

Contents

<i>List of tables</i>	<i>page xi</i>
<i>Preface and acknowledgements</i>	<i>xv</i>
1 Introduction	1
Investment in human capital	1
The economics of training	5
Features of the youth labour market	12
Broader macroeconomic considerations	14
Outline	15
2 Demographic structure, capacity and economic activity	20
Structure of populations	21
Demographic capacity, economic activity and participation	23
Population forecasts	23
Changes in demographic structure	25
3 Supply to the youth labour market	29
4 Vocational and educational training in historical perspective	36
Early government interventions to promote vocational training	36
Vocational education and training in the nineteenth century	38
Wartime training and employment	45
The inter-war period: the beginning of the end of <i>laissez-faire</i>	47
Training in the Second World War	56
The early post-war period, 1945–60	58
The end of ‘voluntarism’	63
5 Direct government interventions: early schemes	70
Recruitment Subsidy for School Leavers	73
Youth Employment Subsidy	74
	vii

Work Experience Programme	75
Youth Opportunities Programme	77
6 The development of the modern system of youth training	82
Youth unemployment	82
A new training initiative	85
7 The first stage in the vocational education and training sequence	88
Technical and Vocational Education Initiative	88
Compacts	92
Three routes to post-school education and training	94
8 Methodology of assessment	99
Microeconomic effects upon employment and employers	100
Strengths and weaknesses of these methods	102
Macroeconomic effects	104
9 An assessment of the economic effects of the Youth Training Scheme upon employment and employers	107
The terms of the Youth Training Scheme (YTS)	107
The absolute and relative scales of the YTS	108
The microeconomic effects of YTS upon employment and employers	111
10 Some macroeconomic effects of YTS	127
Methodology	127
Short-term macroeconomic effects of YTS	130
A balanced budget approach	132
Longer-term macroeconomic effects of YTS	133
11 The skill attainments of YTS trainees in relation to the demand for skilled labour	135
Educational background	135
Attainment of qualifications by YTS trainees and the general demand for skills from employers	138
Qualifications aimed at by YTS trainees	140
The supply of skills from the YTS in relation to the specific needs of employers	142
Changes in the demand for labour: an occupational analysis	144

12	The devolution of intervention and the movement towards quasi-markets	148
	Devolution	148
	Quasi-markets	152
	The quasi-market for youth training services	155
13	Some critics of the government's youth training intervention	157
	Lack of attainment of qualifications by YTS trainees	158
	Reliance of YTS on free-market forces	163
	The priority of policies	164
	Structural and management problems of YT	166
	Summary	167
14	Collaboration and opposition from trade unions	168
	Collaboration	169
	TUC policy	169
	The breakdown of collaboration	174
	Divisions between the unions	175
	The extent of union opposition	181
	Appendix: List of acronyms used to refer to trade unions in this chapter	182
15	Results and conclusions	184
	Human capital theory and the economics of training	184
	Quantitative obstacles to equilibrium in the youth labour market	186
	Youth labour quality: historical perspectives	187
	New policies of intervention	188
	Youth labour market policies	189
	Policy reviews and appraisals	191
	Skill attainments	195
	The devolution of government intervention	197
	Opposition to government intervention	198
	General conclusion on government intervention in the youth labour market	198
	Appendix: Resource endowment	203
	Land	203
	Energy	205
	Other natural resources	207
	Engagement in export trade	207
	<i>Bibliography</i>	209
	<i>Index</i>	218

Tables

1.1	Sources of economic growth of total national income in the United States and the United Kingdom, 1950–62	<i>page 4</i>
2.1	The demographic structure of individual countries in the Group of Seven and in the EEC(12) as a whole. Population by age and sex, 1990	22
2.2	Population forecasts for individual countries in the Group of Seven and for the EEC(12) as a whole, 1992, 2000 and 2020	24
2.3	Forecasts of changes in demographic structure. Proportions of total population of persons of working age (15–64), young dependents (0–14), and old dependents (65+). Major EEC countries and the EEC(12) as a whole, 1995, 2000, 2010 and 2020	26
2.4	Forecasts of the late schooling and training cohort (15–19) expressed as a percentage of the population of working age (15–64). Major European countries and the EEC(12) as a whole, 1995, 2000, 2010 and 2020	27
2.5	Actual figures and projections of UK population at age 16, for each year 1985 to 2000, and for 2010 and 2020, 1991-based	28
3.1	Resident population aged 16–19 compared with the total civilian labour force, 1971, 1978 and 1980–92, with projections to 2006, GB	30
3.2	The civilian labour force of working age analysed by sex, 1971, 1978 and 1980–92, with projections to 2006, GB	32
3.3	Trends in the size of youth cohorts in Britain aged 16–19 and aged 16, 1981 and 1985–92, with projections to 2010, GB	33
3.4	The participation of 16, 17 and 18 year olds in full-time and part-time education, 1982/83, 1985/86 and	

	1988/89–1992/93, England, all persons	34
4.1	Relative weekly pay of apprentices and journeymen fitters in the engineering industry, 1909 and 1925, UK	51
4.2	Relative size of schemes for apprentices and 'learners' in the UK, 1925	51
4.3	Projections (made in 1926) of juveniles at age 16 and 'likely to be occupied' each year, 1926–39, GB	52
4.4	Rates of unemployment in the United Kingdom, 1928–38	54
4.5	Unemployment rates among insured juveniles and adults in Great Britain, 1927–32	55
4.6	Engineering courses completed at Government Training Centres, 1941–44	57
4.7	Number of technical college students in England and Wales, 1937/38 and 1954/55	61
4.8	Rates of unemployment in the United Kingdom, 1948–61	61
4.9	The 'late schooling and training' cohort of young people aged 15–19, 1955–70, UK	62
4.10	Rates of unemployment in the United Kingdom, 1960–70	65
4.11	Number of Government Training Centres and the number of places available at them, 1962–68	67
5.1	Unemployment in Great Britain, 1971–81	71
5.2	Number of unemployed school leavers compared with total unemployment, 1955, 1960, 1965 and 1970–80, GB	72
5.3	Employment position after WEP, 1978	76
5.4	The Youth Opportunities Programme: number of entrants and average number in training, 1978/79–1982/83	77
5.5	YOP entrants by type of scheme, 1978/79, 1980/81 and 1982/83	78
5.6	Subsequent experience of young people six months after leaving YOP work experience schemes, 1980/81–1982/83	79
5.7	The qualifications and characteristics of YOP entrants, 1978/79 and 1980/81	80
5.8	Summary of assessments by the Department of Employment of early direct government interventions in the youth labour market, 1975–83	81
6.1	Comparative rates of unemployment of all workers, school leavers available to the labour market and young people aged 16–19 years, 1979–83, GB	83
6.2	Apprentices in training in Great Britain, 1965, 1970, 1975, 1980–83 and 1984–92	84
9.1	Number of young people in training on YOP and YTS, 1978/79–1990/91, GB	109

9.2	Trends in the educational and labour market status of 16–18 year olds, 1976 and 1981–90, GB	110
9.3	The industrial distribution of YTS trainees in training compared with that of all employees in employment, 1985/86 and 1988, GB	112
9.4	The <i>induced training</i> effect of YTS by size of firm, 1986, 1987 and 1989, GB	115
9.5	The <i>induced training</i> effect of YTS compared with concurrent changes in national employment, unemployment and output, 1986, 1987, and 1989	116
9.6	The actual <i>employment</i> effect of YTS: the destinations of YTS leavers, 1985/86–1991/92, GB	119
9.7	The actual <i>employment</i> effect of YTS on those taken into training compared with the estimated no-policy alternative outcome, without YTS, 1986, 1987 and 1989, GB	120
9.8	Estimates of the actual benefit of YTS to participating employers, 1987, GB	121
9.9	Estimated actual costs of YTS to participating employers, 1987, GB	122
9.10	Estimated actual <i>net</i> cost or benefit of YTS to participating employers, 1987, GB	123
9.11	Estimated <i>net</i> cost or benefit of YTS to participating employers after account has been taken of the costs and benefits which would have arisen under the no-policy alternative, without YTS, 1987, GB	123
9.12	Estimated actual <i>net</i> cost or benefit of YTS to participating employers compared with estimates of the <i>net</i> cost or benefit which would have arisen under the no-policy alternative, without YTS, 1987, GB	124
10.1	First-round macroeconomic effects of YTS by sector, 1986/87	128
10.2	<i>Net</i> effects on sector balances of £100m of government expenditure on YTS, 1986/87	131
10.3	Sector balances with a balanced budget, 1986/87	132
10.4	Macroeconomic effects of YTS upon output, employment, unemployment and retail prices. Annual averages for the years 1984, 1985 and 1986, UK	133
11.1	Educational qualifications of 16 year olds by subsequent educational or labour market status, October 1986, England and Wales	136
11.2	Employers' reasons for not participating in YTS. Sample survey results, 1989, GB	137

11.3	The proportion of YTS/YT trainees who gained a full qualification: all leavers, and completers only, 1984/85–1992/93, GB	139
11.4	Qualifications aimed at by YTS trainees, sample survey results, 1989, GB	141
11.5	The demand for skilled workers and the supply from YTS training, sample survey results, 1989, GB	143
11.6	The demand for labour: past and expected future changes in the occupational structure, 1981–91 and 1991–2000, all persons, GB	145
11.7	Annual number of higher education qualifications obtained in the UK, 1980/81, 1983/84, 1986/87 and 1990/91	146
13.1	Internal and external labour market destinations of YTS and YT leavers who obtained full-time jobs, 1985/86–1990/91, GB	159
13.2	Participation rates in education and training, 16 year olds, and the 16–18 age group, 1990, Group of Seven countries	162
13.3	Annual percentage of certain age groups qualified to Levels 2 and 3 of the National Vocational Qualification or equivalent, 1985, 1987, 1989, 1991 and 1992, UK	163
A.1	Agricultural land in use: area and population densities, 1990, Group of Seven countries and the EEC(12) as a whole	204
A.2	Degrees of self-sufficiency in main types of staple agricultural produce. Averages of data for the years 1988, 1989 and 1990, major European countries and EEC(12) as a whole	205
A.3	Energy balance: primary energy production and inland energy consumption in total and per head of population, 1990, Group of Seven countries and the EEC(12) as a whole	206
A.4	Exports of goods and services, valued at current prices and current purchasing power parities, related to total final expenditure (TFE), 1990, Group of Seven countries	208