

Washington Report

Retraining and Labor Market Adjustments in Western Europe

A new volume for the growing body of information in training and retraining is *Retraining and Labor Market Adjustment in Western Europe*. Written by Dr. Margaret S. Gordon, it was recently published by the U. S. Department of Labor's Manpower Administration, Office of Manpower, Automation and Training, and is available from the U. S. Government Printing Office, Superintendent of Documents, Washington, D. C., 20402, for \$1.75.

The Office of Manpower, Automation and Training contracted with Dr. Gordon, who is Associate Director, Institute of Industrial Relations of the University of California, to conduct the study. Funds for the study were allocated under provisions of the Manpower Development and Training Act, which authorizes the Secretary of Labor to sponsor research which will seek solutions to the employment problems of American workers and to publish the findings of such research. The research was also supported by the Ford Foundation and the Institute of Industrial Relations of the University of California.

The study developed from a realization that many problems of retraining the unemployed had already been faced in a number of countries in Western Europe and large-scale programs of human improvement had been initiated. For that reason seven industrialized countries — Belgium, France, West Germany, Italy, the

Netherlands, Sweden and the United Kingdom—were elected.

Publication of the study comes at the end of a half decade that has produced significant national legislation in this country designed to foster more precise matching of workers and jobs. Starting with the Area Redevelopment Act of 1961, and continuing with the Manpower Development and Training Act, the Economic Opportunity Act, and finally the Manpower Act of 1965, the U. S. Government has committed itself to a national manpower policy which recognizes that economic strength and progress are based as much on human improvement as on capital investment.

Retraining for Needs

The primary purpose of the study was to discover what can be learned from European experience with retraining programs that may be of value to American retraining problems. The author found a marked contrast between labor market conditions in the United States and in Europe particularly on such questions as types of occupations for which workers should be retrained. The major conclusion in this regard was that decisions must be based on careful analysis of labor market conditions at local, regional and national levels.

If any criticism of American policies is called for, Dr. Gordon says it may lie in overemphasis on identification of labor shortages in local communities and the underemphasis of regional and national labor needs.

The highlight of the study is a recommendation that a permanent retraining program be established by the United States Government. European countries, it was pointed out, have come to accept government retraining programs as a permanent instrument of manpower policy just as valuable in a period of full or over-full employment as in a period of unemployment.

Need Permanent Retraining

The author urges official acceptance of this view of retraining in this country. She says that retraining in its broader sense should be looked upon as a method of encouraging adaptation to structural changes in employment, whether or not such changes are accompanied by any appreciable problems of unemployment; and also on the need to hold our own in the growth and productivity race.

Employer-sponsored training alone will not suffice, Dr. Gordon says. One reason is that until recently, outside of large firms, there has been very little employer-sponsored retraining. Secondly, she says, we are not likely to do away altogether with recessions. It has been apparent in the last few recessions that a good many workers laid off during the downswing from firms later experiencing rapid increases in productivity, are not rehired in the recovery period. A third reason is that the workers who will be hired and trained by employers are usually only those who can meet employer selection standards.

Higher Training Allowances

Consideration, Dr. Gordon believes, should be given to increasing training allowance payments since by European standards ours are seriously inadequate. Unless training allowances are made more attractive, she feels, we are increasingly likely to find that the more qualified unemployed workers will

avoid retraining in an environment of improving job opportunities or will drop out of courses before completion, particularly if the courses are relatively lengthy. In this relation, she says that if we succeed in reducing the unemployment rate materially below present levels, it may be desirable also to consider liberalizing eligibility for training allowances.

European Factors

Considered at length in the 226-page document on retraining in Western Europe, are postwar labor market developments including unemployment rates, economic growth, labor force growth, and structural changes in employment.

Under retraining in the first postwar decade (1945-55), the author goes into detail on purpose of programs, organization and administration, eligibility and selection, number of trainees, types of training, duration of training, training allowances, and the role of retraining in combating unemployment.

Under retraining in tighter labor markets (1955-64), Dr. Gordon considers those who can be retrained, liberalization of eligibility provisions, more varied types of training, training for technical occupations, liberalization of training allowances, increased flexibility in course duration, retraining and unemployment compensation, subsidized training in industry, and individual retraining.

Space is also given to the training problems of older workers, younger workers, women workers, and such special groups of workers as foreign, minority and repatriates.

The results of retraining are weighed by placement rates; dropouts; follow-up surveys and such factors as the characteristics of trainees, their occupations before training and subsequent employment experience; and finally,

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by appraisals.

Under current and future Western European training problems, Dr. Gordon touches on inadequate appropriations, narrow skill differentials, union restrictionism, conflicts between ministries of labor and education, and government policy and labor demand.

Determining Training Needs

In a section on retraining, relocation and regional economic development, the determination of training needs is studied as well as geographical distribution of facilities and moving the worker to the job. This involves eligibility conditions, types and amounts of allowances, results and implications of relocation experience. Also considered is regional economic policy including tapping under-utilized labor supplies, checking the growth of congested areas and regional planning and growth points.

Dr. Gordon points out that even though adult retraining has received a good deal of attention in Western Europe in recent years, more attention has been given to the need for improving and expanding basic vocational education for young people. There has been debate on the pros and cons of technical schools versus apprenticeship and a strong tendency to recognize the need for increased emphasis on basic theoretical training, including a generous amount of mathematics, before specialized craft training begins. This is likely to mean gradually increased emphasis on a preliminary period of training in a vocational or technical school, even though it may be followed by a period of apprenticeship.

In her concluding remarks, Dr. Gor-

don says that ancient and time-honored apprenticeship rules and policies are being critically re-examined particularly in countries where apprenticeship periods have been lengthy and rigid. It was considered a day of great triumph for a more progressive approach when the building trades in Britain agreed to a reduction in the length of apprenticeship from five years to four years.

School and Business Cooperation

Various experiments are being tried in a number of countries, involving new forms of cooperation between technical schools and firms providing on-the-job training, including alternating periods of training in the school and in the firm.

It has been clear, according to Dr. Gordon, particularly in connection with training programs for young people sponsored by European ministries of labor, that an essential aspect of an adult retraining programs is a logical and carefully considered relationship with a country's basic vocational education system for youth. Improvements in vocational training for young people, she believes, will simplify the problems facing adult retraining programs but will not remove the need for adult retraining facilities.

Finally, Dr. Gordon stresses that the practical application of her findings is that this country should establish permanent government training programs. This is based on data showing that the seven Western European industrialized countries covered in the study, found continuing retraining programs equally effective in times of unemployment as when the level of employment was high.