973 and 1987)⁸. On the supply side, vocational training seems to be more comprehensive in West Germany. For example, on the basis of their study of five occupations in Britain and Germany, Prais and Wagner conclude that 60% of the German workforce have an intermediate vocational qualification (comparable to an apprenticeship) while only 30% do in the UK⁹.

⁷ B.Stevens Training for Technological Change (Brussels: Centre for European Policy Studies, 1986) p7. Stevens reports that there is evidence on how lack of technical skills and expertise can hold back the assimilation of new technologies into production methods. See, for instance J.Northcutt et al Microelectronics in Industry: An International Comparison: Britain, Germany, France (London: Policy Studies Institute, 1985)

⁸ See T.Notermans 'The German Macroeconomic Policy Stance' (Paper prepared for the Graduate Student Conference on Western Europe, Columbia University, New York, April 1988) p2

⁹ S.J.Prais and K.Wagner 'Some Practical Aspects of Human Capital Investment: Training Standards in Five Occupations in Britain and Germany' pp 46-65 in NIER (August 1983)

Meanwhile, in the US, the New York Times reports that the Senate has approved changes in the immigration laws to establish for the first time ranking of some visa applicants on the basis of their work credentials in order to help overcome skill shortages in the US¹⁰.

There seem to be three ways to understand this correlation, the first two grounded in labor economics¹¹, the third derived from the rapid technological change that is transforming production in the industrialized world. Probably the most influential paradigm in the literature remains human capital theory, which takes as its guiding thread the neoclassical assumption that workers are paid according to the value of their marginal product¹². This marginal product is assumed to be dependent on education/training, giving people and firms an incentive to invest in their own education or training on the basis of anticipated future returns in the form of increased wages or improved productivity. However, the clear prescription of this analysis has been questioned, as Kazis explains, because of doubts about the empirical justification for its three-step

¹⁰ R.Suro 'Employers Are Looking Abroad For the Skilled and the Energetic' in The New York Times 16 July 1989 Section 4 p4

¹¹ See R.Kazis 'The Relationship between Education and Productivity: Implications for the Composition of American Manufacturing and the Movement for Educational Reform' (Unpublished Mimeo) for a comprehensive survey of the literature in this field

¹² It is of course a fact, and not an assumption, that education is positively correlated with income

analysis: increments of education and training do not seem to be clearly linked to increases in earnings; the link between marginal productivity and earnings is at best unproven; and the direct relationship between education and productivity still needs to be firmly established.

The problems associated with the exclusive reliance of human capital theory on atomistic supply side decisions by individuals has been challenged in the 1970s and 1980s by a second major school of analysis that looks instead at the demand side of the labor market. It is argued that characteristics of jobs, not workers, should be the basic unit of analysis. The link between education and income is accepted, but is traced through the use of education as a convenient screening device by employers rather than through the intrinsic value of education for greater productivity.

Underlying all recent arguments about VET, however, is a view of technological change, and the challenge it poses to labor market flexibility in the industrialized world. At every stage of industrial development, technological innovations have placed new demands on workers, sometimes requiring the sacrifice of craft skills for greater productivity. There seems to be a growing consensus, however, that in the technological age ushered in by the microchip, many workers will need higher and certainly more flexible skills to find employment. Writing with

reference to the British economy, Taylor has gone as far as to say that "as many as 70% of the workforce will soon be knowledge workers, reversing the situation of some 50 years ago, when 70% of the workers were in manual, unskilled jobs"¹³.

It is possible to reach this conclusion using different analyses. One can argue that skills are increasingly important because low wage competition from newly industrializing countries in mass production sectors has forced traditionally strong industrial powers to shift to new higher skill markets¹⁴. Alternatively, Prais has argued that the technological shift to automation, defined as the replacement of unskilled workers with machines, is different from mechanization, which he defines as the replacement of skilled craftsmen by machines operated by unskilled workers. At least in the latter case, he argues, the

¹³ C.Taylor 'Climbing towards a skilful revolution' p22 in Times Educational Supplement 22 January 1988, quoted in D.Gleeson The Paradox of Training (Milton Keynes: Open University Press, 1989). See also 'Swedish Schools: Working Classes' pp 15-18 in The Economist 12 November 1988 which declares: "Even the children of manual workers, who everywhere still enter the least intellectual jobs, will have to use their minds more in the 1990s than their parents did in the 1960s" (p15). Debate on this issue is fiercest the US, and centers on whether jobs of the future will be in fields that are the fastest growing (in percentage terms, like those in high tech industries) or those where the largest number of new jobs, in absolute terms, are currently being created (mainly in the service sector). The implications of each analysis for training policy are clear. See H.M.Levin and M.Carnoy School and Work in a Democratic State (Stanford, CA: Stanford University Press, 1985)

¹⁴ See for example W.H.Miller 'Employers Wrestle with 'Dumb' Kids' pp 47-52 in Industry Week 4 July 1988 p50

skilled craftsmen could be taken on in a supervisory role: with automation, few such jobs are created¹⁵. The argument then assumes that relatively skilled jobs will be available for workers to take up in the future¹⁶. A final justification for VET concerns the changing nature of the supply of labor, specifically the shift within it to groups of people (women, minorities, recent immigrants) who have traditionally had limited opportunities to acquire sophisticated skills and who therefore pose an especially difficult training challenge to government¹⁷.

If the task for public policy is to help raise skills to the levels required by modern employment, governments are immediately confronted with the need to define the sort of skills they want to promote. This issue is considered in the discussion (below) of policies for vocational training, but it is useful at this point to consider two alternative directions

¹⁵ Prais 'Comment' op cit p98

¹⁶ See Kazis 'Relation Between Education and Productivity' pp 48ff and references. The alternative is to believe that increased skill requirements will not be associated with continued labor demand for the whole workforce - no government has yet admitted this.

¹⁷ For example, white males will constitute 15% of new entrants to the US labor force in the 1990s, and by the year 2000 women, minorities and immigrants will make up 80% of entrants to the labor force. See M.L.Dertouzos, R.Lester, R.Solow and the MIT Commission on Industrial Productivity Made in America: Regaining the Productive Edge (Cambridge, MA: MIT Press, 1989) p93 and J.S.McClenahan 'Training Americans for Work: Industry's Monumental Challenge' pp 52-60 in Industry Week 19 September 1988 p52

for policies designed to bridge the gap between required and existing skills.

One way to think about the choices on offer is to contrast a strategy that aims to help particular firms meet their immediate labor requirements with a strategy that is intended to use skills training to change and then meet the shape of labor demand in the economy in the future. We can best understand these approaches by examining the contrasts between them. In the former case, the impact of the training on offer would be to improve the position of certain workers - ethnic minorities for instance - in the employment queue, and satisfy existing demand for labor in the economy. This may still leave considerable numbers of people without work, and/or leave a large percentage of the workforce in declining industries. The latter strategy, on the other hand, would try and help a country leap beyond what Finegold and Soskice call a "low-skills equilibrium": the aim is to break out of the vicious circle in which "the majority of enterprises (are) staffed by poorly trained managers and workers producing low quality goods and services" and to build in its place an economy which grows by responding to new demands, not resisting them¹⁸. The policy implications of these alternatives are considered at greater length below. First of all, however,

¹⁸ D.Finegold and D.Soskice 'The Future of Training in Britain: Analysis and Prescription' pp 21-50 in Oxford Review of Economic Policy Vol 4, No 3 (Autumn 1988) p22

we must see how the education and training of young people fits into strategies for economic advance.

1.2 THE TARGET GROUP: SCHOOL LEAVERS

We have already noted that one obvious way to disaggregate the workforce is by age. A lower boundary can be defined fairly easily as the lowest age at which pupils are allowed to leave school. The upper boundary presents greater problems, most obviously because people try and enter the labor market at various points up to fifteen years after this minimum school leaving age. Nonetheless, OECD data does suggest that an upper limit of 25 years of age produces a group with common characteristics. Most obviously, it is a group of people with tenuous links to the labor market. In 1982, for instance, at the height of economic recession, young people made up less than one fifth of the labor force in the OECD countries, but more than two fifths of the unemployment totals¹⁹. However, these aggregate figures conceal large differences between member countries of the OECD. Youth unemployment was 2.4 times the adult level in the United Kingdom and 2.3 times as large in the US, but only 1.7 times the adult level in West Germany (1981 figure) and at the other end of the scale 3.3 times the (admittedly low) Swedish adult level²⁰. Appendix 1, covering the

¹⁹ Cited in New Policies for the Young (OECD, 1985) p34

²⁰ New Policies for the Young Ibid p18

1980s, demonstrates the variations in youth unemployment rates relative to adult levels in various countries²¹.

These statistics for under 25s are significant, because they at least partly reflect the outcome of public policy for the school to work transition in different countries. Unlike figures covering the under 20 age group, for instance, they cannot easily be 'massaged' through the extension of training/work experience schemes. Also, they cover the first years in the labor force of VET 'graduates' and should reflect any positive effect of VET programs on employment prospects.

The message of these figures is quite clear: beyond the general flow of the macroeconomic tide, young people - even in the broad definition of people aged 16-25 - are particularly vulnerable to economic conditions, and in some countries more at risk than in others.

²¹ There is serious debate about the extent to which different factors account for these differential unemployment rates. In broad terms, two main lines of argument can be discerned: those which place primary emphasis on the varying supply side attributes of the young people concerned (either relating to their education and skills or, from the neoclassical standpoint, the costs associated with hiring them), and those which argue from a Keynesian perspective that the problem of youth unemployment is a microcosm of the general unemployment problem whose roots lie in deficient aggregate demand in the economy as a whole. For a review of these arguments, see Hart Youth Unemployment op cit

Although the upper age limit of 25 provides a useful statistical guide to the youth employment situation, for purposes of public policy it is not so much actual age as employment intentions that are important. A disaggregated analysis of the youth population allows for more informed and targeted policy prescription. However, there is an obvious problem in trying to pinpoint the entry of young people into the workforce: there is no one 'place', or one 'transition', made by young people from school to work, but rather a number of places at which the transition to working life can be made. As Clarke and Willis point out, "youth" is not a common process, but one differentiated by class, race, and gender with different starting points and different destinations². Coleman goes as far as to define five points at which a transition from school to work may be deemed to have taken place: first, after the first entry of a young person into the labor force (often in a part time job, with little connection to other aspects of the transition, or to later employment); second, after the first exit from education for over three months (which unfortunately lumps together 16 year old school leavers with both college-bound young people taking time off to travel and with college graduates); third, when the person finds their first full time job; fourth, after the last exit from education; and finally, at

² See J. Clarke and P. Willis 'Introduction' pp 1-16 in I. Bates et al Schooling for the Dole: The New Vocationalism? (London: MacMillan, 1984) pp 6ff

the time of the final launching into the labor market, after the last exit from education and the first full time job²³. None of these definitions is really satisfactory to describe the group of people at whom school to work policies have primarily been aimed. For the purposes of this thesis, our central focus will be on policies aimed at young people leaving school with the aim of finding work without further education: in other words, a subset of the fifth definition (which as it stands includes college graduates and college dropouts).

This group of young people is a 'risk group' because of its low educational qualifications and high vulnerability to unemployment and other social misfortune²⁴. It is a group within the youth population that holds a most marginal place in labor market and is also a group whose size (and therefore political salience) grew enormously in the 1960s and 1970s because of the "youth bulges" arising from high birth rates after the second world war and in the early 1960s. At the same time, there are likely to be high marginal benefits of skills training for this group because of their low initial skill base.

²³ J.Coleman 'The School to Work Transition' pp 35-40 in The Teenage Unemployment Problem: What are the Options? (Congressional Budget Office, 1976) p35

²⁴ See D.Plunkett 'The Risk Group: education and training policies for disadvantaged young people in Sweden and Denmark' pp 39-46 in Comparative Education Vol 18 No 1 (1982) p39

1.3 THE POLICIES: YOUTH VET

At a most basic level, all governments insist that their policies for youth VET are designed to help the job prospects of young people by improving their skills. However, such statements conceal as much as they reveal. We need to ask what sort of jobs people are being trained for. Will the skills they acquire give them power in the labor market? Do the skills offer the prospect of upward career mobility? Although the character of youth VET is quite clearly circumscribed by the population at which it is directed - average, or below average achievers in school - its content can play a major role in limiting or expanding the horizons of the people it aims to help. We therefore need to reject a one-dimensional notion of "skills training", and ask what sort of skills young people are acquiring. To do this, we need to look carefully at policies for youth VET in two key areas, first, in the content of the High School curriculum, and second, in the vocational training provided for school leavers. We will briefly review the issues arising at each of these stages of VET policy.

Given the primarily work-based distribution systems on which capitalist democracies rest, an inevitable tension arises in the construction of the educational curriculum. The desire to open up the world of learning to young people is tempered by the pressure to arm them with particular skills required for the world of work. We will see that on the British Right, where

this tension has been elevated to the status of a dichotomy, demands for 'vocational realism' are part of a critique of high-minded mass liberal arts teaching. Beyond basic literacy and numeracy, which everyone agrees are central to any school curriculum, it is argued that school courses for 'non-academic' pupils should be made specifically relevant to future occupations. For example, vocational education, work experience, and 'life skills' should be added to the school curriculum to make the leap from dependency to productivity less difficult, and thereby make young people more attractive as potential employees. A key dilemma arises immediately, however, and we will see that different governments have tackled it in different ways. It concerns the early labelling of children as 'non-academic', their placement in a vocational stream and the consequent denial to them of the stimuli and opportunities presented by liberal education.

As for vocational training, it is important to link our earlier discussion of the alternative strategies for economic advance (planning for a higher skill equilibrium versus meeting immediate market demands) to their practical application in training provision. In each of the cases, a 'deficit' model of the typical unemployed person posits the need to improve their employment attributes, but each strategy demands very different sorts of training. Most obviously, there is a spectrum of skills on offer spanning from broad-based, transferable skills

to training for specific, routinized tasks. Thus, Japanese workers (in company run schemes) are trained in several departments, in the classroom, through correspondence courses, and in quality circles²⁵ while the prevailing image of YTS training in Britain in the early 1980s was of shelf-stacking or other menial and routine service sector tasks. At the same time, in some firms in some countries, an ethos of critical thinking and involvement can reach down to workers: the MIT Commission on Industrial Productivity reports, for instance, on the partnership between Italian fashion designers and loom operators in the design and use of different fabrics²⁶.

Two questions for the design of a training program immediately arise from this analysis: first, what is an appropriate balance between on the job and classroom based teaching; second, how should the needs of individual employers for immediately relevant training in specific skills be reconciled with the longer term requirement of the economy (and employers as a group) for more than functional competence on the part of

²⁵ See Dertouzos et al Made in America op cit pp 87/8. See also R.P.Dore and M.Sako How the Japanese Learn to Work (London: Routledge, 1989)

²⁶ See S.Berger et al 'The US Textile Industry: Challenges and Opportunities in an Era of International Competition' in The Working Papers of the MIT Commission on Industrial Productivity (Cambridge, MA: MIT Press, 1989). The Commission also reports that one Japanese textile firm claims that its workers submit some 6,000 suggestions per year for improvements in manufacturing processes. See Dertouzos et al Ibid p300

workers²⁷. With respect to the first question, we will see in later chapters that the merits of the West German 'dual system', where young people spend one day in class for every four on the job, are widely acknowledged. However, the content of classroom teaching remains a subject of much controversy: we will see that in different settings it spans from sophisticated analysis of the latest technological developments to role-playing in preparation for work and life situations. As for the balance between general and specific skills, this is in large part a function of the structure of schemes in different countries, programs based on employer control of training content veering towards the provision of specific skills. The balance between the two is obviously critical given their place in the alternative economic strategies on offer.

Clearly, an array of policies, spanning different government departments, can affect the transition from school to work.

How might government seek to achieve its goals for VET? In the education field, the most obvious method is through the centralization of control over the curriculum, and this is being vigorously pursued in the UK. In countries with strong federalist traditions, and continuing strength in independent

local government, however, the harmonization of what is taught

²⁷ Streeck argues that firms of the future will need workers equipped with "skills as a general polyvalent resource that can be put to many different and, most importantly, as yet unknown future uses". See W. Streeck 'Skills and the Limits of Neo-Liberalism: The Enterprise of the Future as a Place of Learning' (Unpublished Mimeo, 1987) p21. Quotation cited in Dertouzos et al Made in America op cit p87

in schools is more difficult, and to a greater or lesser extent exhortation has to take the place of intervention. As for training, the position is more complicated, not least because of the politics implied by each of the strategies on offer. We will see that for many years in the UK and US, training policy was not considered to be a province of public policy, and was left to industry. However, even when government recognizes its stake in quality training provision, there are at least three levels of involvement it can pursue²⁸: a hortatory approach, based on an appeal to the private sector (for instance the JOBS program in the US in the 1960s); financial incentives to private sector training provision of a particular type (British programs in the 1960s and 1970s); and finally direct intervention to regulate training provision (for instance, federal regulations in Germany on the content of training programs).

If we are now clear about the range of options open to governments, I want to move on to argue that existing attempts to group countries according to their approach to VET - useful though they are - fail to pinpoint key differences between youth policy as practiced in different nations. Accordingly, following a brief review of the models currently on offer, I will propose a new typology which will, I hope, help us better understand youth labor market policy.

²⁸ These are taken from P.Osterman The Youth Labor Market (Cambridge, MA: MIT Press, 1980) p159

1.4 THE ANALYTIC TOOL: A TYPOLOGY OF YOUTH VET POLICY

The Report of the MIT Commission on Industrial Productivity represents the state of the art in North American analysis of the links between education, training and economic performance, and includes an examination of routes from school to work in different countries. The Commission concluded that two such routes can be seen in the industrialized world today: in 'Pattern A' countries (including the US, Sweden and the UK), "formal educational institutions provide most of the specialized skills that are used in work, and on-the-job training provides little beyond quick task-related instruction"²⁹; meanwhile in 'Pattern B' countries (like West Germany and Japan) on-the-job training is used to develop general as well as specialized skills. Not surprisingly, some portion of the better economic performance of Pattern B countries is explained by the more flexible skills of German and Japanese workers, and this flexibility is traced to their training on the job.

While there is merit to this analysis, there are also problems. Most obviously, as the Commission itself notes, the Swedish system seems to produce West German/Japanese style results. Secondly, British training was for years famed for consisting of 'sitting by Nellie' - which is theoretically on the job training, but which would not meet West German or Japanese standards. Furthermore, while it is true that the studies cited by the Commission show broader training in German plants than

²⁹ Dertouzos et al Made in America op cit p83

British ones, and more flexible use of manufacturing systems in Japan than the US³⁰, there is concern in Germany that its system is biased towards the provision of specific skills and will therefore place the country at a competitive disadvantage vis-a-vis Japan³¹. Finally, and importantly for our purposes, the Commission's typology does not isolate the role of government policy in the different countries. The Swedish approach is highly interventionist, but is grouped with the British system which, as we will see, has veered between voluntarism and varying degrees of regulation over the last thirty years. I am keen to try and develop a model of policy in the training field, and while the approach taken by the MIT Commission will inform such a model, it cannot provide the basis for it.

In their History of Industrial Training in Britain Sheldrake and Vickerstaff introduce an alternative approach, and suggest that three models of training provision exist, each defined by its source of funds and final responsibility for training³². Thus they suggest that the American system should be labelled 'free market', dominated as it is by private funding and organisation with training taking place in companies or private training or

³⁰ See A.Sorge and M.Warner "Manpower Training, Manufacturing Organisation, and Workplace Relations in Great Britain and West Germany" pp 318-333 in British Journal of Industrial Relations 18 (1980) and R.Jaikumar 'Postindustrial Manufacturing' Harvard Business Review November/December 1986

³¹ See M.Jackson 'Germans raise doubt about their system' Times Educational Supplement 13 July 1984 p10

³² Sheldrake and Vickerstaff The History of Industrial Training op cit p55ff

vocational colleges. They label the second model 'interventionist', based on the French example of public funding and public organisation with the legal institution of rights and duties on trainees and trainers. Finally, they suggest that the West German system should be called 'corporatist', because of its joint funding from public and private sources and tripartite delivery system within a framework of nationally agreed procedures and standards.

There are, however, weaknesses in this approach as well. First of all, while the American system may rely to a large extent on provision of training through the market, it is also the case that public funding and provision is important: between 1961 and the early 1980s, there was a 1000 fold increase in the federal government's funding commitment to employment and training initiatives³³, and that most public of institutions, the US Army, provides some half a million training places a year³⁴. More importantly, however, the typology reveals little about the structure or content of public policy in the different countries.

³³ Cited in S.A.Levitan and F.Gallo A Second Chance: Training for Jobs (Kalamazoo, MI: W.E. Upjohn Institute, 1988) p3

³⁴ Cited in Competence and Competition: Training and Education in the FRG, US and Japan (London: MSC/NEDO, 1984) p3

David Brian Robertson has gone some way towards correcting these lacunae³⁵. He recognizes that labor market strategies are central to political struggles over income and power distribution in different countries and therefore adds a second dimension of analysis to the longstanding bifurcation between active and passive labor market policy (which Robertson measures by the ratio of government expenditure on 'active' measures like employment and training programs to that on 'passive' programs like transfer payments). This second dimension turns on the preferred distributional outcome of the policy (or set of policies), and produces a 'liberal' strategy at one pole, based on the free operation of the market, and a 'social democratic' strategy at the other, giving priority to the job and/or income prospects of workers. Thus, the combination of these dimensions produces four possible strategies: a 'guardian' strategy based on preserving job security and income levels for workers; an 'egalitarian' strategy combining social democratic goals with the active use of the state to equalize the market power of employers and workers; a 'business-centred' strategy that leaves decisions to the market; and a newly resuscitated strategy of 'active neo-liberalism', designed to use state power to free the market from political and institutional fetters³⁶.

³⁵ D.B.Robertson 'Mrs Thatcher's Employment Prescription: An Active Neo-Liberal Labor Market Policy' pp 275-292 in Journal of Public Policy Volume 6, No 3 (August 1986) and 'Governing and Jobs: America's Business-Centred Labor Market Policy' pp 427-455 in Polity 1988

³⁶ Charles Maier has noted that state power has been regularly used in America to roll back both private and public authority over citizens, citing the abolition of slavery and the end of prohibition as examples. See C.Maier 'Introduction' pp 1-24 in

There is much in this analysis that is of use to us: it is based on policies pursued by various governments, and recognizes that the content of labor market policy must be understood in the broader context of economic and social policy. At the same time, however, it needs to be refined to further our understanding of youth policy: although Robertson recognizes that government 'activity' can take various forms (sometimes doing little to build long term economic strength) his model cannot distinguish different strategies within the 'activist' strand of policy-making. While our discussion of policy has so far concentrated on policy content, I want to suggest that we must also take account of the place of youth VET policy in relation to other government policies, most obviously economic and education policy.

Government 'strategy' for youth VET policy therefore refers above all in my model to whether policy for youth is developed as part of an integrated and planned strategy for economic advance, or as ad hoc reactions to specific problems in the labor market. As the OECD pointed out in 1985:

C.Maier (ed) The Changing Boundaries of the Political (Cambridge: Cambridge University Press, 1987). In the strictly economic field, however, we need to follow Robertson's reference to Polanyi's identification of the 1834 Poor Law Amendment Act (the "New Poor Law") in Britain as the key example of state action to facilitate the freest possible operation of the labor market. See K.Polanyi The Great Transformation (Boston: Beacon, 1944)

No country can adopt one single policy to improve its youth unemployment situation. Balance and diversity are needed to match the complexity of causes and the range of effects. The same could be said of almost any public policy area.³⁷

Pressure from the electorate, bureaucratic and political power games, and sometimes the shape of political institutions can all conspire to make this sort of comprehensive and long term policy making extremely difficult: the coordination and balance recommended by the OECD is not easy to come by³⁸. We will see that policy for youth VET, which calls for coordination between traditionally separate policy areas, is both peculiarly vulnerable to the hazards of piecemeal government action and especially in need of an integrated approach. The structure of youth VET policy is therefore important for the implications it has for successful policy making.

The second dimension of policy which will be central to this thesis is control over the content of policy, the importance of which for economic competitiveness we noted earlier. I will argue that the key element of this content is the extent to which market forces are given power over the content of policy. Emphasis on the content of the training is important, because I do not want to suggest that government plays no role in what I call a 'market-based' system. British experience suggests that the government can be involved intimately in a program whose

³⁷ New Policies for the Young op cit p13

³⁸ See for example J.Moon, D.Webber and J.J.Richardson 'Linking Policy Areas: IT Education, Training and Youth Unemployment in the UK and West Germany' pp 161-187 in Policy and Politics Vol 14, No2 (April 1986).

content is guided or run by private sector employers. For instance, the government can set and pay the allowances of trainees, offset employers' costs, and be charged with policing the participation of young people in the program. The traditional typology that stretches from voluntarism to intervention does not therefore do full justice to the complexity of the overall picture of youth VET provision.

The alternatives to market guidance/delegation are obviously a balance between public and private direction, the program being more or less integrated into the demands of the private economy, or ultimately a solely public program. The unashamedly reformist ambitions of even the most far-reaching plans make the imposition of various socially defined goals the most that government can do. As Willis writes, "It cannot be avoided that 'training' not only helps to reproduce but is explicitly addressed to reproducing the existing division of labor"⁹

We can therefore derive various combinations of policy structure and content by which to group various countries:

⁹ P. Willis 'Foreward' in Finn Training Without Jobs op cit p xv

Who controls the content of training?

	Mkt-based	Public/Private Partnership	Public
Integrated	UK 1981+	WG	<----- Swe ----->
<u>What is the government approach to policy for youth VET?</u>			
Ad hoc	<----->	UK 1964-1981 ----->	<----->
	<----->	US 1961-1989 ----->	<----->

Reality is obviously much more complex than this model suggests, and positions on the two axes need to be seen more as part of a spectrum of possible options than rigidly demarcated choices. Nonetheless, this sort of classification is useful because each category carries predictive weight. As we will see, ad hoc policy-making makes it difficult to establish smooth channels for the transition from school to work. Mrs Thatcher learnt this lesson and shifted policy in Britain from the lower half of the table to the upper, thus escaping many of the problems that continue to plague American policy. However, programs that allow individual employers to decide on the content of training tend to the provision of specific as opposed to transferable skills. We will see that this is the heart of the paradox of British policy in the 1980s: by moving to a market-based system, Mrs Thatcher undermined the potential of her program. In contrast, we will see that the partnership between public and private sectors in West Germany and Sweden, based on the regulation of private activities by government, contrives to

give training in these countries a longer term outlook.

In order to see how the general tendencies outlined in the table interact with country-specific factors we need to move on to our case studies. They are the subject of Chapter 2.

Chapter 2

THREE TRACKS OF PUBLIC POLICY 1960-1989

It is my contention that since 1945 the governments of various advanced capitalist countries have pursued markedly different policies in the field of youth employment and training. By way of illustration, this chapter looks at the policies (and their national context) in four such countries - Britain, America, West Germany and Sweden.

A. Piecemeal Activism

2.1.1 BRITAIN 1964-81

Although attempts to formulate a national manpower and employment policy have been traced back to Elizabeth I and the Statute of Artificers of 1563⁴⁰, governments in Britain from the Industrial Revolution to the early post second world war period were loathe to involve themselves in the internal workings of industry. This is interesting given, firstly, the dire warnings of government commissions about the state of British workmanship and its effect on the country's economic strength, and secondly the debate about state provision of education, and its relationship to employment. Both provide useful background to an analysis of British policy choices after 1945.

⁴⁰ See P.J.C. Perry The Evolution of British Manpower Policy (Portsmouth: BACIE, 1976) p6ff

Keep and Mayhew⁴¹ note that as early as 1852, Lyon Playfair warned of the need for UK manufacturing to have better technical education to keep its lead over foreign competitors, and in the wake of the economic depression of the 1880s, a Royal Commission reporting in 1886 cited "superior technical education of workmen in foreign countries" as one of eight principal causes of the economic downturn in Britain⁴². Although wartime mobilization in 1914 forced greater involvement of government in industrial management - 38 government training centers trained 525,000 workers during the war⁴³ - the end of the war marked a return to the voluntarist status quo ante, and twenty more years in which government left vocational education to industry.

World War II further exposed British economic weakness - German output in manufacturing rose by six times the British increase in the war years⁴⁴ - and prompted two further Royal Commissions to insist on the need for closer application of science to industry. By 1949, the Permanent Secretary at the

⁴¹ E.Keep and K.Mayhew 'The Assessment: Education, Training and Economic Performance' in Oxford Review of Economic Policy Vol 4 No 3 (Autumn 1988) pii

⁴² Royal Commission on the Depression quoted in Perry British Manpower Policy op cit p32

⁴³ Cited in Perry Ibid p47

⁴⁴ Cited in P.Anderson 'The Figures of Descent' pp 20-77 in New Left Review No 161 (January/February 1987) p46

Ministry of Labour, Sir Godfrey Ince, responded to the failure of employers adequately to train employees by saying that "no employer should be allowed to engage a youth unless he is prepared to train him properly and adequately"⁴⁵. Despite continued warnings, however, we will see that the first (admittedly faltering) steps towards government intervention did not occur until the 1960s. One of the reasons for this timidity may have been the longstanding bifurcation between education and training that has pervaded attempts to improve the training system in Britain.

Although it is now commonplace to argue both that British education is framed for the benefit of an elite group, and that a bias against technical education and industry dating from the Victorian era imbued the policy priorities of successive governments, each point is worthy of note. It is first of all significant that although a strong and broad educational grounding was highly regarded by the mid nineteenth century, it was not considered necessary to spread its benefits across the population as a whole⁴⁶. Even with

⁴⁵ Quoted in Perry British Manpower Policy op cit p51

⁴⁶ The 1851 Northcote-Trevelyan Report on the Civil Service stated that "We believe that men...of up to two or one and twenty with studies which have no immediate connection with the business of any profession, of which the immediate effect is merely to open, to invigorate and to enrich the mind will generally be found in the business of every profession superior to men who have at 18 or 19 devoted themselves to the special duties of their calling". The Report did not, however, contain calls for the expansion of this general education. Quoted in

legislation for compulsory elementary schooling in 1870, the expansion of compulsory education to the secondary stage in the 1918 Education Act, and the growing influence of the Labour Party in Parliament, Rodney Barker reports that in the 1920s "the parties shared a common assumption that secondary (grammar) education was a prize for the few...the argument was about access to educational privilege"⁴⁷. Despite successive reforms of tertiary education (following the 1944 Education Act and the 1959 Crowther Report), and the expansion of higher education under the impetus of the Robens Report in 1963, by the 1980s only 16% of British 18 year olds were going into further education, and the recently reformed 'O (for 'Ordinary') Level exams that were a passport to academic studies beyond the age of 16 were intended for only those regarded as being among the most able 40% of the age group. In terms of general education, therefore, British school leavers have been ill-equipped for the transition to employment, especially in the face of growing demands from employers for higher educational attainment⁴⁸.

Perry Ibid p164

⁴⁷ R.Barker Education and Politics 1900-51: a Study of the Labour Party (Oxford: Clarendon Press, 1982) p54. Quoted in W.Taylor 'Production and Educational Values' pp 101-112 in G.D.N Worswick (ed) Education and Economic Performance (Aldershot: Gower Press, 1985) p105

⁴⁸ Prais and Wagner report that twice as many German schoolchildren as British reach university entrance standards, and while 32% of German school leavers gain an intermediate school leaving certificate, only 14% reach an equivalent level in the UK. See S.Prais and K.Wagner 'Schooling Standards in

As for the bifurcation between traditional scholarship and scientific/technical education, both Williams and Weiner document the role of Victorian elite educational institutions (principally the major 'public' schools and the ancient universities) in "propagating an academic and cultural heritage imbued with disdain for vocational applications, especially industrial manufacturing"⁴⁹. In this argument, and that of Anderson⁵⁰, the anti-industrial culture of English ruling elites in the late Victorian period is seen as central to the development of a climate antithetical to the need for industrial and economic development, thus hastening Britain's decline as a world economic power. For our purposes, however, the broader economic argument can be put to one side: instead, we need only recognize that training was divorced from the traditional educational realm at a very early stage, and further that partly as a consequence of this bifurcation, the provision of training for employment was considered to be outside the legitimate sphere of government activity. Despite

England and Germany: Some Summary Comparisons Bearing on Economic Performance' pp 53-76 in NIER No 112 (May 1985) pp 56,59. See also discussion below

⁴⁹ Quotation from A.G. Watts 'Education and Employment: The Traditional Bonds' pp 9-22 in R.Dale (ed) Education, Training and Employment: Towards a New Vocationalism? (Oxford: Pergamon Press, 1985). See also R.Williams The Long Revolution (London: Chatto and Windus, 1961) and M. Weiner English Culture and the Decline of the Industrial Spirit (Cambridge: Cambridge University Press, 1981)

⁵⁰ See Anderson 'Figures of Descent' op cit pp 32ff,41,57

the growing sense of foreboding that we have documented above, governments resisted any inclination to try and improve the opportunities for vocational education until the 1960s, preferring instead to leave training for employment in the hands of industry.

1964 Industrial Training Act

Government concern with the state of training provision, and its ability to cope with the 'youth bulge' arising from the unusually large age cohort born at the end of the Second World War, is evident in the report of the Carr Committee in the mid 1950s. The Committee's Report, published in February 1958, formed the basis of the last attempt to make the existing system work without government intervention. The conclusion of the Committee was blunt: "...existing facilities for training are inadequate in quantity, and in some cases in quality as well" it said⁵¹. Nonetheless, the Committee insisted that the division of labor between government and industry should remain unchanged, with exhortation and monitoring to take the place of structural reform. By September 1960, there was no evidence of increased provision, and the idea of a compulsory training levy was first floated. Finally, in December 1962 the government published a White Paper announcing its intention to promote training provision.

⁵¹ Quoted in Perry British Manpower Policy op cit p65

It proposed three objectives for the new legislation: to match training provision more closely with economic needs and technological development; to improve the overall quality of industrial training and establish minimum standards; and finally to allow the costs of training to be spread more evenly⁵². An editorial in The Times called this a "spectacular and revolutionary advance"⁵³ because of government's intention to take on final responsibility for the shape of training provision. With the benefit of hindsight, however, we can see that the new structure bore many of the hallmarks of the old, and consequently failed to root out its most deepseated problems.

The government saw the failure of sufficient number of firms to provide training as an example of the 'free rider' problem, whereby firms could avoid the costs associated with training by "poaching" trained workers from other firms. The government's answer was to try and generalize best practice throughout industry through a system known as 'levy/grant'. An Industrial Training Board (ITB), staffed by representatives of employers, unions and government, would be set up to administer a levy on every firm in a given industry, granting rebates to those employers deemed to be providing suitable

⁵² See Perry Ibid pp 100ff; also P.G.Chapman M.J.Tooze The Youth Training Scheme op cit pp 25/6

⁵³ Quoted in Perry Ibid p102

volume and quality of training⁵⁴. The intention was clearly to reverse the incentives, and make it worthwhile for firms to offer training to employees.

The strength of voluntarist feeling constraining dramatic advance can perhaps be best gauged from the comments of Lady Williams, a leading campaigner for reform of the training system and a key voice in government deliberations on the reforms. She felt the need to couch her defence of the proposals in the following terms:

If you think of all the things that we have been doing over the last fifty or sixty years, I think you will see that what I am suggesting is really part of the traditional pattern. We have always had, and I hope we always shall have, a great respect for voluntary action, voluntary negotiation and individual freedom⁵⁵

It should be clear that the extent of government intervention under the plan was limited, and made no attempt to construct an integrated nationwide training system. Even if the government plan had worked optimally, there would still have been 27 ITBs running 27 different training systems, with individual firms satisfying the requirements of their ITB in different ways. Despite calls from trade union leaders for a more systematic approach to the problem, involving unskilled and semi-skilled as well as craft workers, links with

⁵⁴ See M. Anderson and J. Fairley 'The Politics of Industrial Training in the UK' pp 191-208 in Journal of Public Policy Vol 3 No 2 (May 1983)

⁵⁵ Quoted in Perry British Manpower Policy op cit p105

educational reform, and coordination through a central body, no such changes were proposed. In his comprehensive history of the development of the Act, Perry gives a hint of the limited horizons of reformers:

(The ITBs) were designed to do a practical job, not to implement an ideological master plan...The Act made no attempt to dot the "i's" and cross the "t's" in a way common to Continental legislation⁵⁶

Given the gradualist aims of the legislation, it is perhaps not surprising that the background chorus of concern about the state of British VET should have continued during the 1960s. However, a major spur for further reform came from the failures of the mechanisms set up under the Act. By their nature, the ITB's were ill-suited to coordinate training and skills required in more than one sector, and were not in a position to cater for the transfer of labor from declining to expanding industries. Furthermore, the industry basis of the training boards forced ITB's to try and make nationwide contacts with firms of varying sizes, something which it seems they failed to do⁵⁷. Finally, the Boards made little progress towards reaching out to the unskilled and semi-skilled sections of the youth population. These were the major concerns that motivated lobbying from business for legislative

⁵⁶ Perry Ibid op cit p5

⁵⁷ Small businesses were particularly disenchanted with the functioning of the system. See D.Gleeson 'The Privatisation of Industry and the Nationalisation of Youth' pp 57-72 in Dale (ed) Education, Training and Employment op cit p76. See also Perry Ibid pp 276ff

reform by the new Conservative government elected in 1970.

1973 Employment and Training Act

A government review of the operation of the 1964 Act was set up in 1970, and its findings were published in the form of a Green (Discussion) Paper in February 1972⁵⁸. The recommendations of the review included the abolition of the levy/grant funding system, the establishment of a government sponsored 'Training Opportunities Scheme' (intended to offer 50-60,000 places by 1975 primarily to retrain adult workers), and the setting up of a National Training Agency to run TOPS. After consultation, however, the final Bill presented to Parliament only tinkered with the levy/grant system, but perhaps more importantly for the future of training provision, did propose to set up an operationally independent central agency to coordinate training between and outside the individual ITBs.

The basis of the levy-funded ITBs was kept in place, encouraging firms in particular industries to make provision for training their own employees. Nonetheless, the legislation allowed the ITBs to grant exemption for individual firms from paying into the industry-wide pool used to fund training provision. The exemption was to be given to firms

⁵⁸ Training for the Future - A Plan for Discussion (London: HMSO, 1972)

offering satisfactory levels of training, it seems in order to offset complaints about ITB bureaucracy and cost.

As for the newly created Manpower Services Commission - designed to integrate training provision for people of all ages with other mechanisms of intervention in the labor market - it was originally split into two main divisions: on the one hand the Employment Services Agency, planning and operating schemes of public service employment (a function transferred to the Department of Employment in 1974), and on the other the Training Services Agency, promoting firm level training and running the TOPS scheme, thereby unifying in terms of oversight public and private training provision. As well as executing national manpower policy under Ministerial guidance, the MSC would also be an advisory body, offering advice on trends in the labor market, and providing guidelines for policy⁵⁹.

By 1974, the Labour Party Manifesto for the February election promised to turn the MSC "into a powerful body responsible for the development and execution of a comprehensive manpower policy"⁶⁰. What Labour had failed to take account of,

⁵⁹ See M.Jackson 'A Seat at the Table?' pp 26-39 in C.Benn and J.Fairley (eds) Challenging the MSC: On Jobs, Training and Education (London: Pluto, 1986) p28ff

⁶⁰ Quoted in Jackson Ibid p30

however, was the major economic downturn that was to grip Western Europe and America after 1973. From being largely a planning agency, the political profile of the MSC was dramatically raised in the search for quick solutions to the mounting problem of unemployment. In terms of its direct impact on training provision, however, the 1973 Act suffered from the compromise it made with industry, which lobbied against any transfer of power away from employers to national government. As Sheldrake and Vickerstaff have written:

As in 1964, the 1973 Act was an attempt to reconcile the need for a concerted national policy on training with the entrenched and shortsighted interests of industry⁶¹

Policy Proliferation 1974-79

The new economic order ushered in by the 1973 oil price increases brought sustained depression to the UK labor market, and had a profound effect on the level of youth unemployment, providing for the first time a most visible and comprehensible indicator of the failure of the British economy successfully to integrate young people into the workforce. Time series data show a long run secular increase in levels of youth unemployment for the thirty years from the beginning of the 1950s, punctuated by structural breaks, leaps in fact, in the trend, most obviously in 1974⁶². By way of comparison, Hart

⁶¹ Sheldrake and Vickerstaff History of Industrial Training op cit pp 45/6

⁶² See Hart Youth Unemployment in Great Britain op cit Ch2

points out that while 1% of young people under the age of 18 were unemployed in 1951, the comparable figure for 1981 was 25%⁶³. OECD data for British 16-24 year olds show the impact of the 1974 depression on youth employment: unemployment rates of 2.9% in 1970 and 3.2% in 1973 rose to 11.8% by 1976, and 13.5% in 1977⁶⁴.

Until 1975, the two major legislative influences on the position of young people in the job market were the largely indirect effects of the raising of the minimum school leaving age (from 15 to 16) in 1974, and the delayed effects of the provision for release of pupils from school for limited work experience under the 1973 Education Act. However, in 1975, continuing high levels of youth unemployment prompted the government to instigate six new emergency programs of job creation and training for young people. A brief review of the different programs will give us some idea of the range of measures taken⁶⁵.

In 1975, the government used the model of the Temporary Employment Subsidy (designed to stimulate job creation in

⁶³ Hart Ibid p1

⁶⁴ New Policies for the Young op cit p16

⁶⁵ See S.Maclure Education and Youth Employment in Great Britain (Berkeley: Carnegie Council on Policy Studies in Higher Education, 1979) Ch 5 for more detail on the various programs

depressed regions) to offer a Youth Employment Subsidy to employers, designed to subsidize the wages of anyone under the age of twenty registered as unemployed for over six months. The explicit aim was to create short term employment. In more direct fashion, the Job Creation Programme (JCP) tried to meet rising political pressure by offering work for community benefit at rates of pay equivalent to the going 'rate for the job'. By March 1977, 75,000 jobs were being offered for an average duration of 31 weeks, with one fifth of JCP participants leaving to take a permanent job. It seems clear that the main aim of the program was to keep people active: the work was of a short term nature, offering limited potential for personal development, and minimal training⁶⁶.

In the autumn of 1976, as youth unemployment reached record levels, the government announced its intention to bolster its efforts under the JCP with the creation of a new Work Experience Programme (WEP). WEP offered six month work placements for young people, and was seen by the MSC as a way to give young people a better understanding of the work environment. The original time limits on the program suggest it was seen as a temporary expedient, with figures showing

⁶⁶ A National Union of Teachers survey suggested that 77% of the placements under JCP had no viable training content, and although the MSC claimed that 70% of the jobs offered on the job training, 70% of respondents in an MSC survey said they received no training. Cited in Maclure Ibid p110

only 10% of the jobs having a further education content, and 16% offering study on day release or formalized company training⁶⁷. The government also introduced two smaller programs as variants of JCP and WEP: 1% of the 1976 JCP budget was designated as 'pump priming' money to help new enterprises start up, and the Clerical Training Awards Scheme was set up as a sister scheme to WEP, offering specific training in clerical studies.

Finally, also in 1976, the government proposed a "limited program of experimental schemes of vocational preparation for young people leaving school and entering jobs with little or no training"⁶⁸. Unified Vocational Preparation (UVP), originally made up of 20 pilot schemes, aimed to link education and training services in the planning and provision of vocational preparation for young people. UVP was therefore a more sophisticated variant of attempts to both supplement basic skills and improve work habits.

It should be clear that in the 1970s not only was the ITB system failing to offer the comprehensive training necessary for a modern workforce, but that the government was

⁶⁷ Maclure Ibid p113

⁶⁸ M.Farley 'Trends and Structural Changes in English Vocational Education' pp 73-94 in Dale op cit Education, Training and Employment op cit p77

overwhelmed by the demand to help young people find something to do on leaving school. The rash of ad hoc, short term programs started in response to political pressure made for patchy provision, overlap between programs, and varying allowances paid to young people. The programs both failed to offer long term training, and to cope with the numbers of young people without work. Nonetheless, there were signs that the fundamental problems of the British approach to VET were being recognized, and that the first steps towards a thoroughgoing reorganization of attitudes and structures was taking place. We will look at two aspects of the slowly changing climate: first, and briefly, the 'Great Debate' on education initiated by the Prime Minister in a speech at Ruskin College, Oxford in late 1976⁶⁹, and secondly the reorganization of training provision under the Youth Opportunities Programme in 1977.

The significance of Mr Callaghan's Ruskin speech was that it gave legitimacy to concerns at local and national level about standards in education, and the relationship of teaching in schools to the employment for which pupils were being prepared. Many of the concerns about standards - most obviously in the case of the so called 'Black Papers' - had a distinctly political purpose, designed to discredit aspects of

⁶⁹ Reprinted in Times Educational Supplement 22 October 1976 p1

'progressive' teaching methods. Nonetheless, it is significant that Mr Callaghan should have raised the idea of a 'core curriculum' of nationally prepared subjects for all pupils as a way to establish minimum standards for school leavers, providing a key link with the demands of several groups for better links between education and industry⁷⁰.

The long term aim of improving educational standards was no substitute for a coherent government response to the crisis in training and employment in the mid to late 1970s, however, and the government made some attempt to rectify the problems of the training system. Though the industry-based ITBs were kept in operation, government action to help people falling through the net took on a more planned hue with the publication and implementation of proposals from the MSC's Holland Committee for the establishment of a wide ranging Youth Opportunities Programme (YOPs) to try and coordinate and rationalize the variety of programs then in operation. Although the government's basic role as provider of last resort was not changed in favor of a more proactive approach, YOPs did at least represent an attempt to help government perform its backstop role more effectively.

⁷⁰ For a useful analysis of the development of the 'schools industry' movement, see I. Jamieson 'Corporate Hegemony or Pedagogic Liberation? The Schools Industry Movement in England and Wales' pp 23-39 in Dale (ed) Education, Training and Employment op cit

The scheme was originally floated by the then Education Secretary Shirley Williams as a guarantee of education and/or training to every unemployed young person under 18, but was finally put together by the MSC in a bid to pre-empt the Department of Education and Science (DES), which wanted to operate a scheme through its network of LEAs. The MSC plan offered a combination of work experience and training for young people with six weeks unemployment behind them, with a weekly allowance of 18 pounds per week for support. However, the reliance on the private sector for job placements - 63% of places were provided by private firms, compared to 26% from public bodies and 10% from voluntary organizations⁷¹ - made YOP trainees ripe for substitution for other workers, and the concentration of placements in small firms severely limited the content of the training provided⁷². Farley documents further major criticisms of YOPs, relating to its failure to stem the rise in unemployment, the inadequacy of the training content, lack of provision for women and ethnic minorities, and lack of trainee development within and from schemes.

⁷¹ Farley 'Trends and Structural Change' op cit p79

⁷² See Quality or Collapse (London: Youthaid, 1981)

Summary

This section has documented governmental response to the weaknesses of British VET. Beyond the enduring strength of the voluntarist tradition in some parts of British industry and politics, we have been able to isolate problems inherent in the type of policy pursued in Britain. In the 1964 Industry Training Act, the government failed to integrate training policy with other labor market measures, education policy, or general economic policy. Instead, it sought to isolate VET as the concern of industry, setting up a structure that would last nearly twenty years. In 1973, a different government sought to ameliorate the problems inherent in the system with incremental reform of the ITB network. Finally, in the period after 1975, we saw the government react to problems as they were identified, instead of planning ahead to establish mechanisms to try and prevent the problems in the first place. With this experience in mind, we will move on to examine the American response to similar problems.

2.1.2 THE UNITED STATES 1962-1989

American public policy debates, to an even greater extent than British, have been dominated by an ethic of limited government and individual self-reliance. Whether one believes this to be a reflection of individualist, anti statist sentiments among the population at large, or instead a sign of a strong business community forcing on government its antipathy to interference with the market, it is widely held to be the case that state intervention in America is less well developed than in European or Scandinavian countries. Even where government has agreed to take action, it has done so in such a way as both to preserve private alternatives to state help, and to erect state aid only as a last resort. This has been as true for labor market policy as for legislation for income support, health services, or tax policy⁷³. We need to recognize, however, the peculiarities of the American policy context beyond the well documented weakness of state intervention. Most importantly for an analysis of training policy, we should be aware of America's economic situation and education system in the post war period.

The United States emerged from the Second World War as the preeminent world economic power, able and (in contrast to the

⁷³ A valuable addition to the literature on the American welfare state is A.S. Orloff, T.Skocpol and M.Weir (eds) The Politics of American Social Policy (Princeton: Princeton University Press, 1988). See esp Introduction, Chs 1,2,4,8,9 and Epilogue

inter-war period) willing to take on a "hegemonic" economic role⁷⁴. Even seven years after the War's end, the American economy produced 60% of total output in advanced capitalist countries, with five times the export strength of Germany, and seventeen times that of Japan⁷⁵. Although US business was not the prime beneficiary of the expansion of world trade after 1945 (German and Japanese export volume growth far exceeded American levels, for instance), the sheer size of the American economy, and full employment and growing wages at home, masked underlying trends⁷⁶. For our purposes, the relevance of absolutely strong but relatively weak US economic performance is the complacency it induced in the 1950s. As we will see, it was not until the early 1960s that the federal government recognized the potential problems at the heart of US economic performance. What is more, even today, concerns raised about the US economy can still be brushed aside by national leaders. A second key parameter of the transition from school to work is, as we have seen, the education system. In the United

⁷⁴ The notion is Kindleberger's. See C. Kindleberger The World in Depression (Berkeley: California University Press, 1986)

⁷⁵ Cited in P. Armstrong, A. Glyn and P. Harrison Capitalism Since World War II: The Making and Break-Up of the Great Boom (London: Fontana, 1984) p219

⁷⁶ The rate of accumulation of American capital - crucial to future investment - lagged behind European and Japanese rivals, for instance. Armstrong, Glyn and Harrison report that between 1955 and 1970, capital stock per head rose 38% in the US, 87% in Europe and 203% in Japan. Armstrong, Glyn and Harrison Ibid p219

States, the system of mass higher education (or at least entry to it) siphons off a large part of the school-leaving population. Although about 15% of young people in an American age cohort do not graduate from high school, or receive a GED, some 60% of high school graduates (50% of the cohort) do go on to college⁷⁷. Policies for youth training have in general been directed at the "other" 50%, and in keeping with our approach to British policy, we will concentrate attention here on that part of the cohort that does not continue in education on leaving school. Despite the expanding opportunities for study in community colleges⁷⁸, and the places available for young people in vocational and business schools, significant numbers of school leavers fall through the various safety nets, and find themselves unemployed or in temporary unskilled employment on leaving school.

Before proceeding to examine federal initiatives in the field of youth VET, it is important to recognize the limitations of an approach that relies almost exclusively on analysis of federal legislation. The American system does of course

⁷⁷ See P.Osterman Employment Futures: Reorganisation, Dislocation and Public Policy (New York: Oxford University Press, 1988) p114

⁷⁸ Between 1960 and 1980, enrollment at community colleges increased from 650,000 to 4 million, or from 16% of high school enrollees in 1960 to 38% in 1983. Cited in Osterman Ibid p101. See also Competence and Competition op cit pp 29ff and Dertouzos et al Made in America op cit p85.

devolve significant power to state and local government, and the exact nature of provision of youth VET is not invariant between States. Nevertheless, in the field of manpower policy, it has been federal government that has set the parameters of debate and laid down the framework for public action, often delegating power over the implementation of policy to lower levels of government. The aim of this thesis is to get an overall picture of public policy for youth VET, and so study of federal policy does serve our purposes reasonably well. Further detailed study of selected states would of course furnish useful detail on the state of VET provision, but would not in my estimation contradict the basic thrust of my case⁷⁹.

Early Training Initiatives and the War on Poverty

As in Britain, the first attempts by American government to improve the training of the workforce were directed at all unemployed workers, and not just school leavers. Also, rising unemployment does seem to have been a key trigger for action for American politicians as well as British ones. Baumer and Van Horne are of course right to point out that there is no one 'unacceptable' level of unemployment: the level of unemployment at which government feels forced to act can be

⁷⁹ Study of state level initiatives currently seems to take the form of analysis of individual programs, not examination of overall provision. For references see footnote 108

seen as a social construct, dependent on the prevailing political balance of forces. Thus, while an overall unemployment rate of 7.8% in 1950 produced no emergency jobs program, rates of unemployment of 6.6% and 6.7% in 1971 and 1974 respectively did lead Congress to pass emergency job creation measures⁸⁰. Nonetheless it seems widely accepted that the Kennedy administration was prompted into action by rising rates of unemployment that broke the 8% barrier in 1961⁸¹. Although the initial policies were not aimed specifically at the young unemployed, disproportionately high rates of youth unemployment made young people a large part of the target population of programs aiming to help the unemployed⁸²

While income support and job creation or temporary employment measures can be used to cushion the blow of unemployment for those people suffering temporary unemployment, the Kennedy /Johnson Administrations seem to have recognized the need to affect more structural change in the position of the long term unemployed, people whose skills (or lack of them) consign them

⁸⁰ Baumer and Van Horn The Politics of Unemployment op cit p21

⁸¹ On the origins of the labor market policies in the early 1960s see Baumer and Van Horn Politics of Unemployment op cit p16ff and G.Mangum and J.Walsh A Decade of Manpower Development and Training (Salt Lake City: Olympus Publishing Co, 1973)

⁸² Double digit unemployment has been the norm for North American 16-19 year olds since 1954. See H.Ginsburg Full Employment and Public Policy: The US and Sweden (Lexington, MA: D.C. Heath and Co., 1983) p39

to near permanent reliance on state support. The first such piece of legislation passed in the 1960s was the Manpower Development and Training Act (MDTA), which proposed to spend a modest \$64 million in 1963 on programs to help retrain workers displaced from work by technological change.

However, when growing pressure from the civil rights movement prompted President Johnson to launch his war on poverty in 1964, the role of the MDTA was drastically changed. Not for the last time in the history of training policy in America, political pressure would overwhelm the original impetus of a training program in favor of more short term goals. The division between the long term goals of training and the shorter term ones of job creation seem to have crystallized in the divergent concerns of, on the one hand, the Office of Education, which saw education and training as a means and an end, and on the other the Department of Labor whose focus was on job creation wherever possible. President Johnson's declaration of war on poverty turned MDTA towards an anti-poverty orientation, incorporating a number of job creation programs, like the Concentrated Employment Program, under its rubric. Thus, Mangum and Walsh report that while MDTA obligations - expenditures plus certified unpaid obligations - doubled between 1966 and 1971, resources devoted to training

increased by only 9%⁸³.

The determination to help the disadvantaged did focus attention on the position of youth, and spawned a host of programs for youth activity, most obviously the Neighborhood Youth Corps, the Apprentice Outreach Program, and the Job Corps. The latter has survived to the present day, and is generally agreed to be cost beneficial. It offers comprehensive programs of occupational skill training, basic and remedial education, counselling and job training for disadvantaged youth. Although information is not available on the relative performance of its component parts, at an aggregate level a recent study found that in the three and a half years after participation, enrollees' earnings were 28% higher than those of non participants, and their time on welfare was cut by 2 weeks per year⁸⁴. The Job Corps is notable for its relative success because the other initiatives of the 1960s did little to establish relevant mechanisms for the vocational education of American school leavers. The recognition of the need for a national initiative in the early 1970s is testimony to that.

⁸³ Mangum and Walsh Decade of Manpower op cit p11

⁸⁴ C.L.Betsey, R.Hollister and M.Papageorgiou (eds) for Committee on Youth Employment Programs, Committee on Behavioural and Social Sciences and Education, and the National Research Council Youth Employment and Training: The YEDPA Years (Washington, DC: National Academy Press, 1985)

CETA Marks I and II

By the time of President Nixon's major policy statement on manpower policy in March 1971, vocational education was provided under 17 separate programs through more than 50,000 education and community organizations. Nixon described these programs in his statement as "overcentralized, bureaucratic, remote from the people they mean to serve, overguided and far less effective than they might be in helping the unskilled and the disadvantaged"⁸⁵. The aim of all concerned actors was to reorder this patchwork set of programs into a streamlined and consolidated system. Key differences separated the Democratically controlled Congress from President Nixon, however, most obviously relating to the role of public sector employment (PSE) in the program, and the extent to which power would be devolved to state and local government. In its final form, CETA - the Comprehensive Employment and Training Act - embodied these differences in its vagueness, allowing all the conflicting groups to believe that it would serve their ends. Thus, CETA passed operational power to 450 'Prime Sponsors' - mainly state and local government units of over 100,000 people - with the shape of each program also determined locally, but subject to monitoring by federal government and local advisory councils of concerned citizens.

⁸⁵ 'Manpower Revenue Sharing Message' pp419-422 in Weekly Compilation of Presidential Documents March 8 1971, quoted in Baumer and Van Horn Politics of Unemployment op cit p18

The tensions in the making of the Act are evident in its six Titles. The provision of comprehensive services for the unemployed and economically disadvantaged authorized provision by Prime Sponsors, but did not guarantee it, and left open whether services would consist of classroom training, on the job training, work experience, PSE, or support services. Thus, while opportunities for reform existed, the Act did not determine either whether the reforms would actually take effect at local level or what results would be achieved. The other Titles tinkered with the edges of this compromise: PSE was authorized in areas of substantial unemployment (taken to be a rate of over 6.5%); target groups, including youth, were established; the Job Corps was reauthorized as an independent program; an advisory group was set up to make recommendations on manpower policy to the President; and finally a further emergency jobs program was authorized in 1974 in an amendment to CETA to provide temporary jobs in the public sector. The potential for local discretion can be gauged by the fact that while the possible recruits numbered 27 million people, funding was provided for only two million places. The discretion on who to serve was compounded by ambiguity about how to serve those selected. We can now see how this ambiguity allowed the training content of CETA to be relegated in the face of other short term political priorities.

Aggregate figures give some indication of the rapidly changing shape of CETA in its first four years of operation. The Title 1 training component of the Act accounted for 42% of total expenditures in 1975, but only 23% in the following year⁸⁶. CETA became synonymous with PSE, funds for which increased from \$1.5 billion in FY 1975 to \$4.5 billion in FY 1978⁸⁷. As Baumer and Van Horn note:

The goal of improving the skills and job opportunities of disadvantaged people was overwhelmed by the urge to have the unemployed on the PSE rolls⁸⁸

This shift in the purpose of CETA was primarily the result of newly elected President Carter's political and economic strategy, though the seeds of the change had been sown much earlier. Unemployment had reached 7% by the time of his inauguration in January 1977, and within a few days of taking office, Carter had unveiled a \$31 billion package of public spending to stimulate the economy, doubling the PSE rolls from 300,000 to 600,000 places in the six months after May 1977⁸⁹.

Any notion that experience in these jobs armed participants with skills for other jobs seems misplaced: in 1975 and 1976, 75% of PSE placements were in unskilled service and clerical

⁸⁶ Baumer and Van Horn Politics of Unemployment op cit p95

⁸⁷ Baumer and Van Horn Ibid p89

⁸⁸ Baumer and Van Horn Ibid p102

⁸⁹ Baumer and Van Horn Ibid p91

occupations⁹⁰. Furthermore, studies suggest that half of all PSE jobs were not newly created employment, but instead simply substituted for recruitment that would have taken place anyway⁹¹. By 1978, an enduring paradox in job creation policy came to the fore. By virtue of its very success in taking people off the unemployment rolls, CETA took the heat out of political demands for help for the unemployed. In 1978, unemployment dipped below 6% for the first time since 1974, raising discussion about the continuing need for such a large jobs program. At the same time, as CETA came up before Congress for reauthorization, difficulties inherent in the implementation of a crash program drastically tainted CETA's reputation. Images of abuse and mismanagement - from fraud to the funding of jobs in exotic project areas - dominated media coverage, and provoked a reaction against the job creation content of CETA. This reaction did not, however, result in any significant reorganisation of CETA to return it to its original purpose - the training of the long term unemployed.

The reauthorization of CETA led to two major types of change in the program. First, although the Prime Sponsor structure

⁹⁰ Baumer and Van Horn Ibid p76

⁹¹ See A.Fechter Public Employment Programs (Washington, DC: American Enterprise Institute, 1975). Also G.E. Johnson and J.D.Tomola 'The Fiscal Substitution Effects of Alternative Approaches to PSE' pp 3-26 in Journal of Human Resources Vol 12, Number 1 (Winter 1977)

of existing programs was left unchanged, substantial efforts were made to crack down on abuse, with stricter eligibility criteria, increased federal oversight, and stronger penalties against those misusing funds. In other words, a program that was launched as a decentralized answer to the malign influence of an overweening federal bureaucracy was given new centralizing administrative content. Paradoxically, however, responsibility for CETA was split up between four discrete national agencies. In addition to the original core training and remedial education function of CETA (previously Title I), the reauthorized CETA included continued provision for PSE, a new role for the private sector, and expanded programs for youth. A new Title VII set up Private Industry Councils, made up of local businessmen, to help generate training opportunities and work experience for the economically disadvantaged, and under Title IV summer and experimental youth programs were set up alongside the Job Corps to help disadvantaged youth. Despite their separate operation, however, and separate legislative authorization, each program with the exception of PSE adopted similar clients and strategies, as well as objectives. The jungle of programs aimed at youth was not only made up of residues of MDTA and CETA, however. In 1977, President Carter initiated a further set of programs independent of the others. The programs authorized under YEDPA - the Youth Employment Demonstration Projects Act - further confused America's 'non-system' of VET.

Youth Employment Demonstration Projects Act 1977

YEDPA was the last part of President Carter's early barrage of legislation, adding four new programs - Young Adult Conservation Corps, Youth Community Conservation and Improvement Project, Youth Employment and Training Program, and experimental programs of wage subsidy for disadvantaged young people in the form of the Youth Incentive Entitlement Pilot Project - to the preexisting programs aimed at youth, namely the Job Corps and the Summer Youth Program. The tripartite report of the Committee on Youth Employment Programs, the Commission on Behavioural and Social Science and Education, and the NRC locates the "primary motivation" for these programs in the high relative unemployment rates of the late 1970s, and this concern is evident in the shape of the programs. Although over \$8 billion was spent from 1979 to 1982 (compared to \$955 million in the last pre YEDPA year)⁹², the major stress on short term, part time work experience in public or non profit agencies represented little change from the strategy of the Neighborhood Youth Corps in 1965. Furthermore, although substantial numbers of young people did take part in YETP (413,000 in 1979 and 463,000 in 1980), the emphasis was on counseling and information provision, not skills training, which remained the preserve of employers. It

⁹² Cited in V.B. Briggs 'Youth Employment and Training Programs: A Review' pp 137-140 in Industrial and Labor Relations Review Vol 41 No 1 (October 1987) p138

is clear that in addition to raising the profile of the youth unemployment problems, YEDPA severely complicated the choices open to young people. In Hartford, Connecticut, for instance, in 1980, Baumer and Van Horn report that six organizations, each authorized through a separate program with separate regulations and reporting requirements, operated part time temporary employment programs for low income minority teenagers.

The Job Training Partnership Act 1982

The innovations undertaken by Mrs Thatcher's administrations in the 1980s (which we will examine in the third section of this chapter) are all the more striking when compared to policies pursued by her ideological soul-mates in the United States. Despite the election of an avowedly radical President, American policy for youth training has remained broadly within the bounds of a consensus established in the 1960s. As Osterman writes:

The training institutions created during the War on Poverty have been retained, in sharply diminished dimensions, and now deliver services very similar to those of the past under the aegis of Reagan's Job Training Partnership Act (JTPA)⁹³

The vocational education institutes established in the early twentieth century, and the Employment Service created during the New Deal, continue to operate side by side with a jungle

⁹³ Osterman Employment Futures op cit p10

of federal and state programs for the young unemployed⁹⁴. The lack of federal reform in this field in the 1980s is all the more remarkable in view of the country's deep economic troubles, manifested most clearly in the trade deficit, and in the light of compelling evidence suggesting that new generations of American workers are not entering the labor market with the skills required for high quality production in the 1990s. Following a brief review of these statistics - they represent, after all, obvious potential stimuli to government action - we will move on to examine the limited nature of policy development in the 1980s.

The unemployment rate among 16-19 year olds peaked at 21.5% in December 1981⁹⁵, and even after five years of economic growth still stood at 14.8% for whites and 37.6% for blacks in March

⁹⁴ Osterman reports on the poor performance of the potentially important Employment Service, which should help match job seekers with job vacancies, but which has become increasingly tied to the income transfer system through requirements on welfare recipients to show themselves looking for employment. See P.Osterman 'Rethinking the American Training System' pp 28-35 in Social Policy Vol 19 No 1 (Summer 1988) p30. On the failure of the Employment Service to help place unemployed people in work see T.Johnson, K.Dickinson and R.West 'An Evaluation of the Impact of Employment Service Referrals on Applicant Earnings' pp 112-138 in Journal of Human Resources Vol 20 No 4 (Winter 1985)

⁹⁵ Cited in S.F.Hamilton and J.F.Claus 'Youth Unemployment in the US: Problems and Programmes' pp 137-160 in R.Fiddy (ed) Youth Unemployment and Training: A Collection of National Perspectives (London: Falmer Press, 1985) p142

1988⁹⁶. The evidence on the deficiencies of young Americans entering the labor market seems uncontested. In 1983, the National Commission on Excellence in Education produced its report A Nation at Risk calling attention to the problems of American education and the threat they posed to national competitiveness. The MIT Commission on Industrial Productivity noted a "systematic undervaluation...of how much difference it can make when people are well educated and their skills are continually developed and challenged"⁹⁷, and David Kearns, Chairman and CEO of Xerox Corporation has said that "the American workforce is running out of qualified people"⁹⁸. Even the President of the American Federation of Teachers, Albert Shanker, says:

We've never really educated more than 15% to 20% of the kids in this country - not (even) up to the level of Shakespeare or Dickens or calculus or trigonometry, but just up to the level of writing a simple letter⁹⁹

The American school system is of course even more decentralized than the British (which is rapidly being centralized as the provisions of the 1988 Education Reform Act take effect), the curriculum being decided by state agencies and some 15,000 local school districts, with federal money

⁹⁶ Cited in P.Osterman 'Rethinking the American Training System' op cit p28

⁹⁷ Dertouzos et al Made in America op cit p82

⁹⁸ Quoted in Miller 'Employers Wrestle ' op cit p49 ck

⁹⁹ Quoted in Miller Ibid p50

accounting for less than 9% of total expenditures¹⁰⁰. However, the federal government has taken minimal strides to cater for the needs of school leavers, and this is our main concern.

Ronald Reagan entered office with a level of distrust of government and confidence in the market similar to Mrs Thatcher. CETA was due to expire in September 1982, prompting discussion about how the Act's training provisions should be replaced. Levitan and Gallo's detailed account of the birth of the JTPA identifies four issues of controversy: how much to spend; stipend levels for enrollees; the extent of the federal role; and the degree of business involvement¹⁰¹. Despite an unemployment rate of 9% in January 1982, President Reagan proposed to spend only \$2.4 billion on job training, one quarter of the pre (1980) election level. While the final compromise raised this figure to \$3.7 billion in the JTPA's first full year (half the 1980 CETA level), support services (including stipends) and administration by local sponsors could not exceed 30% of total costs - ostensibly the Administration professed determination not to allow JTPA to become a welfare program. The JTPA earmarked 40% of funds for low income and long term unemployed youth, with public service jobs prohibited. In theory at least, the local government

¹⁰⁰ Cited in Levitan and Gallo Training for Jobs op cit p49

¹⁰¹ Levitan and Gallo Ibid pp 10ff

base of the CETA Prime Sponsor network was to be replaced with newly created Service Delivery Areas (SDAs) comprising local governments and locally organized Private Industry Councils (PICs), but in fact the legacies of the CETA framework were taken on in substantial numbers: for instance, some 80% of SDAs left CETA Prime Sponsor boundaries unchanged or were hybrids of two or more Prime Sponsor areas¹⁰².

The new Act did, however, shift the balance of responsibility away from central government, partly to the states but in large part straight to the private sector: As President Reagan said, "You, the private employers, will lead, not the federal government"¹⁰³. On the basis of 15 months "intense" work on the replacement of CETA, the US Chamber of Commerce claims that the House added three out of five amendments to the legislation supported by the Administration and employers¹⁰⁴ and that "the Act places the leadership of these public training programs and facilities in the hands of local employers who know what skills are needed and what jobs are available in the communities"¹⁰⁵. Like the Thatcher government in the UK, the Reagan Administration trusted the atomized

¹⁰² Baumer and Van Horn Politics of Unemployment op cit p182

¹⁰³ Quoted in The New Job Training Partnership Act (Washington: US Chamber of Commerce, 1983) p81

¹⁰⁴ The New JTPA Ibid p4

¹⁰⁵ The New JTPA Ibid 'Foreward'

decisions of individual firms to facilitate the provision of training places. It also provided for collective business influence at a local level by setting up PICs - comprised of a majority of businessmen - to promote local initiatives. As the Chamber of Commerce pointed out:

The partnership provides an ideal PR forum, a place where people can work out programs and activities over a period of time and share in the credit for the results. Many business firms will want to participate in the partnership to obtain, trained, productive employees. As they do, they will acquire both well trained employees and favorable visibility¹⁰⁶

Nonetheless, the programs remain marginal to the main activities of the business community: a Bureau of National Affairs survey revealed that only 9% of firms had any involvement with JTPA¹⁰⁷. The "partnership" referred to above is with state and local government - the Act having paved the way for Administration officials progressively to attenuate the federal role in job training¹⁰⁸. Although the Act severely

¹⁰⁶ The New JTPA Ibid p74

¹⁰⁷ Cited in Osterman Employment Futures op cit p99

¹⁰⁸ Symptomatic of President's early concern to decentralize labor market policy was the introduction of an amendment to the 1967 Work Incentive Program (through the 1981 Omnibus Budget Reconciliation Act) which gave States the option of fulfilling the requirements of the 1967 Act by developing their own 'work to welfare' programs. This option has been taken up in a number of states, most innovatively in Massachusetts in the form of its now famous 'ET' (Employment Training) Program. These programs have not been primarily directed at school leavers, but have located the young unemployed as a target group. On the results of these programs, see Work and Welfare: An Analysis of AFDC Employment Programs in Four States (Washington: US General Accounting Office, 1988) and J.Gueron Work Initiatives for Welfare Recipients (New York: Manpower Development Research Corporation, 1985). On the Massachusetts' program, see

limited the ambit of federal responsibility for the program, it did give the government a role in financing and monitoring state and local government compliance with the law, supplying technical assistance, assessing the success of the program, and ensuring fiscal accountability. However, Levitan and Gallo report that "virtually all observers agree that the Labor Department abjured leadership of the program", and that the Administration judged the program a success merely by the fact that the federal government had been removed from the scene¹⁰⁹. Furthermore, although the Act required the annual submission to Congress of assessments of JTPA operation, Levitan and Gallo report that the Labor Department ignored this statutory requirement until 1987 and that no record could be found of Congress prompting it to do so¹¹⁰.

At state level, too, there is evidence that state government has been reticent to become involved with JTPA: financial contributions have been limited, less than two-thirds of federally provided set-aside funds have been spent, and public sector (as well as trade union and community group) involvement in the advisory councils (PICs and State Job

S.Savner, L.Williams and M.Halas 'The Massachusetts ET Program' pp 122-131 in Clearinghouse Review June 1986

¹⁰⁹ Levitan and Gallo Training for Jobs op cit p28.

¹¹⁰ Levitan and Gallo Ibid p28

Training Coordinating Councils) limited¹¹¹.

Available evidence does suggest that overall JTPA participants do have better employment and wage rates than their peers, but no greater improvement than participants in the CETA programs¹¹². As for the year round youth programs offered in 1985, they involved some 500,000 young people under the age of 22, 31% of whom were given help in job search, 81% offered work experience, 31% on the job training and 39% classroom teaching. Evidence on the results of this involvement is extremely patchy - nonexistent in fact. The Job Corps doubled its numbers to 40,000 under YEDPA, generally aiming to help the most disadvantaged young people through long term programs (up to a year) of on the job and classroom training at residential centers linked to employers. By 1987, the Job Corps helped 100,000 enrollees through 105 centers, and despite proposals from President Reagan to cut the program spends over \$15,000 per trainee (by way of comparison, the public schools spend less than \$5000 per pupil). As a solution to the broader problems faced by disadvantaged youth, however, the Job Corps is only a start - there are after all over 6.5 million poor 15-24 year olds in the US.

¹¹¹ Levitan and Gallo Ibid pp 30ff

¹¹² See Levitan and Gallo Ibid pp 98ff

Summary

Although it is an accepted cliché to call American VET a vast 'non-system'¹¹³, it is possible to discern three types of program established by the American government that aim to help those American youth whom the education system fails to prepare for work. Following Hill and Nixon¹¹⁴, we can see these categories as first, programs for employability development of all ages, like the MDTA; secondly, work experience and training programs for youth, like some of the YEDPA programs; and finally, policies of tax credit for employers hiring the structurally unemployed, like the 1977 Targeted Jobs Tax Credit, that we have so far not mentioned. However, as we have seen, no such easy division between programs is evident at ground level. Attempts to offer clear options for young people keen to receive vocational education manifestly failed in the 1960s and 1970s: taken together, these failures have indeed made for what Richard Kazis has called a "gaping hole in the web of institutional arrangements that provide for a transition from school to work"¹¹⁵. In similar vein, the MIT Industrial Productivity Commission pointed out that "there is no systematic path to training for

¹¹³ Competence and Competition op cit

¹¹⁴ R.B. Hill and R.Nixon Youth Employment in American Industry (New York: Transaction Books, 1984) p51

¹¹⁵ R.Kazis 'The Relationship between Education and Productivity' op cit p47

the non college bound"¹¹⁶, and it is this failure to initiate structural change towards the goal of an encompassing education and training system that marks out the American experience. As Osterman has explained:

...the system is a haphazard collection of agencies of widely differing quality, some good but others very poor, but the main point is that there is no expectation that it will be different. In effect, the unevenness is designed into the structure¹¹⁷

¹¹⁶ Dertouzos et al Made in America op cit p83

¹¹⁷ Osterman Employment Futures op cit p98

B. Structured Intervention

2.2.1 WEST GERMANY

Relative and absolute levels of youth unemployment have been consistently lower in West Germany than in other OECD countries¹¹⁸. At the same time, we have already noted that 60% of the German workforce possesses an intermediate level vocational qualification, and we know that German economic performance in the post war period has been very impressive. For many people, the common factor linking these statistics is the highly structured system of VET that channels young people from school to work in West Germany. Notwithstanding cultural and institutional peculiarities on which the system rests, the German experience offers relevant lessons for other countries, and is presented here as exemplary of an alternative to the ad hocery of the American and British approach¹¹⁹. It may be worth stressing that the German 'model' should not be seen as a blueprint for other countries, but rather should be used to view issues of VET from a new perspective.

German policy for the transition from school to work affects German schoolchildren from an early age, with streaming from

¹¹⁸ For figures from 1970-82, see New Policies for the Young op cit p18

¹¹⁹ As Osterman has written: "The German system is ordered, logical, and essentially universal. The American system is chaotic and idiosyncratic". See Osterman Employment Futures op cit p114

the age of 10, four years after entry into compulsory schooling. Despite the autonomy of the (eleven) States with regard to educational policy, structures of educational provision are relatively invariant across the country¹²⁰. Thus, secondary education is split into three branches: the Hauptschule, from which pupils are destined for an apprenticeship at age 16 in West Germany's extensive 'dual system' (see below); the Mittelschule (also called Realschule), an intermediary school that ends at 16 but from which some pupils do go on to higher education; and finally the Gymnasium, where pupils stay until age 18 and then generally go on to university. There is some disagreement about the exact numbers of students in each branch, but a split of 40:30:30 would not be wide of the mark¹²¹. In terms of curriculum, there is a sharp contrast between the classical leanings of the Gymnasium (two foreign languages are compulsory, for instance), and the industrial bent of the Hauptschule, where 4 periods a week are set aside from age 13 (8 periods for 15 and 16 year olds) for 'Arbeitslehre'

¹²⁰ For instance, only 4% of German school leavers graduated from comprehensive schools in 1982, and even in Berlin, which departs most radically from the set pattern, only one quarter of all pupils are enrolled in comprehensive schools. See Prais and Wagner 'Schooling Standards in England and Germany' op cit p53

¹²¹ See S.Maclure 'An Industrial Education Lesson for the UK?' in Times Educational Supplement 1st February 1985, p1; H-G.Betz 'Vocational Education and Qualifications in West Germany' (Unpublished Mimeo, Center for International Studies, MIT, 1988) pp 2ff; Prais and Wagner Ibid p54ff

(literally 'work tuition').

At age 16, 70% of every cohort of West German 16 year olds move into the highly regulated 'dual system' of education and work experience that lies at the heart of school to work policy (over 90% are either in the dual system, full time vocational schools, or full time training institutions until age 18). It is noteworthy, however, that increasing numbers of German young people seem to be progressing further up the educational ladder: from 1960 to 1980, the number of school leavers going no further than the compulsory schooling level dropped from 75% to 47%, the number with an intermediate certificate rose from 16% to 36%, and the number of Abitur holders (gained at 18) rose from 9% to 17% of the cohort¹²². Furthermore, in the key engineering sector, German education is far outstripping Britain and the US. Per head of population, West Germany is producing 300 more doctorates in engineering than the UK, twice as many Masters' Degrees, 50,000 more BAs, 200,000 more technicians, and 80,000 more craftsmen¹²³. At the same time, we should also recognize that for six years before 1987, the aggregate supply of training

¹²² See K.Schober 'Youth Employment in West Germany' pp 113-148 in B.G.Reubens (ed) Youth at Work: An International Survey (New Jersey: Rowman and Allenheld, 1983) p115

¹²³ See S.J.Prais 'Qualified Manpower in Engineering: Britain and Other Industrially Advanced Countries' pp 76-83 in NIER No 127 (February 1989)

places in the dual system nationwide failed to meet aggregate demand¹²⁴.

On the basis of the 1969 Federal Vocational Training Act and the 1981 Federal Vocational Training Promotion Act, apprentices in the dual system spend two to three years attached to a company, where their work is supervised by a qualified instructor, with day or block release in a vocational school, where they are taught the theory of their trade by specially trained teachers. Their status is legally defined as that of apprentices and they work in any one of 450 occupations according to formal training contracts. The dropout rate is less than 5%, and over 90% of a cohort pass the final exams. Although the unemployment rate after apprenticeship was only 1.6% in 1980, it had risen to 8.8% in 1983¹²⁵ (still below American and British levels).

The content of the training - and issues pertaining to remuneration, social benefits, and training facilities - is decided at a national level by the tripartite Federal Institute of Vocational Training, a government agency supervised by and responsible to the Federal Ministry of

¹²⁴ Figures from 'West Germany: Youth Training' European Industrial Relations Review 179 (December 1988) p14

¹²⁵ Figures from D.Marsden, C.Trinder and K.Wagner 'Measures to Reduce Youth UNemployment in Britain, France and West Germany' pp 43-52 in NIER No 117 (August 1986) p47

Education and Science (in notable comparison to the MSC's operation as an arm of the DE in Britain). In addition to the publication of research and statistics, the Institute devises training plans which lay out what an apprentice needs to be taught in each of the 400 plus occupations in the dual system - interim and final exams test whether the apprentice has acquired the necessary theoretical and practical knowledge to work independently in the trade. Implementation of the Federal plans and monitoring of their operation is the responsibility of 250 local "competent authorities", which are often based on Chambers of Industry and Commerce or Craft Chambers. These "competent authorities" also keep a check on training instructors, organize exams, keep lists of apprentices in an area, and advise companies on training matters.

A major theme in this thesis is an emphasis on the importance of program structure, even to the relative exclusion of matters like funding levels. This is no less true for the German system, whose basically sound structure - whether or not one agrees with the thrust of policy, it cannot be denied that the German system seems to achieve its goals effectively - allows it to serve different needs at different times. Most impressively, in comparison to other programs, the dual system has been able to cope relatively smoothly with the increased demand for places arising from bulging youth

cohorts and economic depression in the 1980s.

Between 1970 and 1984, largely as a result of government promotion of the dual system, the number of apprentices increased by one third to 1.7 million, made up by 61% males and 39% females¹²⁶. It would be wrong to romanticize the reasons for some of the support in the early 1970s for a '10th educational year', to be made up of vocational preparation or continued education. At the same time, what is noteworthy is that various government schemes to alleviate the pressure of economic depression on unemployment totals - for instance the Labor Promotion Law (Arbeitsförderungsgesetz, or AFG) - could be contained within the basic structure of the dual system. Similarly, the important attempt at innovation in the form of an 'extra' basic vocational training year (Berufsgrundbildungsjahr, or BGJ) for school leavers, which aimed to despecialize initial vocational education and more closely integrate general and vocational tuition, was quite compatible with the basic operation of the dual system - if anything, it would enhance it¹²⁷. Furthermore, although the

¹²⁶ Marsden, Trinder and Wagner Ibid p46

¹²⁷ Although it enrolled a quarter of all apprentices when it first started in the 1970s, Schober reports that the refusal of many employers to recognize the BGJ as a first training year has turned it into something of a "waiting room" for school leavers. In 1980, the BGJ covered some 13% of all school leavers aiming for apprenticeship, with about half the young people leaving the program finding an apprenticeship place. See Schober 'Youth Employment' op cit p117

system has been built around the acquisition of fairly discrete, specific skills, there is recognition of the need to promote integration of previously separate tasks, and curricula changes are slowly taking account of this¹²⁸.

At a local level, there is unquestionable business power and influence over the operation of the schemes. Businesses pay for the bulk of the training themselves - to the tune of DM20 billion in 1986, compared to DM7 billion of public money - and organized in the mid 1970s to defeat a proposal from the Social Democratic government to levy a fine on firms offering less than their share of training. At the same time, sound business sense prompts businesses to recognize the need to invest in training for at least two reasons. First, in the words of the Chairman of the Commission on the Cost of VET:

Large employers feel a strong need to mould young people as early as possible to promote the 'right kind' of socialisation¹²⁹

Second, Dr Dorothea Wilms, Christian Democrat Secretary of State for Education and Science in the early 1980s, explains that:

¹²⁸ In 1985 the government launched a "qualifications offensive" to keep skill standards up to date. See Betz 'Vocational Education' op cit p20ff

¹²⁹ Quoted in Competence and Competition op cit p13

The motivation and goals of German industry and commerce for comprehensive education and training activities derive from the belief that investment is necessary in order to optimise production and services to maintain competitiveness in the marketplace¹³⁰

Although only some 16% of German companies participate in the dual system, they employ between 60% and 80% of the German workforce. Aside from the ties of tradition and culture, important though these are¹³¹, we need to find other reasons to explain why British employers seem much more reticent to offer suitable training than their German counterparts. This is a theme we return to in chapter 3.

In the meantime, a cautionary word is indicated. First, the West German dual system seems to suffer from the same problems of the division of training by gender that plague programs in other countries too. A 1986 survey reported recently by the European Institute for Industrial Relations showed that despite the 400 plus occupations on offer, 48% of male trainees were enrolled as vehicle mechanics, electricians, fitters, painters, carpenters, gas/water engineers or clerical employees and fully 68% of all females were enrolled as

¹³⁰ Quoted in Competence and Competition Ibid p12

¹³¹ An OECD report points out that in the three countries where medieval apprenticeship systems have been tailored to meet modern needs - namely Germany, Austria and Switzerland - young people are significantly less likely to suffer disproportionately high unemployment rates. See S.Williams et al Youth Without Work: Three Countries Approach the Problem (Paris: OECD, 1981)

hairdressers, sales assistants, clerical employees, assistants in fresh food shops, or doctor's/dentist's assistants¹³². Furthermore, links from the success of the dual system to low youth unemployment can be drawn too hastily. We should not forget that German macroeconomic and labor market management in the 1970s included the repatriation of some 730,000 migrant workers between 1973 and 1978, and the encouragement of early retirement by labor force participants between the ages of 58 and 65, dropping participation rates among that age group from 75% in 1970 to 40% by 1979 among men and 23% to 11% among women¹³³. Both of these measures contributed significantly to opening up job opportunities for young people, and therefore keeping unemployment totals down.

Nonetheless, the German model does offer a stark contrast with British and American policy (or lack of it). As such, it helps us understand the potential for integrated policy making, appreciate the missed opportunities in Britain and the US, and perhaps learn lessons for policy-making in the 1990s.

¹³² European Industrial Relations Review 'Youth Training' op cit p14

¹³³ See Moon, Webber and Richardson 'Linking Policy Areas' op cit p168. Comparable figures in the UK were 87% to 76% among men and 52% to 55% among women

2.2.2 SWEDEN

Even the briefest glance at the Swedish approach to the transition from school to work reminds us of the importance of overall economic strategy to the position of young people in the economy. Social Democratic governments in Sweden have made full employment the central goal of economic policy in the post war period, and strong macroeconomic performance has helped keep unemployment low (see Appendix 2). Dating back to the Rehn-Meidner model of the 1940s, active labor market policy (now accounting for 6% of total government expenditure) and extensive commitment to high quality education (costing 8% of GDP) has played a key part in promoting economic growth. It has been combined with restrictive fiscal policy, relatively low profit levels and solidaristic wage policies to channel capital and workers into growth sectors of the economy. The education and training system has been crucial to the mobility at the heart of this system, arming workers with skills that can be applied in different circumstances. Although the country is quite different in terms of size, racial homogeneity and economic power from the other countries under examination, it is nonetheless useful to be aware of the approach to youth VET in Sweden.

Rehn has identified three trends determining employment and unemployment rates in the period since 1945: first, changes in economic activity, mitigated by active labor market policy;

second the growing rate of relative youth unemployment (due above all to the decline in demand for young labor and tempered by the effect of special government measures); and finally, the pronounced expansion of secondary schools and institutes of higher education¹³⁴. In this section, we will concentrate attention on education and training provision. On the basis of a 1962 Law, compulsory schooling lasts from ages seven to sixteen, and is in the main comprehensive (ie: there is mixed ability teaching) and non-vocational, even though work experience is now a compulsory part of the school curriculum. Although the dropout rate is somewhere between 5 and 10%, over 90% of 16 year old school leavers apply to go on to upper secondary schooling, with 79% immediately accepted¹³⁵. This "upper secondary" schooling level is made up of two, three and four year theoretical courses, two year vocational programs ('lines') and some 400 special vocational courses. Around 70% of the age cohort complete the program of upper secondary education. In these integrated 'upper secondary' schools, between 16 and 25 areas of study, offering a mixture

¹³⁴ G.Rehn 'Sweden' pp 1-171 in G.Rehn and K.Helveg Peterson Education and Youth Employment in Sweden and Denmark (Berkeley: Carnegie Council of Policy Studies in Higher Education, 1980) p60

¹³⁵ These and other figures come from A.Bjorklund and I.Persson-Tanimura 'Youth Employment in Sweden' pp 232-268 in Reubens Youth at Work op cit pp 233ff

of technical and theoretical work, dominate the curriculum¹³⁶. Vocational guidance and job placement is the joint responsibility of schools and local (tripartite) labor market boards. Since 1977 local Youth Planning Councils have been set up in all municipalities, and are designed to help schools keep in contact with school leavers for two years after they leave, offering help and advice where needed¹³⁷. Overseeing the whole process is the all important public employment service, which spreads good practice and helps coordinate local activities.

Although the Labor Market Board expects youth under the age of twenty to get training and education in the school system, employment training is one of the most important parts of Swedish labor market policy¹³⁸. It is geared at both those in work (to keep them employed in the long term) and at the unemployed, a significant proportion of whom are young people. Labor market training (or AMU, short for Arbetsmarknadsutbildning, which is also translated as

¹³⁶ The Economist reports the figure of 16 major lines of study, Ginsburg says that each school probably specializes in twenty lines, and Rehn says over 90% of students enroll in one of 23 major lines. See 'Swedish Schools' op cit p16; H.Ginsburg 'How Sweden combats unemployment among young and older workers' pp 22-27 in Monthly Labor Review Vol 105 No 10 (October 1982); Rehn 'Sweden' op cit p132

¹³⁷ See Ginsburg Full Employment and Public Policy op cit p 189 or Ginsburg 'How Sweden' op cit p23

¹³⁸ See Swedish Labour Market Policy op cit p25

"training for labor market reasons") is aimed at the post-school population, and is usually centered around relatively short courses (the average length is five months) and is based in secondary schools, enterprises or local authorities. In the second quarter of 1978, Rehn reports that of the 19,000 young Swedes terminating an AMU course, 81% completed it, 7% left for a job and the final 12% left for other reasons. Six months later, of those who completed the course, 65% were in employment, 8% in relief or sheltered work, and 10% were unemployed¹³⁹.

Until the Swedish economic downturn of 1971, strong macroeconomic performance absorbed the vast majority of young people into work, and therefore into the extensive system of retraining (funded in large part by the government) for those in work. Outside the education sphere (where attempts were made to broaden access), the Swedish government responded to economic depression with various measures to promote the hiring of young workers, both through subsidies to employers and by boosting the capacity of labor market boards by assigning staff specifically to deal with the needs of young people¹⁴⁰. Although unemployed Swedes are guaranteed at least part time work in the public sector after one year's

¹³⁹ Rehn 'Sweden' op cit p93

¹⁴⁰ Rehn 'Sweden' Ibid p82

unemployment, legislation in 1984 led to the setting up of so-called "youth teams" under the guidance of local authorities specifically to offer part time employment to unemployed people under the age of 19. Some 40,000 young people were helped in this way in 1984¹⁴¹. It is ironic that because of perceived social cost the Swedish government should have resorted to precisely the sort of public sector job creation that does so little to equip people with necessary skills in the United States.

Central to the overall macroeconomic strategy in Sweden is the full integration of public employment policy with the requirements of the private sector. Specifically Osterman highlights the interaction of public employment policy with strong internal labor markets in the private sector, both of which rely on detailed regulation of the work relation through legally enforced worker representation. The strength of corporatist style bargaining is vital to the Swedish and West German systems, but is hindered in Britain (and virtually non-existent) in the United States because of the historic weakness of workers' and employers' representative organizations, and in the present conjuncture by the antipathy of governments in both countries to trade union in matters

¹⁴¹ 'Sweden: Labour Market Policy and Unemployment' pp 24-26 in European Industrial Relations Review No 133 (February 1985) p26 .

considered to be the prerogative of management.

The Swedish system is far less rigid and divisive than the German, but nonetheless extremely carefully planned and monitored, with selective policies introduced to cater for sections of the population needing special help (for instance immigrants or the occupationally handicapped¹⁴²). What is most noticeable is that commitment to extended basic education can provide the foundations for a virtuous circle of high productivity, innovation and continuing education throughout life.

¹⁴² Rehn reports that immigrants, who made up a miniscule part of the population in 1950 now constitute 8% of it. See Rehn 'Sweden' op cit

C. All Embracing Neo-Liberalism

2.3 BRITAIN 1982-89

In this section I will contend that policies for the education and training of young people introduced by successive administrations under Mrs Thatcher since 1981 represent a fundamental break with past practice. This is not simply a quantitative matter of the number of young unemployed people involved in the Youth Training Scheme (YTS), or the amounts of government finance injected into the programs, important though these indicators are¹⁴³. Rather, I want to argue that it is the shape of the policies pursued by Mrs Thatcher and her Ministers -in terms of overall strategy and content - that mark them out as truly new departures in training policy, and not simply "radical reformulations" of longstanding voluntarist practice¹⁴⁴. These innovations were not the inevitable product of neoconservative governance of a faltering economy in the midst of economic recession - the

¹⁴³ Two historians of industrial training in Britain emphasize that the 'New Training Initiative' of 1981 was a departure from previous policy because of its emphasis on the content of training (p51), and argue that the YTS represents an "unparalleled extension of state involvement in training, in terms of both form and content and most notably in respect of finance". See Sheldrake and Vickerstaff History of Industrial Training op cit p52. I seek to build on this argument.

¹⁴⁴ This (evolutionary) analysis is advanced in D.Lee 'The Transformation of Training and the Transformation of Work in Britain' pp 156-170 in S.Wood (ed) The Transformation of Work? (London: Unwin Hyman, 1989)

American (counter)example is useful testimony to that. Instead, we need to probe deeper into the peculiarities of British politics in the 1980s to understand the roots, and more importantly the significance, of Mrs Thatcher's "training revolution". We will then be in a position to use our historical and comparative perspective to explain the results of British experience, and draw lessons from it.

It would be quite wrong to believe that Mrs Thatcher arrived in office in 1979 armed with a blueprint for labor market activism. In fact, despite the feverish activity of conservative educationalists and industrialists in the 'Great Debate' on education (and perhaps because of divisions within party ranks¹⁴⁵) the Conservative Manifesto of 1979 made little mention of training provision, trusting instead monetarist economics to revive all parts of the economy. Furthermore, Mrs Thatcher's free market instincts led her away from interference in the labor market. Citing The Sunday Times of London, David Robertson reports that Mrs Thatcher's disdain for expanded government led her to look to abolish the MSC and

¹⁴⁵ Gleeson identifies a longstanding division in government thinking on vocational training related to education: on the one hand, those who believe in enterprise (now led by Lord Young) and on the other those who believe in standards (centered around the 'Hillgate' group). See D.Gleeson The Paradox of Training (Milton Keynes: Open University Press, 1989) p10

the system of Industrial Training Boards¹⁴⁶. In the same vein, in Mrs Thatcher's first two years in office, the occupational guidance service of Job Centre Careers Advisors was cut, the MSC Skillcentre chain reduced in size, and the MSC's management and professional recruitment service was turned into an independent commercial agency¹⁴⁷.

The government saw tight monetary policy and reductions in trade union power as central to the "primary emphasis" of its labor market policy, namely the lowering of wage levels and the squeezing of inflationary expectations - identified in monetarist analysis as the cause of poor economic performance - out of the economy¹⁴⁸. Policies for youth employment were part of this coordinated strategy: for example, as part of its emphasis on reducing the 'rigidities' at the bottom end of the labor market, the Chancellor announced in his 1981 budget the introduction of the "Young Workers' Scheme", which offered wage subsidies to employers taking on young employees at particularly low wages (less than

¹⁴⁶ Robertson 'Mrs Thatcher's Employment Prescription' op cit p282

¹⁴⁷ See Jackson 'A Seat at the Table?' op cit p34

¹⁴⁸ See K.Mayhew 'Reforming the Labor Market' pp 60-79 in Oxford Review of Economic Policy Vol 1, No 2 (Summer 1985)

fifty pounds per week in the first year of employment)¹⁴⁹. The cost of the singleminded pursuit of these goals - most obviously the doubling of unemployment between 1979 and 1981 - hit young people particularly hard: in the year from January 1980, unemployment among youth under 18 years of age rose from 11% to 19%¹⁵⁰. The pressure for a pragmatic response to the unemployment problem can be gauged from a paper prepared by Sir John Hoskyns of the Downing Street Policy Unit in February 1981, which said:

We all know that there is no prospect of getting unemployment down to acceptable levels in the next few years. (Consequently), we must show that we have some political imagination, that we are willing to salvage something, albeit second best, from the sheer waste involved¹⁵¹

Furthermore, The Times reported in May 1983 that a confidential Central Policy Review Staff (CPRS)¹⁵² document stated that the "essence" of YTS "is to reduce the size of the labour force"¹⁵³. Here are signs labor market problems

¹⁴⁹ The scheme covered 130,000 young people at its peak in 1982. See Marsden, Trinder and Wagner 'Measures to Reduce Youth Unemployment' op cit p44

¹⁵⁰ Cited in M.Moos 'The Training Myth' pp 254-276 in D.Gleeson (ed) Youth Training and the Search for Work (London: Routledge, Keegan and Paul, 1983) p270 (footnote 14)

¹⁵¹ Quoted in P.Riddell The Thatcher Government 2nd Edn (Oxford: Blackwell, 1985) p50

¹⁵² The CPRS was a Downing Street 'think tank' set up by Harold Wilson in the mid 1970s, and eventually disbanded by Mrs Thatcher

¹⁵³ The Times May 19 1983 cited in Robertson 'Mrs Thatcher's Employment Prescription' op cit p290

providing a clear impetus for reforms, quite in the 'reactive' tradition of previous policy initiatives. By the Spring of 1981, after Norman Tebbit's installation as Employment Minister¹⁵⁴, the MSC published A New Training Initiative: A Consultative Document which followed its review of the 1973 Act and set three major objectives to guide training policy in the 1980s¹⁵⁵. They were, first, the development of skills training to agreed standards for available jobs; second, the commitment that every school leaver under the age of 18 should have the opportunity to pursue full time education or planned job training or work experience; and finally the pledge to improve opportunities for retraining by adults. In fact, the retraining of adult workers has progressed slowly¹⁵⁶, but policy developments formally directed towards the first two

¹⁵⁴ The Report of the National Labour Movement Inquiry into Youth Unemployment and Training identifies Mr Tebbit's appointment as the start of strategic policy formulation in the training field by the government. See Section II: Targets in the Firing Line of Government Policy on Youth Unemployment and Training (Birmingham: TURC Publishing, 1987) p2

¹⁵⁵ A New Training Initiative: A Consultative Document (Sheffield: MSC, 1981). Chapman and Tooze report that the overwhelming majority of the 1000 written responses to the consultative document supported these objectives. See Chapman and Tooze The Youth Training Scheme op cit p50

¹⁵⁶ The Youth Task Group, set up by the government to work out the details of the New Training Initiative, had originally suggested that one third of all training places be set aside for those already in work, but this was cut to 5% when the final plans were put into operation by the government. See D.Finn 'YTS: The Jewel in the MSC's Crown?' pp 52-75 in C.Benn and J.Fairley (eds) Challenging the MSC: On Jobs, Training and Education (London: Pluto, 1986) p63

objectives have proceeded apace. In order to gain a full understanding of what these policies are intended to do, I think it is useful to examine both the new structures of policy organization, and the innovations in policy content.

The strategic innovations since 1981 have been three-fold, and can be succinctly explained. First, an increasingly effective commitment to the universal provision of some form of training/work experience placement for all unemployed school leavers under the age of 18. Second, increasingly formal links between training requirements and the educational system, at both pre-vocational and vocational levels. Third, clear attempts to use the training system (and its links with the welfare system) in tandem with other policy initiatives to affect the situation in the broader labor market. In other words, the government has tried to overcome some of the deepseated flaws of previous policies, most obviously by grounding its plans for training in the broader economic and political context. Clearly, given my analysis of previous failings of British policy making in this field, this recognition of the need to integrate training provision with the rest of government policy is to be welcomed: one could say that Mrs Thatcher learnt an important lesson from the German approach. However, despite this potential for progress, we will see that the standards and range of British vocational education and training remain woefully inadequate. This

failure radically to improve Britain's training record is a product of the content of training policy in the 1980s - most importantly the belief that the market can and should frame the operation of public policies. It is to this apparent paradox - between the promise of the new strategy and failings of the new content - that we now turn.

Universal Provision: YTS

YTS, which Soskice and Finegold remind us was "the first permanent training programme for school leavers" in Britain and the "centrepiece" of the New Training Initiative (NTI)¹⁵⁷, explicitly drew on West German and French experience, and replaced YOPS with the promise of one year's broad work-based training, including at least 13 weeks training off the job. Day to day management of the scheme was devolved to 4200 training agencies operating in over 100,000 workplaces. The majority of places were provided by private sector employers (Mode 'A' of the scheme, run through employers, accounted for 300,000 places in the initial plans), the rest being offered by public bodies or voluntary groups (Mode 'B' of the scheme, with 160,000 places in the initial plan)¹⁵⁸. Trainees were paid an allowance (from public funds) of 29.50 pounds per week, with quality control of the training or work experience

¹⁵⁷ Finegold and Soskice 'The Future of Training in Britain' op cit p31

¹⁵⁸ Figures from Finn 'YTS: The Jewel' op cit p54

the responsibility of local (tripartite) Area Manpower Boards (AMBs).

In its first few years, however, the one year program proved to be a disappointing failure. Apart from the slow start in the first year (when only three quarters of the places were filled, fully one fifth of the participants dropped out, and one third of those completing the training became unemployed¹⁵⁹), 1985 surveys of Managing Agents (MAs) showed that only one third of trainees were getting systematic on the job training (OJT), with 40% of trainees helping adult workers with their normal tasks, and one third doing the work of other regular employees¹⁶⁰. Furthermore, a survey of further education courses provided outside the workplace in 1983/4 found that outside a minimum number of apprentice-type courses, there "was little evidence of integration or coordination of core skills, vocational studies, and work experience...and no clear evidence of required standards of performance being understood or achieved"¹⁶¹.

¹⁵⁹ Figures from Finn 'YTS: The Jewel' op cit p64

¹⁶⁰ Cited in D.Finn 'Why Train School-leavers?' pp 1-8 in Unemployment Bulletin (London: Unemployment Unit) Issue 28 (Autumn 1988) p4

¹⁶¹ YTS in Further Education 1983/4: An HMI (Her Majesty's Inspectorate) Survey (London: DES, 1985) quoted in Finn 'YTS: The Jewel' op cit p61

This spluttering start to what The Guardian called "the most far reaching proposals for industrial training ever put before Parliament"¹⁶² was no doubt in part due to the time and budgetary constraints on the implementation of a complex program - by the next year 356,000 young people were involved in the program¹⁶³. The government did recognize, however, that some superstructural changes were necessary, and modified the scheme in various ways, most notably by extending it to cover a two year duration (with an allowance of 35 pounds per week for the second year), and by abolishing the formal distinction (and important differences in funding) between Mode A and Mode B schemes. The extension of the program to two years for 16 year old entrants brought the scheme further in line with the thinking behind the West German dual system, while the levelling down of funding arrangements to that operating on employer led schemes hampered the attempts of local authorities and voluntary groups to cater for the (more expensive) requirements of people with special needs¹⁶⁴.

¹⁶² 16 December 1981 cited in Gleeson Paradox of Training op cit p45

¹⁶³ Marsden, Trinder and Wagner 'Measures to Reduce Unemployment' op cit p 44

¹⁶⁴ The Report of the National Labour Movement Enquiry into Youth Unemployment and Training explains the changes in funding structure as part of the MSC's withdrawal from "uncommercial" projects, and say that the shortfall in funds for what were previously Mode B schemes (now called Premium Place Schemes) has rendered projects in many areas inviable. See Targets in the Firing Line op cit p23

It seems, however, that ideology overrode a key lesson emerging from the policy legacies handed on to the government, one that would have required more deepseated changes in the basis of the scheme's operation. By the late 1970s, it was becoming increasingly clear to policy elites that tinkering with the system would not spur training provision. In the joint DE/MSc consultative document Training for Vital Skills, published in 1976, radical proposals were put forward for the collective funding of the initial stages of training in transferable skills, as a means to ensure a stable supply of skilled workers in key sectors¹⁶⁵. Furthermore, the MSC's review of the 1973 Act concluded that "both theory and experience suggest that left to themselves individual firms will not undertake enough training fully to meet the needs of the economy for transferable skills"¹⁶⁶. Nonetheless, in the earliest stages of the development of YTS the government made clear that it was determined to move the balance of responsibility for training back towards individual employers and trainees, restoring precisely the weaknesses that successive pieces of legislation had sought (admittedly in a very mild way) to attenuate.

¹⁶⁵ See S.Vickerstaff 'Industrial Training in Britain: The Dilemmas of a neocorporatist policy' pp 45-64 in A.Cawson (ed) Organised Interests and the State (London: Sage, 1985) p58

¹⁶⁶ Outlook on Training (Sheffield: MSC, 1980) quoted in D.Lee 'Social Policy and Institutional Autonomy in Further Education' pp 234-253 in Gleeson (ed) Youth Training and the Search for Work op cit p240

In a Cabinet increasingly infused with Mrs Thatcher's free market radicalism, policy sought to break down public controls on training and raise private sector control of ostensibly public programs. In November 1981, Mrs Thatcher's government dismantled 15 of the 23 Industry Training Boards, originally designed to facilitate the effective coordination and promotion of education and training within individual industries. Given that these industry specific Boards proved to have too narrow an outlook for the effective teaching of transferable skills to trainees, this decision could only serve further to fragment the training offered - in this case to the level of the individual firm. Furthermore, various key decisions in the early operation of YTS added to this fragmentation. Three examples will suffice¹⁶⁷: first, it was agreed that irrespective of fulfillment of other conditions (for instance relating to the quality of training), existing programs could be continued by employers with YTS funds if they offered at least three months off the job training; secondly, in the face of employer opposition, the stipulation that YTS training should be linked to broad occupational requirements was abandoned, and skill specific training deemed acceptable; thirdly, and probably most importantly, Lee explains that the original Youth Task Group recommendations

¹⁶⁷ The first two are taken from Chapman and Tooze The Youth Training Scheme op cit p56, the third from Lee 'The Transformation of Training' op cit p166ff (quotation p 168)

for YTS 'black-boxed' the content of on the job training as the price of gaining employer agreement to provide work placements - in other words, employers were given "decisive control over the content of workplace training"¹⁶⁸. For the government, these decisions were quite consistent with its view of the role for public policy in the labor market. As its 1985 White Paper put it:

The key contribution of government in a free society is to do all it can to create a climate in which enterprise can flourish, above all by removing obstacles to the working of markets, especially labor markets¹⁶⁹

It is also noteworthy that the government has presided over the increasing 'privatization' of the structure of training provision itself, via the establishment of Private Training Agencies which take public funds to run private schemes. In one survey of 450 YTS Managing Agents, one in eight said they looked to make a profit from youth training¹⁷⁰.

¹⁶⁸ Keep locates the source of this 'black-boxing' of training content in the determination of the Confederation of British Industry (an important actor in YTG deliberations) to achieve employer leadership of training programs. See E.Keep 'Designing the Stable Door: A Study of how the Youth Training Scheme was Planned' (Warwick Papers in Industrial Relations No 8, May 1986) p26

¹⁶⁹ Employment: The Challenge for the Nation (London: HMSO, 1985) p1

¹⁷⁰ Report of National Labour Movement Inquiry into Youth Training and Unemployment Section II: Targets in the Firing Line op cit p63. The report also claims that 30% of employer-based scheme places in major urban areas are organised by Private Training Agencies

Although the first cohort of 16 year olds emerging from the two year YTS have only been in the labor market for about a year now, it is not premature to use various pieces of evidence to gain an insight into the operation of the revamped scheme, and to use emerging understanding of the early operation of the scheme to make an informed analysis of its likely course of development. The distinguishing features of YTS in comparison to previous schemes should be that through its planned and integrated structure it does more than remove people from the unemployment rolls, offering instead improved direction and content of education and training, to the benefit of both the economy at large and the young people concerned. However, on both these counts, it seems that the government's continued reliance on the free operation of market forces is hampering efforts to overcome the early teething troubles of one year YTS.

Evidence from May 1987 shows that in half the cases surveyed, YTS providers failed to meet quality standards set down by the MSC¹⁷¹. Furthermore, the declining size of the 16 and 17 year old population and the increasing demand for labor prompted by economic growth have provoked worries within the MSC that young workers will be lured straight into jobs without sufficient training. An MSC review of funding arrangements

¹⁷¹ Cited in Finegold and Soskice 'The Failure of Training' op cit p35

summed up the problem as follows:

A more competitive labour market will pose a major challenge to YTS, given that some employers may still take a short term view and neglect training, while young people themselves may opt for the immediate prospect of pay¹⁷²

Worries about the commitment of employers to provide training of long term use are given added potency by the warped occupational structure of YTS. In a recent letter to the Financial Times, Ronald Leighton MP, Chairman of the House of Commons Select Committee on Employment, complained that YTS was not remedying Britain's 'skills gap'. "50% of participants are in trades like retailing, where there are no shortages" he wrote, and continued, "YTS does not achieve the qualifications for the new technology jobs"¹⁷³. Historically, YTS has been unable to direct its trainees to high skill training. A major new study of the early operation of YTS concludes that:

The YTS has failed to provide school leavers with relevant qualifications, and rather than increasing the number of young people in 'new technology' jobs, has tended merely to intensify trends by increasing the proportion in industries where they were already established¹⁷⁴

¹⁷² Quoted in Jackson 'More Leavers Shun Youth Training Scheme' op cit p13

¹⁷³ Financial Times 28 March 1989

¹⁷⁴ Jobs for Young People - A Picture of Diminishing Opportunity ESRC Information Bulletin (15/88) p2 16 November 1988 promoting the publication of the results of the study in D.N.Ashton, M.J.Maguire and M.Spilsbury Re-structuring the Labour Market: The Implications for Youth (London: MacMillan, forthcoming)

These traditional labor intensive industries like textiles that used a high proportion of young workers are declining in Britain, and cannot be expected to provide similar job opportunities in the future. This is a point emphasized by Gleeson, who has written:

While the evidence indicates that YTS leads some young people into full time education, the majority of YTS trainees are being trained either for skills which are not in short supply, or which bear little relation to the eventual jobs obtained¹⁷⁵

Although the evidence of current skill shortages in the British economy is inconsistent¹⁷⁶, it seems clear that continued failure adequately to train young workers in developing industries will constrain the ability of British companies to compete in those fields in the future. The crucial question that emerges from this analysis is therefore whether the failures of quality control and warped occupational distribution of YTS simply reflect the implementation difficulties of an ambitious program, or whether instead more structural tendencies towards market failure in the training field will constrain the effectiveness of the scheme in the future, however smoothly its implementation proceeds. This question is considered in Chapter 3. For the moment, it is important to look at how the

¹⁷⁵ Gleeson Paradox of Training op cit p25

¹⁷⁶ For two opposing recent views see R. Atkins 'Skill shortages 'less serious' than 1970s' Financial Times 28 March 1989 and F. Thompson 'UK companies face shortage of skills' Financial Times 10 April 1989

government has sought to link training to education and economic policy.

Training, Education and Further Education

Earlier in the thesis, we saw how British (elite) education has traditionally been separated from the world of work in general, and training in particular. In the 1980s, links have been made between education and vocational training, but only, it seems, for that part of the school population considered 'non-academic'. It is the purpose of this section to probe developments in the relationship of training to education by looking at, first, attempts to insert a greater vocational element in British schools, and secondly in efforts to reorder the priorities and role of further education (FE) in Britain. The section will conclude with a discussion of the extent to which the training and education systems remain bifurcated in Britain.

We saw that a major element in the Great Debate on education in the 1970s was the call to make education more 'useful' to industry. This theme (often called 'vocational realism') has taken shape in the 1980s in reforms emphasizing a new teaching ethos that stresses the extrinsic over the intrinsic value of education, expressed in teaching aimed at skill/knowledge targets, an emphasis on the instrumental value of education,

and a reliance on the self-motivation of students¹⁷⁷. The government has implemented a wide range of interrelated initiatives in this area (TVEI, CPVE, B/TEC to name three) but there is, in theory at least, a common set of principles on which they are based. They are enumerated by Gleeson: first, an emphasis on cross-curricular and inter-disciplinary enquiry; second, broadened teaching methods; third, stress on group and professional work directed at problem solving and enterprise skills; and finally, the target of a setting up clear ladders of progression between school, college and work¹⁷⁸.

The Technical and Vocational Education Initiative (TVEI) represents the most far-reaching curricular innovation since the introduction of comprehensive schools 20 years ago, and significantly, it has been introduced through an arm of the Department of Employment, not through the Department of Education and Science. TVEI has taken up issues raised by the 1963 Newsom Report, which was concerned with the position of pupils aged 13-16 of average or less than average ability, and what was seen as their failure sufficiently to prepare

¹⁷⁷ R.Dale 'Examining the Gift-Horse's Teeth: A Tentative Analysis of TVEI' pp 29-45 in S.Walker and L.Barton Youth, Unemployment and Schooling (Milton Keynes: Open University Press, 1986) pp 37/8

¹⁷⁸ Gleeson Paradox of Training op cit p59

themselves for working life¹⁷⁹. As Chairman of the MSC, David (now Lord) Young expressly linked TVEI to this theme:

The curriculum in English schools is too academic and leads towards the universities. What I am trying to show is that there is another line of development that is equally respectable and desirable which leads to vocational qualifications¹⁸⁰

Originally launched in 1983 as a pilot project in 14 Local Education Authorities (LEAs) to equip 14-18 year olds with broad-based skills in preparation for the world of work¹⁸¹, TVEI was expanded to a national level in 1986, and by 1987/8 involved 650 schools and colleges and 80,000 students. Its importance to the government can be gauged from their substantial commitment of funds to it: 250 million pounds for the pilot project and 900 million for the extension, equivalent on a per capita basis to four times the allocation

¹⁷⁹ See S.J.Blackman 'The Labour Market in School: New Vocationalism and Issues of Socially Ascribed Discrimination' pp 27-56 in P.Brown and D.N.Ashton (eds) Education, Unemployment and Labor Markets (London: Falmer Press, 1987) pp 28ff

¹⁸⁰ Quoted in Finegold and Soskice 'The Politics of Training in Britain' op cit p32

¹⁸¹ The link between TVEI and the objectives of YTS can be judged by comparing Young's avowed aim for TVEI ("widen and enrich the curriculum in a way that will help young people prepare for the world of work" quoted in R.Dale 'The Background and Inception of the TVEI' pp 41-56 in Dale (ed) Education, Training and Employment op cit p41) with Education Minister Peter Morrison's description of the educational objectives of YTS. In 1983, the latter said of YTS: "The scheme is not a social service. Its purpose is to teach youngsters what the real world of work is all about." Quoted in C.Chitty 'TVEI: The MSC's Trojan Horse' pp 76-98 in C.Benn and J.Fairley (eds) Challenging the MSC: On Jobs, Training and Education (London: Pluto, 1986) p85

to other pupils in schools¹⁸².

At one level, TVEI is more than a vocational component tacked on to the regular courses: it has been introduced to complement all aspects of the mainstream curriculum. However, despite a formal commitment to involve pupils across the ability range, de facto separation of less able pupils is taking place at an early age (14). As Blackman says:

...both the able and less able pupils receive a new integrated curriculum but within either an implicitly or explicitly streamed system¹⁸³

From this perspective, it seems that TVEI does indeed represent part of an attempt to "control and restructure education in order to facilitate and regulate a period of rapid economic change"¹⁸⁴ - at least for that part of the population leaving school to try and find work. In practice, however, it is important to realize that the specifics of vocational education are ambiguous. Dale divines three purposes of it (help pupils get jobs, make them better performers in jobs, make them more aware of the world of work) but recognizes that these concepts are "full of ambiguity", at

¹⁸² Figures from Gleeson Paradox of Training op cit p79 and Blackman 'The Labor Market in Schools' op cit p40

¹⁸³ Blackman Ibid p39

¹⁸⁴ S.Ranson quoted in Chitty 'TVEI' op cit p94. See S.Ranson 'Towards a Tertiary Tripartism: New Codes of Social Control' in P.Broadfoot (ed) Selection, Certification and Control: Social Issues in Educational Assessment (London: Falmer Press, 1984)

best setting parameters for local service delivery¹⁸⁵. This ambiguity at the core of TVEI is also reflected in conflicting notions of its relationship to mainstream education. On the one hand, TVEI Project Director Christopher Lea has said that TVEI aims to "moderate the harsh distinction between education and training", while his boss David Young insists that "training should not be confused with education...training is about work-related skills and is intricately connected with employment"¹⁸⁶.

The government has also sought to reorient educational provision beyond schools. The Further Education sector in Britain has traditionally catered for people in employment, and not been scrutinised for its contribution to helping the unemployed find work. In the 1970s, the FE sector saw a five fold increase in the number of students taking its business courses, but it is only since 1979 that greater central direction has been imposed on what were previously voluntaristic local arrangements¹⁸⁷. The government has committed over 3.5 billion pounds of centrally administered

¹⁸⁵ Dale 'Examining the Gift-Horse's Teeth' op cit pp 33ff

¹⁸⁶ Quoted in Chitty 'TVEI' op cit p81

¹⁸⁷ Gleeson has presented this as a "crossroads" for FE, "between its traditional localized relation with the labor market and the newer, more centralized, requirements of national training policy (NTI) which have come to impinge upon it". Gleeson The Paradox of Training op cit p6/7

funds for Non-Advanced Further Education (NAFE) and training in 1988/9, transferring money to the MSC to buy FE services. The Times Educational Supplement has summed up the government's new activism as follows:

Whichever way you look at it, this is a giant's stride towards the nationalisation of FE. This goes further than anything else to brand the LEAs as mere agents of a quango responsible to the DE¹⁸⁸

As in its attempts to reorganize the school curriculum, the government has tried to turn the FE curriculum towards integrated work-based qualifications, perhaps recognising the hazards of a system lacking central coordination and standards¹⁸⁹. The major organizational innovation here is the work of the National Council for Vocational Qualifications (NCVQ), which by 1991 will have standardized the variety of examinations on offer. There seems good reason to question, however, the type of training envisaged by the government and MSC in their curriculum designs. A lot of attention has been focussed on the MSC's emphasis on 'social and life skills' which have come to symbolize the shift away from social education¹⁹⁰. The roots of this 'deficit' model of trainees

¹⁸⁸ TES 3rd February 1984 quoted in B.Walker 'Behind Closed Doors: FE, Centralisation and the YTS' pp 91-99 in Policy and Politics Vol 15 No 2 (1987) p95

¹⁸⁹ See for example the differences between the British and German systems in Prais and Wagner 'Some Practical Aspects of Human Capital Investment' op cit

¹⁹⁰ See R.Moore 'Schooling and the World of Work' pp 64-103 in Bates et al (eds) Schooling for the Dole? op cit p 66ff

seem to lie in the claim of the 1977 Holland Committee that employers turn young people down for jobs for reasons of attitude/ personality and appearance/manners¹⁹¹. The skills under scrutiny are ostensibly designed to prepare young people for the challenges of working life - challenges for which school has not yet prepared them - centered around four organizing themes: money, people, communication, and logical and numerate approaches to business problems. However, sections of the SLS curriculum on "talking to strangers", "being polite and helpful", and "planning money" seem far removed from training in transferable skills necessary for work in the industries of the twenty-first century.

Together with the TVEI, the FE courses form an important part of Lord Young's tripartite vision of the school leaving population. Young expressed his vision as "a world in which 15% of our younger people go into higher education...another 30-35% will stay on doing TVEI, along with other courses...the remainder, about half, will go on to two year YTS"¹⁹². Within FE, however, Gleeson sees further fragmentation, between three groups at whom further education is targeted: the traditional but declining craft apprentice intake (now including typing, child care etc); the academic/technical intake of the late

¹⁹¹ See Walker 'Behind Closed Doors' op cit p97

¹⁹² Quoted in Finn 'Why Train School Leavers?' op cit p2

1960s and 1970s, including business, management, and social work; and finally the "tertiary modern intake" of unemployed and unemployable young people offered generic skill training.

A major problem that is beginning to emerge, however, is that while the government's aim for structural reformulation of the education/industry relationship can be easily stated, the content of various programs have not been rigorously demarcated. This is not only significant for the obvious confusion it causes, but will be inefficient as the number of young people declines for demographic reasons, and different schemes (as well as employers) compete for recruits. Keep suggests that this is the product of precisely the sort of ad hoc, reactive policy-making that plagued previous governments¹⁹³. This seems to ignore the fact that the present government does have clearly stated ideas about the direction of youth VET policy, even if political expediency and bureaucratic rivalries lead to competition between programs.

What does all this mean for the long term relationship between education and training? There seems to be little consensus on this issue. On the one hand, the traditional division between theory and practice and creative and imitative development

¹⁹³ E.Keep 'Britain's Attempts to Create a National Vocational and Educational System: A Review of Progress' (Warwick Papers in Industrial Relations No 16, September 1987) pp 15ff

continues to divide what is perceived to be education and what training. At the same time, however, educational expenditure is increasingly slanted towards the provision of vocational training, and justified as such. Given our previous understanding of the vagaries of the strict demarcation between education and training, this looks like an advance. The problem is that public policy as currently formulated enforces divisions between young people at very early ages (debatably, as early as 11 with the new requirements for testing that were included in the 1988 Education Reform Act). One is therefore forced to enquire why this 'pigeonholing' should be thought necessary so early. The fact that it occurs with efficient precision at 14 in the German system may be part of an explanation, though not an excuse¹⁹⁴.

Compulsory Training and the Low Wage Economy

Since the 1979 election, Conservative governments under Mrs Thatcher have been unstinting in their insistence that it is high real wages that cause unemployment, through their ill effects on price competitiveness. Chancellor of the Exchequer

¹⁹⁴ It is noteworthy in this regard that the divisiveness of the German system is a subject of criticism in West Germany. Reporting on a major Anglo-German conference, Jackson reports that "the German team at the conference, certainly the educationists (sic) present, spoke of an uphill struggle against the divisiveness of their system, which they said provided excellent vocational education for the majority, but cuts them off from the academic few and labels them from the start as second best." See Jackson 'Germans raise doubts' op cit

Nigel Lawson went as far as to say that the low wage Hong Kong economy was a model for British economic revival¹⁹⁵. As we saw earlier, the Young Workers' Scheme was used to encourage the growth of low wage jobs for youth. However, the government's strategy for youth wages was two-pronged - Lawson explained it as follows:

I want to do more to improve the job prospects for young people and the unskilled...I have concluded that an effective response to this problem must include direct action in two related areas - to cut down the cost of employing the young and unskilled, and to sharpen their own incentive to work at wages which employers can afford to pay¹⁹⁶

This "sharpening of incentives" has taken the form of the increasingly stringent application of rules on social security entitlement that have progressively whittled down the reasons deemed to be "good cause" for refusal of a place on a training scheme, culminating in the provisions in the 1988 Social Security Act which excluded all under 18s (apart from those in exceptional circumstances, like pregnant women) from benefit entitlement, on the premise that a training place (assumed suitable) was available to all young people under 18. Notwithstanding the problems we have already discussed concerning the opportunities afforded young people under YTS, it is important to see that young people without financial

¹⁹⁵ The Sunday Times 5th August 1984 p5. Cited in Robertson 'Mrs Thatcher's Employment Prescription' op cit p282

¹⁹⁶ Employment News March 1985 p2. Cited in Robertson Ibid p282

means are forced to take up the training place offered to them or to take up any job they can find. The cumulative effect of these linked policies is to limit the horizons of young people even as they leave school, and prepare them for jobs in the secondary labor market.

Chapter 3

COMPLETING THE LEARNING CURVE: THE POLITICS OF YOUTH POLICY

The structure of this thesis is intended to promote a step by step understanding of the dimensions of policy for youth VET. In Chapter 1 we proceeded from an analysis of the theoretical underpinnings of policy for youth training to posit a working typology of the different policy options on offer. In the case studies in Chapter 2, we examined the policies pursued in various countries in the post war period. The aim was not primarily to explain the roots of specific policies, but rather to explicate their impact on the transition from school to work, and thereby point to lessons for future policy development. The purpose of this chapter is to draw out the key implications of the case studies with an eye to Britain's policy needs in the 1990s.

3.1 INTEGRATED POLICY INITIATIVES

In our theoretical model, we suggested that policy for the transition from school to work had to be seen as one part of overall labor market strategy, which itself formed a subset of broader economic and social policy. Put another way, under a government possessed of a coherent set of economic and social objectives, policy for youth VET should form part of an internally consistent package. We suggested that when marginalized from the rest of policy-making, policies for the

transition from school to work would not properly contribute to long term economic well-being. The comparison of American and early British policy with German and Swedish experience seems to bear out this proposition, and Mrs Thatcher seems to have put the lesson into practice. Despite the haste with which policies have been implemented (and sometimes thought out), taken together they do form part of a coherent strategy.

At the same time, however, British experience in the 1980s has demonstrated that the development of policy for youth VET is not simply a technical matter requiring foresight and the coordination of the work of different government departments: a policy for youth VET successfully integrated into a broader strategy can be used to pursue various ends. We therefore need to ask "integrated into what?". Swedish and West German policies for youth VET are designed to contribute to the development of a high skill, high wage economy, while Mrs Thatcher's strategy has been to emulate the success of 'process innovators' like Taiwan and Hong Kong¹⁹⁷. The economic costs of this policy are not our main concern here: suffice to note that while the integration of policy for youth

¹⁹⁷ The distinction here is between 'process innovation', where a company seeks to produce other people's inventions more cheaply, and 'product-innovation', where a company tries to gain market share by developing its own products. It is ironic that South Korea, originally seen as a process-innovator, now has 25% more students in higher education than the UK. Cited in G.Brown Where There is Greed...Margaret Thatcher and the Betrayal of Britain's Future (Edinburgh: Mainstream, 1989) p49

VET into broader economic strategy is a necessary condition for successful policy development, it does not provide sufficient information with which to judge the implications of a program. It is obviously the interaction between policy content and the prevailing economic and social situation that determines the eventual course of a properly integrated policy, and in this area we can learn a further lesson from Mrs Thatcher's controlled experiment in 'active neo-liberalism'.

3.2 THE ROLE OF THE MARKET

We saw in the last chapter that at a very practical level the market basis of training provision in the Youth Training Scheme was undermining the development of a suitably skilled workforce in Britain. Between 1986 and 1988, more than 76% of YTS trainees received no qualification and 15% received only one¹⁹⁸, and we have already seen the bias of the system away from precisely the flexible, transferable skills needed for the future. In Britain (to a greater extent than in West Germany or Japan for reasons discussed later), government needs to either induce or force employer participation in any system of youth VET. The problem for a government adhering to neoclassical economic principles is that compulsion of business participation or expensive financial inducements are

¹⁹⁸ Cited in Brown Where There is Greed Ibid p54

politically or economically unacceptable. In the neoclassical paradigm, individual employers must be left to decide whether or not to participate in the program according to their own cost-benefit analyses, which invariably only lead to participation at the expense of long term skill development. While the NCVQ system will undoubtedly improve the paper figures on qualifications, we need to ask whether this will be enough to counteract what Streeck calls "endemic and inevitable" market failures in the provision of skills training¹⁹⁹.

At a most basic level, we know how the incentives facing individual firms can collude to block the development of suitable training provision. For profit-maximizing employers, a necessary and sufficient condition for any investment (including an investment in the human capital of young people through the provision of training) is obviously that the net return on the investment exceed its opportunity cost. In the case of education and training, the situation is only marginally complicated by the basic difference highlighted in human capital theory between general and specific skills, provision of the former being subject to recruitment raids by free riding competitors, provision of the latter obviating the extent of free ridership but offering limited benefits to a

¹⁹⁹ Streeck 'Skills and the Limits of Neo-Liberalism' op cit p14

modern economy in an age of rapidly changing skill requirements.

Experience in the post war period suggests that a training policy resting on the free market decisions of individual firms, whatever its context (passive or active state), will suffer from a classic problem. Firms will shy away from training provision for fear of losing the investment to free riding competitors (witness the unsatisfactory level of training provision in the overwhelmingly voluntarist climate before 1964), but when circumstances (of financial inducement or cultural pressure) change to provoke some training provision, firms will skew provision to their own short term advantage (shown in the unsatisfactory occupational structure of current British provision). The irony of the situation is that in today's highly competitive conditions, the failure to invest resources in training for the (as yet unknown) skill requirements of the 1990s and beyond is dysfunctional for employers as a collectivity. This is what leads Streeck to write:

If society wants skills, enterprises have to be drafted and mandated by regulating agencies to produce them...collective, or "corporatist", self-governance of enterprises can safely function only if it is backed by some form of state support and legal facilitation²⁰⁰

²⁰⁰ Streeck 'Skills and the Limits of Neo-Liberalism' Ibid pp 26/7

The neo-liberal government is, however, trapped: free market decisions fail to produce the necessary quality and quantity of training, but ideology dictates that state intervention can only make matters worse. The unremitting 'short-termism' embedded in both British industrial structure and the decision-making calculus of individual firms only exacerbates the problem (see below).

The implications of this analysis introduce a striking paradox into discussions of incentive-based public policies aiming to make 'public use of private interest'²⁰¹. Such policies represent the most mild form of government intervention, leaving property rights and power structures untouched. However, the analysis of this thesis suggests that while interventionist governments can quite easily accommodate such policies within their ideological outlook, the most basic political and economic principles of the neoclassical school will prevent the effective use of incentive-based interference by governments of neo liberal stripe. The free market philosophy rests on the assumption that the atomized profit maximising decisions of individual actors in the marketplace produce optimal results in both the economic and political realm, maximising the production of wealth and checking the abuse of political power.

²⁰¹ See C.L.Schultze The Public Use of Private Interest (Washington: Brookings, 1977)

Even when principle is bent for the sake of political gain, for instance to spur employers to participate in initiatives for youth training, free market economic thinking makes it difficult to redirect private interest. While Keynesian governments in the post war era saw government expenditure as a useful tool in the management of the economy, monetarists see it as the cause of economic malaise, and therefore balk at extensive public outlays to induce particular behavior from private actors.

In Britain, the failures of market-led training provision have been clearly demonstrated, and the Labour Party has learnt from the Thatcher experience. The need for the integration of training policy into broader economic policy has been retained from the Thatcher experiment, but its market basis has been rejected by the Party (in its latest policy document²⁰²). Nonetheless, while British policy in the 1980s has reaffirmed generally applicable lessons that the West Germans learnt some time ago, it has also pointed up peculiarities in the British scene - peculiarities with specific policy relevance for the 1990s.

²⁰² See Meet the Challenge, Make the Change (London: Labour Party, 1989)

3.3 THE SPECIFICITY OF THE NATIONAL CONTEXT

Our analysis of the failings of British policy in the 1980s clearly directed primary blame at Mrs Thatcher's reliance on the market to deliver suitable training. While German policy involves the regulation and prompting of the market by the state to produce desired results, we concluded that the failures of the British system were in large part explicable in terms of the latitude offered individual employers. At the same time, however, it would be remiss to pretend that the whole of the problem, and therefore its solution, are so clearly rooted in one difference between British and German policy, namely the level of government intervention. Specifically, it is important to ask whether the decision-making rationality of British employers might produce different results from the free operation of market forces in West Germany. In the case of training provision, the decisions of individual British employers are circumscribed by a national financial scene that seems to exacerbate general tendencies visible in other countries. Keep notes the following peculiarity of employers' attitudes towards training in Britain:

...there has been little sign that the broad mass of British employers have yet appreciated that one of the major factors underlying the success of the West German or Japanese VET system is the more positive attitude of employers in those countries towards investment in training²⁰³

²⁰³ Keep 'Britain's Attempts' op cit p6

I do not intend to address cultural differences (political and other) here, not least because if they exist they are not easily amenable to reform by public policy²⁰⁴. I do think it is important, however, to consider how the financial rationale for business decisions is framed in different countries, because 'market rationality' differs from one market to another. As Peter Hall has written:

...the market setting in which entrepreneurs and workers operate is a complex of interrelated institutions whose character is historically determined and whose configuration fundamentally affects the incentives the market actors face²⁰⁵

Country-specific market structures interact with the general tendencies of market operations outlined above to shape business decisions in different countries. On the basis of the peculiar reluctance of British employers to invest in training, I want to suggest that the implementation of successful training policy in Britain - based on the lessons we have learnt up to now - is inextricably linked to more fundamental reforms of its industrial and financial structure.

²⁰⁴ This is not to suggest that cultural variables are unimportant for public policy. For example, a recent editorial in the Times Educational Supplement said: "Beneath the systematic failure of the present educational system is a set of cultural values which deprives the majority of the population of the psychic drive and ambition to stay the course and mount the ladder". See 'Mr Straw's Alternative' Times Educational Supplement 19th May 1989 p A18. It is interesting to note in this regard that the Labour Party's recent policy review pledges to try and foster a "New Educational Culture".

²⁰⁵ P.Hall Governing the Economy: The Politics of State Intervention in Britain and France (Cambridge: Polity, 1986) p35

In his book Governing the Economy, Peter Hall discusses various explanations for poor British economic performance in the period since 1945. Dismissing various attempts to find one key to British economic decline (size of state, macroeconomic policy, culture), he begins what he calls an "institutional analysis" of the peculiarity of Britain's social, political and economic structure. For our purposes it is useful to highlight one feature of the British market noted by Hall, namely the division between industrial and financial capital, and the short-termism engendered by it²⁰⁶. Unless this issue is properly tackled, thus 'completing the learning curve' by linking general principles to national specificity, the value of the lessons learnt up to now will be severely attenuated.

It is now widely acknowledged that the perspectives of British management are peculiar for their short term nature. From research and development to training, British industry is strangely reluctant to invest in projects that promise returns in the long run, preferring instead to maximize short term profits. As Dore reminds us, the stereotypical British

²⁰⁶ The other factors he notes are the shape of product markets and the structure of industry over the last 100 years (specifically the protected colonial markets and the enduring presence of small suppliers); the impact on firm organization on performance (in particular the failure to reap the benefits of conglomeration and good management practice); and finally the structure of the labor market (especially the defensive power of certain workers in decentralized craft-based trade unions

manager is concerned with the profit margin on a quarterly basis while his/her Japanese counterpart is concerned above all with the prospects for market share in five years time²⁰⁷. Culturally-based risk aversion aside, in many people's eyes this is a product of the financial pressures imposed on British industry by the powerful financial markets. As Dore says:

In Britain, the stock exchange is not the appendix or gall bladder of the body economic, but its very heart²⁰⁸

As Hall, Longstreth and Zysman all emphasize²⁰⁹, the historical separation of financial and industrial capital in Britain - dating from its unique industrialization process²¹⁰ - has contrived to divorce major sources of long term investment funds from British industry. Neither shareholdings nor long run loans link banks and firms: share prices reflect the short term demands of 'hot' money flows, forcing excessively short

²⁰⁷ R.P.Dore 'Financial Structures and the Long Term View' pp 10-29 in Policy Studies Vol 6 No 1 (July 1985) p10

²⁰⁸ Dore Ibid p20

²⁰⁹ Hall Governing the Economy op cit p59; F.Longstreth 'The City, Industry and the State' pp 157-190 in C.Crouch (ed) State and Economy in Contemporary Capitalism (New York: St Martin's Press, 1979) pp 160ff; J.Zysman Governments, Markets and Growth: Financial Systems and the Politics of Industrial Change (Ithaca: Cornell University Press, 1983) pp 189ff

²¹⁰ As Gerschenkron explains, Britain, the first industrializer, was able to finance industrialization through the internally generated revenue of commercial companies, and not have to rely on bank or state funds as other countries did. See 'Economic Backwardness in Historical Perspective' pp 5-30 in A.Gerschenkron Economic Backwardness in Historical Perspective (Cambridge, MA: Harvard University Press, 1962) pp 7ff

term horizons on management in industry; and second, only 15-20% of loans to British industry are for over one year, in comparison to roughly 60% in France and Germany²¹¹. The implications for investment in training are stark: the decision-making calculus imposed on industry by the broader financial system diverts funding away from long term investment of which training is a prime example. Thus, British governments face particular difficulties in corralling employer cooperation in training programs.

The attenuation of this problem is clearly a prerequisite for effective public use of private interest in Britain. Dore suggests several ways in which the guiding rationale behind current private interest can be redirected: most importantly, they depend on the development of 'committed' shareholders locked into long term relationships with firms²¹². On this basis, it is argued, managers could safely plan for the long term without the 'exit' threat of uncommitted shareholders hanging over them. Whether such policy development takes place directly, through a British Investment Bank, as proposed

²¹¹ Zysman Governments p192

²¹² Dore 'Financial Structures' op cit pp 24ff

by the Labour Party²¹³, or indirectly, through for instance, an interest subsidy, it is crucial that this aspect of British peculiarity is tackled.

3.4 CONCLUSIONS

This thesis started by noting the peculiarly haphazard nature of the transition from school to work for (primarily) working class young people in Britain and the United States. After thirty years of policy development, the two countries remain peculiar (with regard to their systems of youth VET). In the American case, what Walter Dean Burnham has called an "incredible array of constitutional and legal devices", designed to fragment political activity²¹⁴, combine to block precisely the sort of integrated and systematic policy making that we have highlighted as central to successful policy for youth VET. The result, as we have seen, is a patchwork of programs that are not just structurally weak, but also in large part divorced from the mainstream of American economic life.

²¹³ See Meet the Challenge op cit p13. A similar option, the National Enterprise Board, was supposed to be central to Labour's industrial strategy in the 1970s, but never recovered from underfunding and recession. See D.Coates Labour in Power (London: Longman, 1980)

²¹⁴ W.D.Burnham The Current Crisis in American Politics (Oxford: Oxford University Press, 1982) p9

In Britain, on the other hand, executive power offers government the necessary tools for policy coordination, and Mrs Thatcher has taken advantage of the power offered to her. Nonetheless, Britain remains underskilled after ten years of Thatcherism: our study of her record teaches us that the integration of youth policy with broader economic and social policy raises as many questions as it answers.

Most importantly, the Thatcher experience forces a recognition of the politics of youth policy. By this, I mean that policies for the transition from school to work flow from and reflect the political priorities and vision of decision-makers. Most starkly, these policies either serve up working class youth to the discipline of the market, or aim to discipline the market in favor of social goals. Thus, policy-makers must decide whether and at what age to separate 'academic' from 'non-academic' pupils; they must decide whether the curriculum should be shaped by market or non-market needs; they must decide whether to promote high skill training for high wage jobs, or low wage training for work in the secondary labor market; finally, they must decide whether trade union cooperation should be sought at the expense of market freedom. At every stage of the process, the practical requirements of policy for youth VET force policy-makers to reveal their view of the long term contribution of the working population to society.

Despite their vastly different 'policy legacies', every advanced industrialized country faces these questions. On the basis of experience detailed in this thesis, we can offer three ideal principles on which to base policy prescription for the 1990s. First, youth policy cannot be divorced from broader economic strategy, most obviously that pertaining to job creation. Second, the long term public stake in effective policy in this field requires government regulation of the atomized decisions of individual players in the market. Finally, the application of the first two principles must be tempered by a sensitivity to the peculiar requirements of each national context.

In the application of these principles, 'politics matters', leaving the political process - and ideals competing within it - to fashion the final contours of the transition from school to work.

APPENDIX 1

STANDARDISED RATES OF YOUTH UNEMPLOYMENT (%)

	'80	'81	'82	'83	'84	'85	'86	'87	'88
UK *	47	41	41	40	39	38	36	34	29
US +	46	45	41	39	39	39	38	38	37
FRG *	27	30	30	29	27	-	25	23	20
SWE +	42	40	38	36	30	32	33	35	34
JAP "	22	22	22	21	22	22	23	23	25

* = Figures for under 25s
+ = Figures for 16-24 year olds
" = Figures for 15-24 year olds
- = Figures not available

(Source: OECD Quarterly Labour Force Statistics)

APPENDIX 2

STANDARDISED RATES OF UNEMPLOYMENT * (as % of total labor force)

	'80	'81	'82	'83	'84	'85	'86	'87	'88
UK	6.4"	9.8"	11.3"	12.4"	11.7	11.2	11.2	10.2	8.3
US	7.0	7.5	9.5	9.5	7.4	7.1	6.9	6.1	5.4
FRG	3.0	4.4	6.1	8.0	7.1	7.2	6.4	6.2	6.2
SWE	2.0	2.2	2.4	2.6	2.7	2.6	2.8	2.8	2.5
JAP	2.0	2.2	2.4	2.6	2.7	2.6	2.8	2.8	2.5
G7	5.5"	6.4	7.7"	8.2"	7.4	7.2	7.1"	6.8"	6.2"
EEC 7	6.4"	8.2	9.5"	10.5"	10.8	10.9	10.9"	10.7	-

* = Figures represent standardised OECD measurements of unemployment

" = OECD estimates/preliminary figures

G7 = Group of Seven (countries), namely Canada, US, Japan, France, West Germany, Italy, UK

EEC 7 = Belgium, France, Italy, Holland, Portugal, Spain, UK

(Source: OECD Quarterly Labour Force Statistics)

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