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MANPOWER AND THE PUBLIC EMPLOYMENT SERVICE IN EUROPE, A STUDY OF PROGRAMS AND OPERATIONS.

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DESCRIPTORS- *EMPLOYMENT SERVICES, *EMPLOYMENT PROGRAMS, LABOR MARKET, JOB PLACEMENT, *COMPARATIVE ANALYSIS, *FOREIGN COUNTRIES, GOVERNMENT ROLE, UNEMPLOYMENT INSURANCE, *PROGRAM ADMINISTRATION, OCCUPATIONAL GUIDANCE, SWEDEN, FRANCE, YUGOSLAVIA, THE NETHERLANDS, GREAT BRITAIN, FEDERAL REPUBLIC OF GERMANY,

THE HEAD ADMINISTRATOR OF THE NEW YORK STATE DEPARTMENT OF LABOR'S DIVISION OF EMPLOYMENT VISITED SWEDEN, FRANCE, YUGOSLAVIA, THE NETHERLANDS, GREAT BRITAIN, AND THE FEDERAL REPUBLIC OF GERMANY DURING JUNE AND JULY OF 1966. INTERVIEWS WERE HELD WITH PUBLIC EMPLOYMENT PERSONNEL IN ALL ECHELONS AND WITH OFFICIALS OF REGIONAL ECONOMIC ORGANIZATIONS TO AID IN THE COMPARATIVE ANALYSIS OF EACH COUNTRY'S PUBLIC EMPLOYMENT SERVICE ORGANIZATIONAL STRUCTURE, FUNCTIONS, STAFFING PATTERNS, AND BUDGETING PROCEDURES. SOME OF THE MOST GENERAL OBSERVATIONS WERE--(1) EUROPEAN EXPERIENCE SHOWS THAT THE PUBLIC EMPLOYMENT SERVICE MAY BE OUTSTANDINGLY SUCCESSFUL UNDER CONDITIONS OF CLOSE INTEGRATION WITH UNEMPLOYMENT INSURANCE AS WELL AS UNDER CONDITIONS OF ABSOLUTE SEPARATION, (2) IN NONE OF THE COUNTRIES, EXCEPT GREAT BRITAIN, DO PRIVATE EMPLOYMENT AGENCIES ORGANIZED FOR PROFIT OPERATE EXTENSIVELY, (3) IN ALL SIX COUNTRIES THERE IS MORE KNOWLEDGE OF JOB VACANCIES AND AVAILABLE JOB-SEEKERS THAN IN THE UNITED STATES, (4) INTER-AREA LABOR MARKET CLEARANCE IS SUPPORTED IN THE SEVERAL EUROPEAN COUNTRIES BY SUBSTANTIVE PROGRAMS WHICH PROMOTE LABOR AND MANAGEMENT MOBILITY, SUCH AS RELOCATION ALLOWANCES, TAX INCENTIVES FOR PLANT LOCATION, AND OTHERS, AND (5) PUBLIC SERVICE EMPLOYMENT PROGRAMS IN GREAT BRITAIN, SWEDEN, WEST GERMANY, AND THE NETHERLANDS ENABLE THE PUBLIC EMPLOYMENT SERVICES TO PLACE THE HARD-CORE UNEMPLOYED IN JOBS WITH THE GOVERNMENT AS EMPLOYER. (ET)

MANPOWER
and the
PUBLIC EMPLOYMENT SERVICE
in
EUROPE

A Study of Programs and Operations

by

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U.S. DEPARTMENT OF HEALTH, EDUCATION & WELFARE
OFFICE OF EDUCATION

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Also, the Bureau of Employment Security of the United States Department of Labor cooperated in making this study possible.

FOREWORD

For 25 years Alfred L. Green has held many administrative and legal posts in the employment security agency of the State of New York rising through the career civil service until his appointment in 1959 as Executive Director of the agency. As the head of the largest State employment security operation in the United States, directing Federal-State unemployment insurance and public employment service programs affecting a population of 17 million persons and a working force of almost eight million, "Fred" has acquired vast experience which he has been sharing with the United States Department of Labor and with other State agencies for many years.

Noting the successful application by Western European countries of an active manpower policy and anxious to study at first hand the programs administered by those countries, Fred Green was one of a small group of State employment security administrators who, in 1963, were selected by the United States Department of Labor to study and evaluate manpower programs abroad. His excellent report, "A Study and Appraisal of Manpower Programs as Related to a Policy of Full Employment in France, Great Britain, the Netherlands, Sweden," helped considerably in promoting a better understanding in the United States of such programs and their acceptance as useful tools in the development of an active manpower policy in this country.

In 1964 Fred was nominated by the U. S. Department of Labor as an advisor on the United States delegation to the an-

nual International Labour Conference in Geneva to handle the agenda item on "Employment Policy, With Particular Reference to the Employment Problems of Developing Countries." Here he participated in the drafting of a Convention and Recommendation on employment policy which were subsequently adopted by the Conference. The Convention is now before the United States Senate for advice and consent to ratification.

The Public Employment Service in the last few years has achieved recognition by the Congress as the cornerstone of an active manpower policy. No longer are the United States Employment Service and its affiliated State agencies engaged solely in the relatively simple matching of men and jobs. They have been entrusted with many positive programs and operations aimed at achieving a balance of supply and demand in the labor market, creating and maintaining a skilled work force, and with additional, highly significant tasks—among them intensive counseling of youth, operation of Youth Opportunity Centers, and programs reaching out to the disadvantaged; all of which are important parts of the war on poverty.

As the Employment Services in Western European countries were reported to have excellent and effective standards of organization and management, it seemed that a review of their operations might have value for this country's employment security program, especially in the light of the new programs that have been added here and the further changes being advocated. The Office of Manpower Policy, Evaluation, and Research therefore offered to support a research project by Mr. Green of Employment Service operations in Western Europe because, as they suggested, evaluating and reporting on the differences between a particularly successful Employment Service and a mediocre one would be useful for the United States,

and "your years of experience in the Employment Service should make it possible for you to discern and interpret factors in the Western European programs," which otherwise might not be apparent.

The Bureau of Employment Security was in agreement with the research proposal, and I was personally delighted that Mr. Green agreed to take the time for the survey since I am sure that his background as a successful employment security administrator has enabled him to make observations and judgments which will be useful to all those engaged or interested in Federal and State manpower programs.

ROBERT C. GOODWIN, *Administrator*
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INTRODUCTION

In 1963, my report, "A Study and Appraisal of Manpower Programs as Related to a Policy of Full Employment in France, Great Britain, the Netherlands, Sweden," appeared. Since then, many excellent studies on related subjects have been published. I am thinking particularly of three very fine reports: "Retraining and Labor Market Adjustment in Western Europe," by Margaret S. Gordon; "Manpower Planning in a Free Society," by Richard A. Lester; and "Manpower Policy and Programs in Five Western European Countries," which appeared as Manpower Research Bulletin Number 11 (July 1966) of the Office of Manpower Policy, Evaluation, and Research of the United States Labor Department's Manpower Administration.

These publications, as well as my own report, described, or touched upon the active manpower policy used so successfully in Western Europe. Fundamentally, an active manpower policy is the battery of measures adopted to correct the imbalances of manpower that exist because of fluctuations in supply and demand in rapidly expanding and technological societies. Among these measures are accurate labor market information, vocational guidance and counseling, vocational training and retraining of adults (occupational mobility), geographic mobility of labor, geographic mobility of industry, tax and investment incentives to industry for expansion and mobility, and incentives to workers for achievement of occupational and geographic mobility.

The public Employment Service, more than any other one

agency, is the cornerstone of an active manpower policy. It occurred to me that an examination by an administrator of how the Employment Services abroad functioned in implementing such policy might be useful. I had in mind, specifically, a study that would examine the administration of several European Employment Services, their organization and functions, and their problems. The Office of Manpower Policy, Evaluation, and Research likewise believed that a study of this type could be of value, and thus this project was born.

It is perhaps worth noting that I was asked to undertake this project because, generally, I am an administrator, and also because, specifically, I am an administrator of a state employment security agency. Employment security in the United States is, of course, a federal-state partnership, and this further acknowledgement of the importance of the state's role should not be dismissed lightly. Also, although the value of the explorations of academicians in such areas is without question, in the present instance it was thought that my particular empirical background might enable me to view the situation in a somewhat different context.

For this present project, I spent two months in Europe, studying six countries: West Germany, Great Britain, the Netherlands, Sweden, Yugoslavia, and France. My itinerary was by no means limited to the capital cities. I traveled throughout the countries interviewing scores of persons in small communities as well as large metropolitan areas, discussing relevant matters with technicians and local office personnel as well as with top administrators, and visiting training centers and other appropriate installations as well as employment offices. In addition, I met in France with officials of the Organisation for Economic Co-operation and Development, and in Switzerland with International Labor Organization staff.

Extensive planning took place months before I set foot in Europe, and since returning, comprehensive evaluation of my material has been underway. My previous assignments abroad gave me something of a headstart on this project, and 25 years of experience in employment security in the United States, which included study trips in many states throughout this country, also served as valuable preparation.

In each of the six countries examined, the public Employment Service is an integral component of the manpower policy complex. It is the purpose of this study to report how this is accomplished, how the various manpower programs are integrated through the Service, and what administrative arrangements are used by the Employment Service in the process.

The necessarily limited scope of the study excludes in-depth consideration of the contribution to economic development made by manpower programs administered by the public Employment Services. Periodic evaluations of this type are made by the Organisation for Economic Co-operation and Development, which also collects key manpower statistics from the member countries. Although full use of this source of information was made in the preparation of this study, no attempt was made to conduct original research in this area.

The existence of special studies, listed in the bibliography, has made it unnecessary to elaborate in detail on the results achieved from the utilization of such instruments of manpower policy as retraining, relocation, and various special programs to combat unemployment—although these measures are discussed. Public Employment Service participation in these programs is, of course, essential, since the public employment office is usually the initial intake point for the recipient of this type of special service, and, in many instances, the channel leading toward his future employment.

This book opens with a summary of my findings in which I attempt to highlight the approaches used in the different countries, contrast their experience, and pinpoint the potential significance to the United States. There follows a country-by-country description of the foreign Employment Services' role in manpower programs. Appropriate organization charts are located at the conclusion of the information on each country.

Although I have attempted to establish conformity in the topics covered in and treatment given to each country, the reader will observe some deviations. This was the unavoidable result of the lack of uniformity in the type and extent of material available from one country to another. Because satisfactory information and literature on Yugoslavia were especially scarce, I have treated this country somewhat differently as to contents and format.

Albany, New York
December 9, 1966

ALFRED L. GREEN

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HIGHLIGHTS AND RECOMMENDATIONS

A comparative analysis of the experience of the six countries which I visited in June and July 1966, viewed in the light of the problems which confront the public Employment Service everywhere, and especially in the United States, leads to the following observations:

1. EMPLOYMENT SERVICE-UNEMPLOYMENT INSURANCE.

Administration of these two programs is combined in Yugoslavia, Great Britain, and the Federal Republic of Germany, and separated in the Netherlands and Sweden. (There is no unemployment insurance in France, other than supplementary benefits, but workers on unemployment relief are registered for work.)

Great Britain is unhappy about the detrimental effects of the integration on the Employment Service program, and is planning an experimental separation in a few selected places. West Germany is satisfied and deems the integration necessary for proper functioning of the Employment Service. Why the difference in attitude? What makes the combination successful in West Germany? What is wrong in Great Britain?

I was told in the Netherlands that separation there was the result of conscious design. Unemployment insurance is conceived exclusively as part of a complex of social legislation aimed at compensation for loss of earnings through sickness, accident, old age, etc. The Employment Service is used chiefly for substantiation of claimants' entitlement to benefits.

In Sweden, history dictated the outcome—unemployment insurance is administered by labor federations—and the outcome, separation, is regarded as natural. In Yugoslavia, the unemployment insurance tax pays for the administration of the Employment Service, as in West Germany, so unified administration is a matter of course.

The lesson from this variety of experience is that there is no single successful method of combination or of separation, and that experimentation and flexibility in the light of historical conditions and trends is desirable. The employment security program as a whole should be a developing adaptive organism. We should not be doctrinaire in such matters. European experience proves conclusively that the public Employment Service may be outstandingly successful under conditions of close integration with unemployment insurance as well as under conditions of absolute separation.

2. ATTITUDE OF THE EMPLOYMENT SERVICE TOWARD FULL EMPLOYMENT POLICY.

In Sweden, the policy is formulated by the National Labor Market Board (and ratified by the Parliament) within the framework of "full employment" to which all interested groups, including the government, are committed. In West Germany, the Institute for Labor Placement and Unemployment Insurance is not directly involved in the government's public policies: the Institute is a-political. It is tremendously successful in putting everybody to work, just the same.

In France the government has a five-year plan and the Employment Service enforces it (it may deny workers to employers) but it is difficult to assess fully the role it plays in the development of active manpower policy except through research done by regional manpower advisory councils. In the

Netherlands manpower policy is dictated by the facts established through research so that, in a sense, the research workers really make the policy, their findings being accepted as authoritative guides to administrative action. (For example, the finding that lack of housing is the strategic factor impeding increases in productivity leads to the payment of higher allowances to those trainees who elect to be trained for construction jobs.) In the Netherlands, the Employment Service does not control hiring (as in France) but does control separations, not only to maintain employment (as in France) but also to prevent labor pirating in times of manpower scarcity.

In Great Britain, "full employment" now means "employment coupled with a sufficient volume of unemployment" to promote labor turnover and flexibility in the use of manpower. The Employment Service assists here through the approval of redundancy insurance (reimbursing employers for dismissal payments) and payment of graduated (based on wages) unemployment benefits. In Sweden, full employment means that 97 per cent of the workers are in regular jobs (in Great Britain, until 1965, 99 per cent were in such jobs), one per cent are in sheltered workshops, one per cent are in training, and one per cent are unemployed (between jobs). In Yugoslavia, the Employment Service is run locally by those workers who are employed—they protect their existing jobs by their own power—and they decide who should be hired. In a sense, full employment is fostered by the policy in Yugoslavia of exporting as many unemployed workers out of the country as possible.

3. ORGANIZATIONAL SETTING.

In all countries studied the public Employment Service was primarily established for the purpose of dealing with unemployment rather than for the purpose of assisting employers to

find workers. On May 19, 1909, Winston Churchill, then President of the Board of Trade, in introducing the Labour Exchanges Bill in Parliament, said that the objectives of the bill were to secure more efficient organization of the labor market, to increase the mobility of labor, to mitigate "the misery of tramping after problematical work," and to constitute machinery indispensable to the proper administration of a system of unemployment insurance.

This is government doing something to people, or for people —a governmental welfare-type service. Great Britain never deviated from this original approach. Appropriately, this governmental service is performed by civil servants in the Ministry of Labour.

It is essential to have a strong civil service including competitive examinations when the government is running the show, because, otherwise, the public would suspect political favoritism not only in appointments but also in performance.

But when the Employment Service is a self-governing body under public law (although under the overall supervision of the Federal government) as in West Germany, classes of employees can be hired without rigid civil service restrictions; there is no reason to suspect a labor-management run public corporation of favoritism or of discrimination.

West Germany learned the lesson that a bad government may use the public Employment Service for bad ends. So the West German laws now provide for absolute freedom in the labor market, and the monopolistic neutral intermediary in the labor market is an independent authority which raises its own revenue and which is run by representatives of labor and management, as well as of the government, appointed by the Federal Minister of Labor and Social Affairs.

Every official I met in West Germany stressed the point that

it is essential for every job-seeker and employer to be free in relation to hiring and firing, and that they both must feel free to use the public Employment Service or not, as they may freely choose.

The Yugoslav Employment Service comes closest to the West German pattern; there is also absolute freedom in the labor markets. The Employment Service is run by the workers, and it also raises its own revenue for the payment of costs of administration, cost of training, and unemployment benefits—as in West Germany. Yet, unlike West Germany's, it is a governmental agency and it is under the supervision of the Federal Secretary of Labor.

In France and the Netherlands, the public Employment Service is government in action, as in Great Britain, but for different ends. Great Britain provides a welfare service; France regulates the labor market; the Netherlands performs an economic function without welfare overtones and with a minimum use of coercion.

In Sweden, the situation is mixed. The National Labor Market Board is a governmental agency; it is under a ministry; it administers Parliament–approved economic policy. Yet it represents many groups, including labor and management, and in the counties it operates similarly to the provincial operation of the Federal Institute for Placement and Unemployment Insurance in West Germany.

4. ADVISORY COUNCILS.

No advisory councils are needed in Yugoslavia, West Germany and Sweden because the system is operated by its clintele. Central (headquarters) and local advisory councils are the rule in Great Britain, France and the Netherlands. In France, advisory councils are chiefly interested in making sure that the

public Employment Service administers fairly the regulations to which the employers and the workers are subject, and seeing to it that the economic interests in the region are taken into account by the national government in connection with the formulation of long-range plans. In Great Britain, advisory councils are wanted and needed by the government—management and labor do not need them—because the employment exchanges have no power in the labor markets, and do not even enjoy monopoly status as do the Employment Services in West Germany, France, the Netherlands, Sweden and Yugoslavia. In the Netherlands, advisory councils are intended to keep the responsible central and local manpower officials in constant touch with the opinions of employers and labor regarding manpower affairs.

5. PRIVATE EMPLOYMENT FEE-CHARGING AGENCIES.

These exist in large numbers in Great Britain. They have been outlawed in France but some still operate, their licenses having been extended. In Sweden, the number of private fee-charging agencies is gradually decreasing, operating under extended licenses and under the supervision of the National Labor Market Board. In West Germany, they are virtually the agents of the Institute for Labor Placement and Unemployment Insurance and act as instruments to facilitate labor market transactions in special situations: they place the physically handicapped, students, nurses, pharmacists, film actors, etc. They do not exist in Yugoslavia. In a limited way, they are part of the system in the Netherlands; they provide placement service to groups of applicants such as the disabled and discharged prisoners, and in fields such as musicians and artists.

Thus, in none of the countries, except Great Britain, do private employment agencies organized for profit operate ex-

tensively. Where they do exist, they operate under special licensing or on a temporary basis and perform highly specialized services for selected clientele. In no way do they compete with the public Employment Services as in the United States.

6. ADMINISTRATIVE DECENTRALIZATION.

Every public Employment Service must have a network of offices, to cover the territory, and the administration must be decentralized, to enable prompt and efficient action in local labor markets.

In West Germany, Yugoslavia, France, and Sweden the basic pattern of decentralization is dictated by the constitution. West Germany and Yugoslavia are federations of states. The French constitution provides for the exercise of executive power through the departments; because there are so many departments, however, a regional office network has been intercalated, similar to the regional offices of the United States Employment Service. In Sweden, the decentralization from the National Labor Market Board to the County Labor Market Boards involves not only the County Labor Market Boards and the county administrative board but the employer and labor associations operating in that political jurisdiction.

Regional Controllers, in Great Britain, and Provincial Manpower Directors, in the Netherlands, have about as much administrative power as their "state" counterparts in West Germany, Sweden, Yugoslavia, and France. In France, the "state" counterpart is the departmental Manpower Chief; the regional office network is used for the provision of common services, such as clearance, and for the conduct of experiments, such as the guidance service.

In spite of differences in constitutions and in the type of field organization, all six public Employment Services exhibit

the same discipline in the execution of Employment Service program as prevails in the United States: whatever comes down from headquarters is put into effect at the lowest (local) echelon. This finding leads to the conclusion that the field organization of a public Employment Service does not really matter; presumably, the interdependence of local labor markets, and the existence of a composite national labor market, makes unified direction mandatory and effective regardless of the intermediate organizational pattern.

Granted that the French Employment Service is a regulatory agency, as the United States Employment Service was during World War II under the National War Manpower Administration, its imaginative approach to regionalization still deserves consideration. The key to its regional network is an analysis of the economic factors which make a region. This was not the way in which the Federal Bureau of Employment Security regions were set up in the United States; they were established for administrative convenience (travel, etc.). If the U. S. E. S. is eventually to run regional clearing centers, as it proposes to do, it must do this in regions which make sense from the point of view of the nature of the labor markets involved.

7. ORGANIZATION OF THE LOCAL OFFICE.

The local labor market dictates the sub-organization of a local employment office. In only one of the six countries, West Germany, is there a sub-organization based on the sex of the applicant. This may be due to the deep involvement of the West German Employment Service system in vocational guidance in the schools; schools below the university level are not coeducational. In Great Britain, however, there are separate employment offices for young people, administered by local education authorities or by the Ministry of Labour.

In all countries, the local office is sub-organized by program, such as placement service, accelerated adult vocational training service, welfare service for employed workers, etc. Within the placement service segment, sub-organization may be by occupation, by industry, or by type of applicant; for example, veteran or physically handicapped. In very large metropolitan labor markets, such as Paris or London, special employment offices are established for special jobs. In only one country, West Germany, is there a central placement office which serves directly the applicants and the employers throughout the nation in certain professional and executive occupations.

By setting up a single central nationwide office, West Germany has obviated, with reference to occupations which have a nationwide labor market, all delays and efforts arising from the inter-area clearance (see point 9 below).

8. THE PUBLIC EMPLOYMENT SERVICE AND THE SCHOOLS.

In West Germany, the Federal Institute for Labor Placement and Unemployment Insurance has by law the exclusive right and obligation to provide vocational guidance in the schools, as well as elsewhere. It also has the exclusive right to arrange for the placement of the young people when they leave school. In Great Britain, the schools have the right to provide career guidance in cooperation with the Youth Employment Service, which places young people in jobs, follows them up while working, and pays them unemployment benefits when unemployed.

In Sweden, the situation is mixed; the County Labor Market Boards employ, on a part-time basis, teacher-counselors for vocational guidance in the compulsory school; they do not engage in placement work. Vocational guidance counselors em-

ployed full time by the County Labor Market Boards also provide services to students, university graduates, and adults.

In Yugoslavia, vocational guidance is given in the schools. The public Employment Service sees the young people only after graduation.

In France, the Employment Service gives vocational guidance only to young veterans.

In the Netherlands, the public Employment Service utilizes youth consultants who do not give individual guidance service to anyone except as an incident to placement, but who broadcast vocational information to schools, parents, and the interested public.

In West Germany, the vocational guidance counselor makes placements. In Sweden, a similar combination of duties was discontinued in 1960, and placements of young people are now made by regular local office employment interviewers.

In all countries, vocational guidance handbooks, pamphlets, directories, etc. are written and published. This literature is directed toward the young people still in school, from elementary grades through the university. I was told repeatedly, in each country I visited, that the wide dissemination of such occupational information pays off handsomely in terms of the integration of school leavers into the labor market.

European experience proves that both policies work: either the Employment Service is responsible, exclusively, for vocational guidance in the schools, or the schools are responsible for it without participation by the Employment Service. These are clear lines of demarcation. Difficulties arise when responsibilities are divided in such manner that there is an overlap. A decision on the best plan for the United States should be made on the basis of a factual study of conditions here.

9. INTER-AREA CLEARANCE.

In all six countries there is more knowledge of vacancies and available job-seekers than in the United States; also, more is done about any imbalance in the labor markets by way of inter-area clearance, except in France where the present inter-area clearance system is deemed inadequate and where remedial actions are being studied. In Sweden and West Germany, there are comprehensive daily and weekly bulletins listing vacancies and, in West Germany, job-seekers. In France, such bulletins are also used, but appear less frequently. In Yugoslavia, there are internal labor demand lists which can be acted upon on the basis of already available information, because all openings and all job-seekers must be registered with the public Employment Service. In the Netherlands, inter-area clearance also involves similar paper work but less broadcasting because the local offices know, from regularly published statistics, where openings or work applicants may be found. Because separations from employment are frowned upon (must be approved by the public Employment Service if employer and worker disagree), the Netherlands does not utilize vacancy bulletins directed at employed workers.

From the point of view of an ambitious worker who is ready to go wherever the opportunity is greatest, West Germany has the best inter-area clearance system, as well as, for professional people and executives, a special placement office serving the entire nation. From the point of view of the employer, the Netherlands has the most efficient system, with several specialized central clearance points located in cities most convenient to the employers.

West Germany and the Netherlands publish monthly statistics of unfilled openings and of job-seekers classified by occupation and locality. The availability of such statistics facilitates

inter-area clearance by keeping all local offices informed of the state of the labor markets in other areas.

None of the six national services permits the taking of unemployment insurance claims unsupported by detailed registrations for work, the so-called deferred registration procedure prevelant in New York State. Such registrations are necessary, of course, for the purpose of obtaining an occupational pattern of the supply of labor. Knowledge of such pattern is essential for manpower policy planning as well as for equalizing labor supply and demand through inter-area clearance. The deferred registration practice, especially in the current labor market wherein shortages appear in some localities and surpluses in others, deserves special study and thorough examination.

In the United States, the problem of inter-area clearance—and, in the United States this is a real and a very expensive problem—has recently been attacked by way of automation. Thus, California is experimenting with a computer installation known as LINCS (Labor Inventory Communication System). New York is developing a plan for matching men and jobs on an electronic computer. The Bureau of Employment Security has contracted for services of a management consulting firm to evaluate LINCS and to recommend a system. In December 1965, an Employment Service Task Force appointed by the U. S. Secretary of Labor recommended the establishment of "multimarket clearance centers," themselves coordinated on a national basis. The National Commission on Technology, Automation and Economic Progress recommended, in its Report on "Technology and the American Economy": ". . . the creation of a national computerized job-man matching system which would provide more adequate information on employment opportunities and available workers, on a local, regional and national scale. In addition to speeding job search, such a

service would provide better information for vocational choice and alert the public and policy makers on impending changes."

Without derogating the value of an electronic computer, I must point out that the problem, which is so difficult to solve in the United States, has been solved, without a computer and without even the use of conventional punch-card equipment, in all six countries forming the subject of this study. For a description of the mechanisms employed for this purpose, I refer the reader to the individual chapters of this book. The lesson is plain: it can be done if there is a will to do it.

I must also point out, however, that the mechanism of inter-area clearance is supported in the several European countries by substantive programs which promote labor and management mobility, such as relocation allowances, tax incentives for plant location, reimbursement of traveling expenses, accelerated adult vocational training preparatory to inter-area migration, etc. In Sweden, there is even an experimental program under which the National Labor Market Board purchases the homes of workers who agree to move to jobs in distant parts of the country.

The reader should also note (see point 8 above) that in spite of the existence of excellent inter-area clearance arrangements, West Germany has also put into operation a nationwide Professional and Executive Office which maintains direct contacts with employers and job-seekers.

It does seem to me that there is a need, in the United States, for regional professional placement offices which would deal directly with the appropriate clientele. However, more study of regional labor markets in the United States is needed before a definite recommendation in this area is made.

10. SUBSIDIARY EMPLOYMENT.

Public Employment Services in Great Britain, Sweden, West Germany and the Netherlands are able to do something concrete for job-seekers who are unable to compete in the labor market because of certain personal characteristics. There are sheltered workshops for the physically or mentally handicapped, financed in whole or in part by public funds which are often channeled through the public Employment Service; in West Germany, sheltered workshops are aided from the proceeds of the unemployment insurance tax. In the Netherlands, the Employment Service is able to create what is known as Subsidiary Employment—a program of public works including jobs for the "less well able" worker in such work as care of municipal gardens, decorative canals, etc.; similar programs are also employed by the Swedish National Labor Market Board and, to a certain extent, by the Institute for Labor Placement and Unemployment Insurance in West Germany.

European experience confirms the wisdom of the National Commission on Technology, Automation and Economic Progress which recommended, in its Report on "Technology and the American Economy," as follows:

"With the best of fiscal and monetary policies, there will always be those handicapped in the competiton for jobs by lack of education, skill, or experience or because of discrimination. The needs of our society provide ample opportunities to fulfill the promise of the Employment Act of 1946: 'a job for all those able, willing, and seeking to work.' We recommend a program of public service employment, providing, in effect, that the government be an employer of last resort, providing work for the 'hard-core unemployed' in useful community enterprises."

11. BUDGETING.

In all the countries I visited, with the exception of Yugoslavia, the public Employment Service budget is voted by the Parliament. The budget is a spending plan, and it is just as difficult in those countries to abolish positions which have once been "lined out" as it is in the United States. Even in West Germany, where the majority of the Employment Service employees are *Angestellte* (contract employees) rather than *Beamte* (civil servants), the Institute for Labor Placement and Unemployment Insurance found itself some years ago in the position of having too many (in proportion to work load) authorized positions, and solved the resulting financial problem (the costs of administration are mandated by the Federal Government but are met out of the proceeds of the unemployment insurance tax) by volunteering to take over the administration of family allowances or *kindergeld*. Currently, the Institute has more employees devoted to the family allowance program than to unemployment insurance.

In West Germany there was an excess of staff which became manifest as unemployment decreased and which made it easy and, in fact, imperative to transfer as many positions as possible from the unemployment insurance program to the Employment Service program.

There is an indication that in Great Britain unemployment insurance administration is still overfinanced while the Employment Service is underfinanced. The Working Party on Employment Services which reported on May 4, 1964, recommended a significant transfer of administrative manpower from the one program to the other.

All six European countries survived World War II under conditions of heavy unemployment. In addition to unemployment at home West Germany had to take care of millions of

refugees from the eastern provinces and from Czechoslovakia, France had to care for refugees from North Africa, and the Netherlands had to take care of refugees from Indonesia. The public Employment Services were tooled up to extraordinary labors. As the problem of unemployment was solved and as the number of applicants for work declined, the public Employment Services found themselves with a surplus of staff on hand.

Under these conditions "repeat budgets," with some reshuffling of positions, became the rule, and budgeting for the Employment Service ceased to be a problem.

The surplus of available funds facilitated the establishment of strong in-service training units which in turn facilitated the transfer of personnel between programs.

In all six countries, the budgeting process is easier than it is in the United States. In Yugoslavia and West Germany, the spending plan for each local office is worked out in consultation with a council representing its clientele, and there is no record of any cuts imposed from above. In the other countries, the spending plan is prepared by the administration and given thorough internal examination before it is laid before the Parliament. There is no mass of paperwork consisting of justifications and rejustifications as is characteristic of the financing of the public Employment Service in the United States.

12. MANPOWER RESEARCH.

All of the countries studied collect statistics of importance to Employment Service operations. West Germany, Great Britain, and France collect data on employment, on the basis of samples. Data on unemployment are derived from Employment Service local office statistics (unemployed job-seekers) except in Sweden where there is also a quarterly household sample census. France, Great Britain, and the Netherlands utilize man-

power research units for the purpose of making long-range projections of occupational employment.

Only in the Netherlands, however, is manpower research directed toward the operational needs of active manpower policy. To implement remedial manpower policy, the extent of structural unemployment should be known. It is known, and regularly reported on a monthly basis, only in the Netherlands. Such labor market analysis enables the public Employment Service to gauge accurately the demand for remedial services such as relocation, training, and the establishment of sheltered workshops. Coupling this type of manpower research with an analysis of the strategic factors affecting the growth of the economy, as is done in the Netherlands, permits further refinements in the employment of remedial measures; for example, payment of extra large training allowances to workers who elect to be trained for occupations in the building industry.

In the Netherlands, seasonal and cyclical factors are also accurately reflected, in quantitative terms, in unemployment statistics, which makes it possible for the Ministry of Social Affairs and Public Health to schedule in advance the conduct of public works intended to relieve the effects of such seasonal and cyclical unemployment.

13. OTHER ITEMS OF INTEREST.

In addition to the highlights described above and the recommendations suggested or implied therein, there were various items (organizational features, activities, techniques, etc.) in each of the countries that impressed me and that may have significance for the Employment Services in the United States. The details are to be found in my observations under each country but, for ready reference, a brief outline of such points is provided here.

- In West Germany, the Federal Institute for Labor Placement and Unemployment Insurance operates its own residential centers for training of its staff.
- In the Netherlands, France, and Great Britain, the organizational setting for adult training and the Employment Service is the same. In Sweden, coordinating committees representing the Employment Service and the educational authorities function excellently in establishing prompt and effective training and retraining of adults.
- In West Germany and Great Britain especially, internal audit of Employment Service operations is highly developed.
- In Sweden, vocational guidance starts systematically during the seventh, eighth, and ninth grades of the compulsory schools. About 650 teachers receive an extra salary from the County Labor Boards to do both teaching and vocational guidance work.
- In the Netherlands and other countries, the Employment Service develops jobs for workers while they are undergoing training.
- In the Netherlands and to some extent in Great Britain, special "placement plans" are developed for workers unemployed for longer than a specified period of time.
- In West Germany and Sweden especially, employment interviewers spend more time than in this country in direct contact with employers for job promotion purposes.
- In West Germany, the Netherlands, and other European countries, physicians are employed full time by the Employment Services.
- In Great Britain, experimentation is taking place with a telephone "conference call" system among several offices to facilitate inter-area clearance.

• Placement penetration rates, jobs filled by the Employment Service compared to total openings, are estimated at: West Germany 40 per cent, Sweden 33 per cent, the Netherlands 33 per cent, Great Britain 25 per cent, France 10 per cent. This is to be compared to an estimated 16 per cent for the United States. Experts are of the opinion that penetration rates of no less than 25 to 30 per cent enable an Employment Service to do an effective placement job and to provide the proper labor market information.

I FEDERAL REPUBLIC OF GERMANY

BACKGROUND

Organization

The Federal Republic of Germany (West Germany), with a population of 58 million and a labor force of 27 million including 21 million wage and salary employees, is the largest of the six countries covered in this report.[1]

In the Federal Republic of Germany, the responsibilities of the government in the field of placement, vocational guidance, and unemployment insurance are entrusted by law to the Federal Institute for Labor Placement and Unemployment Insurance with headquarters at Nuremberg.

The Institute was set up on May 1, 1952, as a corporate public law authority. Amendments to the law in 1957 and 1961 confirmed this arrangement and provided the legal framework for West Germany's full employment policy.

The Institute is self-administered, under the supervision of the Federal Minister of Labor and Social Affairs, through its Administrative Council, Executive Board, and President. The

1 For a discussion of recent economic trends in West Germany (and for the other countries covered in this book), including statistics on unemployment, annual rates of industrial growth, age distribution of population, labor force participation rates, structural changes in employment, etc., see "Retraining and Labor Market Adjustment in Western Europe," by Margaret S. Gordon, U. S. Government Printing Office, 1965, pages 7-24.

Administrative Council with 39 members and the Executive Board with nine members, appointed by the Minister of Labor and Social Affairs, are each comprised of equal numbers of unpaid representatives of workers, employers, and government (the last at four levels: federal, regional, groups of communities, and individual communities). The Administrative Council develops general policy on employment and the budget; the Executive Board issues the directives and administrative rulings which keep the gears of the Institute in motion, represents the Institute in legal matters, and presents the yearly budget to Parliament. The President of the Institute is appointed by the President of West Germany upon the recommendation of the Ministry of Labor and Social Affairs.

The Institute is organized on three levels:

- A central headquarters in Nuremberg;
- Nine regional offices, under the direction of the Institute's President, having jurisdiction over one or more states;
- 146 local offices and about 570 intinerant points or sub-offices.

These form a network covering the entire nation including West Berlin.

Each of the regional offices and local offices has a self-governing body comprised of employer, worker, and public representatives.

The central headquarters ensures uniform performance of functions through its power to issue directives. It also exercises direct control over:

- The central placement office in Frankfurt-on-the-Main, which has jurisdiction over the placement of professional personnel in all of West Germany, the placement of personnel from or in other countries, and nationwide inter-regional placement;

- The West German commissions abroad for the recruitment and placement of foreign workers in West Germany (which are currently stationed in Italy, Greece, Morocco, Portugal, Spain and Turkey);
- The Institute's administrative training centers at Lauf and Munster-Mecklenbeck;
- The Institute's welfare center at Nuremberg.

The staff of the Institute, about 27,000 persons, consists essentially of individuals employed under private law contracts, and includes civil servants only to the extent required for the discharge of its purely governmental responsibilities.

Offices, for the most part, are housed in premises built especially for the Institute and designed for smooth and efficient operations.

Functions

PLACEMENT

In the West German view, placement, vocational guidance (including apprenticeship), and unemployment insurance are three connected activities which form an organic whole. The belief is that it is not only advisable but essential to include these three services in the same organization, namely, the Federal Institute for Labor Placement and Unemployment Insurance.

Local office placement work is governed by uniform procedures which, however, allow adaptation to the requirements of individual cases. It is, moreover, decentralized geographically

to reflect economic and employment market conditions, as well as transportation and communications conditions peculiar to each district. Boundaries of local office districts do not necessarily coincide with those of cities or provinces.

The placement activities of local offices are centered in placement sections, each of which consists of a number of units which vary with the size of, and economic conditions in, the district. Thus, there may be a section for salaried employees, a section for industrial trades, or one for farm labor. As a rule, separate sections staffed by specialized female personnel arrange for the placement of women workers.

Most local employment offices have special placement sections for persons with particular problems, such as the handicapped or youth. These conduct placement services on an individual basis in close cooperation with employers.

Inter-area placement constitutes a particularly important feature of West Germany's administration of its labor market policy. While the employment situation varies from one occupation or geographical district to another, available labor resources and vocational skills are freely accessible to the entire country. These and other factors require that the work of the employment offices not be confined to local placement but should extend also to full cooperation nationwide between one office and another regarding notification of job openings and transfer of applications for work.

Inter-area placement activities are carried out on three levels: between local offices in neighboring districts, between all local offices in the same region, and, on the national level, between local offices in different regions. Activities on the national level cover the entire country, and are directed by the central placement office in Frankfurt-on-the-Main in cooperation with the regional offices. For the more highly skilled occu-

pations, the Institute has made special placement arrangements through the central placement office and also through regional placement sections attached to six of the regional employment offices. Also, the central placement office serves as the Institute's liaison agency for foreign placement.

In connection with inter-area placement, it should be noted that the mobility of the labor force is promoted by various forms of financial assistance that include payment of travel and moving expenses, payment of transportation costs for commuters, temporary subsidies, and special allowances where workers must maintain households in two locations for a length of time.

The Institute is the sole agency (with the exception of seamen's recruiting offices) legally responsible for placement in West Germany. However, where desirable, in special cases, the Institute may delegate placement responsibilities to qualified organizations or persons. Such organizations include, mainly, those providing assistance for the physically handicapped or other persons needing special care, and those serving particular classes of individuals, such as students, nurses or pharmacists. In the same way, outside agencies are entrusted with the placement of concert and variety artists, stage and film actors, and orchestra musicians. Such agencies operate under the supervision of the Institute.

Inter-area placement is facilitated by the regular publication of job lists and lists of job seekers. In addition, job offers are broadcast over radio, which may also, as required, disseminate information on job applicants and available labor reserves. Other techniques in current use are posters listing job openings and newspaper advertisements.

The Institute makes about three million placements per year of which about 200,000 are the result of clearance. Approximately one-half of the 200,000 are made through district

clearance; one-sixth require regional clearance; and one-third central clearance through Frankfurt-on-the-Main.

VOCATIONAL GUIDANCE AND PLACEMENT OF APPRENTICES

The cornerstone of West Germany's active manpower policy is vocational guidance. This program, while not limited to youth, is oriented toward complete service beginning in the schools and is concerned chiefly with the establishment and supervision of apprentice training.

Vocational guidance is directed at the individual, both the applicant and the employer. At the same time it is shaped around such considerations as the large number of school graduates, specific groups whose vocational development appears hindered either by a personal deficiency or an external influence, and industries and trades which are short of young workers. Also, it is influenced by problems in contemporary working life resulting from technical changes and shifts in demand. The West German approach is intended to establish a socially and economically stabilized pool of manpower for future needs. Vocational guidance is viewed as not only helping the individual to develop and be productive, but as a force preventing problems of unemployment, particularly in relation to youth, from arising.

The scope of the West German effort includes vocational preparation, auxiliary vocational pre-training, vocational placement, vocational training, vocational improvement, possible changes of vocation, and vocational advancement.

The historically developed division of the various functions is spelled out in detail by statute. In the center of the concept

stands counseling, i.e., vocational guidance in its narrower meaning: the clarification of individual vocational problems through personal contact and discussion between the applicant and a competent counselor. For ascertaining the applicant's aptitudes and qualifications for a particular occupation, medical and psychological consultation is provided where necessary. In the majority of cases the next and final step is placement in apprenticeship. This consists of practical assistance in acting on vocational advice: finding a suitable training position and, at the same time, assisting the economy through the supply and selection of suitable candidates.

Counseling and placement combined are the basic functions of vocational guidance, implemented through a comprehensive system of instructional measures, so-called "vocational orientation," which precedes individual counseling and also aims at a broad general effect. To render assistance as complete as possible, especially in cases of economic difficulties, the last step is the provision of financial grants.

Organization for Vocational Guidance

Vocational guidance units are attached to the local employment offices. Uniformity is the rule, subject, however, to such adjustments as local conditions or technical requirements may necessitate. Auxiliary offices may or may not have such units; if not, they are visited regularly by vocational guidance personnel.

Each unit is placed under a chief vocational guidance officer, who is responsible for planning and supervising its work and for representing vocational guidance interests. The special

problems of women are dealt with by a female career guidance officer.

Guidance for secondary school students is provided by personnel with an academic background. The system is run from so-called "footholds," through which all employment offices in a given area are served by one centrally located office. The Psychological Department cooperates with the vocational guidance officers within the framework of the foothold scheme, providing specialized assistance in the placement process as well. Medical and statistical services also provide expert advice.

Vocational guidance units are an integral part of the local employment offices, where they cooperate with the other sections under the supervision of the employment office head. They operate under the technical supervision and direction of the regional employment office and, ultimately, of the Institute's central headquarters. The latter's authorities are responsible for planning and coordinating the activities and methods of the vocational guidance system as a whole; they issue directives, supervise operations and lend material assistance as required. The Institute's Division of Job Placement and Vocational Guidance at central headquarters consists of five sections: Basic, Executive, Occupational Information, Psychological Service, and Women's. Medical service is provided locally through the foothold system.

In keeping with its traditional function, the vocational guidance system concentrates systematically on young people at the threshold of their careers: graduates of primary and special schools, intermediate and secondary schools, vocational schools, etc. However, guidance is also available for adults: students at technical schools and colleges, persons wishing to change jobs or seeking promotion, discharged military person-

nel, etc. In both cases special provision is made for the physically, mentally or socially handicapped.

The practical implementation of vocational guidance is incumbent on the local employment offices. In each office vocational guidance constitutes one organizational unit with one male and one female sub-unit. All appropriate guidance and apprenticeship placement functions are included here. The work involved is planned, controlled, and supervised by the head of the Vocational Guidance Section; with regard to the specific features of the work on the female side, the chief female vocational guidance counselor cooperates. Female applicants asking for vocational advice or assistance are assigned to female specialists.

To graduates of secondary schools, colleges, and universities, vocational guidance is rendered through the foothold system by specialists with a university background. They are responsible for vocational orientation and counseling of such persons, and, if necessary, other pertinent assistance.

Affiliated with the Vocational Guidance Service is the Psychological Service, which also operates on the basis of the foothold system. Besides administering psychological aptitude tests for the purposes of vocational guidance and placement, psychologists in the employment offices assist in the vocational training of specialists; moreover, they cooperate in certain specific areas of vocational guidance such as the counseling of the handicapped. They also conduct occupational research.

The individual employment offices have different arrangements for placement of juvenile unskilled workers (up to 18 years). For the most part, this is handled by the Placement Section or, in major employment offices, by the Vocational Guidance Section. In any case, the vocational guidance services are utilized for the first job placement of youth.

The Medical Service of the employment office is also available to the Vocational Guidance Section: for example, in cases of uncertainty resulting from the report of the school physician, and in considering occupations involving physical or other strain. The Law to Protect Working Youth requires that all youth under 18 must undergo a physical examination, either by their private physician or by the Employment Service physician, before entering on a job or on apprenticeship, and again before the end of the first year of such apprenticeship or employment.

Staffing for Vocational Guidance

The Vocational Guidance Sections are staffed with full-time specialists and auxiliary personnel hired under an employment contract. Executive positions (heads of departments, section chiefs or principal vocational guidance specialists, etc.) are held by civil servants.

Recent staffing consisted of 1,350 vocational guidance counselors (including the heads of Vocational Guidance Sections), 50 specialists with university degrees employed for the counseling of secondary school, college, and graduate school graduates (60 additional specialists perform this duty in addition to leading a Vocational Guidance Section or in addition to their work in the Psychological Service), 95 full-time licensed psychologists, 110 administrative specialists, and 950 auxiliary and clerical staff.

Apprenticeships

Vocational training of young people for industry—as craftsmen, office workers, and skilled workers in industry—usually occurs between the ages of 14 and 18. It starts after the student has finished elementary school, which is usually attended for eight years; after 1967, however, nine years of schooling will become compulsory.

The training period for the great majority of trades is three years, and for some highly skilled trades three and one-half years. For semi-skilled trades a training period of two years is usually provided.

The employer enters into a written agreement with the apprentice and his legal representative, thereby assuming responsibility for training in compliance with the Regulations Governing Vocational Training in Establishments, prepared by the self-administrative bodies in industry and approved by the Federal Minister of Economics. The indentures are registered with the local Chamber of Commerce or Chamber of Handicrafts, such registration being a condition of the admission of the apprentice to his final examination. In 1963, a total of 1.2 million indentures were registered.

After thorough examinations, apprentices in handicrafts receive a journeyman certificate, appentices in industry a skilled worker certificate, and apprentices in commerce an office worker certificate.

Training takes place in the workshop, in the factory, or in the office, under the supervision of the employer, who, in larger organizations, entrusts this to particularly experienced people. Large establishments frequently employ full-time professional instructors. Thus the important feature of vocational instruc-

tion of young people in West Germany is that they are trained in the actual establishments, under the same conditions they will experience when fully employed at their trade. Even during their training period they work with the same people and in the same atmosphere that will surround them in the future.

Youths undergoing this training are required to attend continuation schools. The courses start when the young people leave the elementary school, at the age of 14 or 15, and end after completion of their 18th year, or with the end of vocational training. Courses usually run for six or eight hours per week. Time at school is regarded as working time and is paid for by the employer.

Apprenticeship is under the supervision of the Institute. Apprentice placement includes all measures for providing posts for apprentices and on-the-job training facilities for students at the technical school or university level. Usually, this process is closely integrated with that of vocational guidance, of which it represents, in effect, the practical fulfillment. The system's immediate purpose is, of course, the provision of good training opportunities for young workers. At the same time, the system helps to ensure an adequate supply of properly trained young recruits for industry.

The placement process takes place in this manner: industrial firms submit their requirements, which are then filled in a systematic way, in cooperation with workers' associations and industrial chambers. These organizations render opinions, from technical, health, and educational points of view on the suitability of employers, and their advice is generally followed by the placement authorities. The latter then tentatively assign individual candidates to employers, remaining at the disposal of both parties should they desire additional information. Even

where the parties have come together without the help of the Vocational Guidance Service, they may obtain advice or information from it prior to concluding an agreement. In all cases, however, the final decision rests with the persons directly concerned.

Inter-area placement of apprentices is growing in importance. Resulting from cooperation between the two local employment offices involved, apprentices are placed with employers at some distance from their residence. Special procedures have been worked out for this purpose within the framework of the overall arrangements for inter-area placement described earlier.

In addition to orientation, counseling, and placement of trainees (apprentices), the Institute may provide direct aid. This includes assistance of a non-material nature as well as purely material aid, both of which may be necessary to enable the individual to make a satisfactory initial adjustment to his new job and to stay with it. Here the vocational guidance authorities have a further educational task to perform, that of helping to overcome difficulties or conflicts arising out of the employment relationship. A related function is the follow-up of maladjusted persons, penal cases, and others having special problems.

Organizational measures along non-material lines include helping to set up and organize in-plant training facilities, as well as facilities for advanced training outside the industrial plants, and helping to provide housing for non-local candidates and other workers. Material aid includes primarily financial assistance to cover the costs of travel and interview by the prospective employer, tools, equipment, etc.; individual grants (training allowances); loans for the construction of housing for apprentices and young workers; and allowances and grants for

training courses and other measures designed to improve the worker.

Vocational Guidance Publications

One of the most effective devices employed by the Institute is its publications, which are distributed in hundreds of thousands of copies. Among these are:

1. *Occupational information booklets:*
   Volume 1—Occupations for elementary school-leavers,
   Volume 2—Occupations for medium maturity school-leavers,
   Volume 3—Occupations for mature school-leavers, edited by experts, associations, and governmental authorities.
2. *General orientation pamphlets on vocational choice:*
   "Your Step into Life" (primarily for boys),
   "Those Times are Over" (for girls).
3. *Special orientation pamphlets for individual occupational fields:*
   Pamphlets on Occupational Choice (primarily for elementary school-leavers),
   Pamphlets on Occupational Information (intended for parents and teachers),
   "Youth in Life and Occupation" (booklets containing information for classes leaving elementary school and "medium maturity" school; narrative texts adapted to young readers).

The Institute prints each year, and distributes free to children enrolled in schools and to youth agencies, a wall calendar entitled "Occupations in Pictures," containing occupational information, with separate editions for boys and girls.

In addition to this literature, the Institute's film library

loans out motion pictures and projectors, and provides lecturers. The Institute's exhibits and demonstrators make a regular circuit of fairs, expositions, public celebrations, and other events.

Extent of Vocational Guidance

Out of an average of 750,000 school-leavers per year in West Germany, 85 per cent availed themselves of vocational guidance services. Among these were 91 per cent of the pupils of elementary schools, 63 per cent of the grammar school students, and 83 per cent of the secondary school population. Including older persons seeking advice, 850,000 persons annually have come to the local employment offices for assistance in recent years. Of these, approximately 400,000 (65 per cent of the males and 44 per cent of the females) sought to enter apprentice training.

For placement of suitable applicants, there were available, according to job orders received, 570,000 apprenticeship openings, some 420,000 of which were filled by boys and girls. A total of 28,000 persons were placed away from their home district, but with good accommodations in youth hostels.

In addition, 95,000 persons were placed in other suitable first employment; 88,000 received proposals for attending occupational and technical schools or universities; and 219,000 requested and received occupational counseling only.

Annually, an average of 90,000 applicants were given psychological aptitude tests; there were 31,500 introductory lectures to classes of prospective school graduates; 5,100 parents' meetings took place; 2,900 other lectures, including a series of

lectures for secondary school-leavers, were held; and 33 large vocational exhibitions were organized.

As to material assistance in the field of vocational guidance, the Institute has contributed approximately $8 million since 1952 for the building of 380 apprentice hostels with room for 29,000 persons, and has spent approximately $16 million for individual subsidies (in 1960, 32,000 young people thus were given the possibility of occupational training at a cost of $4 million).

MEDICAL SERVICE

The Institute is required by statute to investigate the health of individuals in connection with vocational guidance or placement, and to establish entitlement to unemployment compensation or relief. The primary function of the Institute physician is to give an expert opinion on the subject's physical abilities—whether normal, or impaired through accident, disease or congenital deficiency—and how best to use them. Another of his objectives is to ascertain the fitness of individuals for occupations with special physical qualifications. The medical officer's advice is also useful in the case of young people about to choose an occupation. Such advice, concerned primarily with the young person's state of development, is intended to help the vocational guidance officer base his advice on a sound estimate of the youth's capabilities; otherwise, the young person might eventually discover that the demands of the job are too heavy for him, and be forced to change occupations during training or later. Finally, the medical officer plays an extremely important part in the rehabilitation process, in which he cooperates with the placement officer, the vocational guidance authorities

and, where appropriate, the occupational psychologist, toward ensuring that the handicapped are employed or reemployed under the most satisfactory conditions.

The medical officer must be familiar with occupational and industrial problems and must, furthermore, have a good technical knowledge and understanding of the relationship between occupational medicine and occupational psychology. In West Germany the medical officer enjoys full independence in his work.

The Medical Service, in keeping with the structure of the Institute itself, operates at the central, regional and local levels. Examination centers contain all the equipment required by the physician in his work, including medical reference libraries.

The Medical Service operates under the foothold system. As a rule, each foothold, headed by a chief medical officer (who is a full-time employee), serves several employment offices. In this way practically every local unit of the Institute has the full-time services of a qualified physician who conducts some of the examinations personally, and gives advice on problems of health to all the offices under his jurisdiction. Part-time physicians are called in if needed. Medical examination units are also attached to the West German recruitment missions abroad.

The number of persons examined each month in the territory of West Germany can be estimated at an average of 20,000 to 25,000.

UNEMPLOYMENT INSURANCE AND OTHER PROGRAMS

Unemployment Insurance

Although a description of West Germany's unemployment insurance program is outside the scope of this report, mention is made of it here to show the full extent of the Institute's activities and because monies collected under this program are used to finance Employment Service activities. Germany, since 1927, has had compulsory unemployment insurance, financed by equal contributions from employers and employees. The present contribution rate is fixed at 1.3 per cent of the worker's gross earnings, divided equally between employer and employee, subject to a ceiling of $325 per month.

An interesting feature of the program is the payment of "bad weather money" to workers in the building industry during periods of inclement weather that occur between November 1 and March 31. The purpose is to help ensure that the employer's work force remains intact and, if possible, that construction work continues through the winter.

"Productive" Unemployment Assistance

The Institute, in cooperation with the federal and regional governments, offers subsidies and loans to local authorities for creation of public works and other socially and economically useful projects that will provide employment for the jobless. These "work-relief" projects were particularly effective after World War II, when unemployment rose sharply. In recent

years, with full employment, there has been no need for extensive public works projects. (In 1955 there was an average of 61,000 workers on such projects; in 1963, about 4,000.) Instead the emphasis has been on measures to combat seasonal unemployment and unemployment in depressed areas.

Unemployment Relief

The Institute, acting as an agent of the federal government, which pays its administrative costs, also administers unemployment relief with funds provided by the federal government. This is a public assistance program available only to needy unemployed workers who are not entitled, or have exhausted their entitlement, to an allowance under the unemployment insurance program. There is a possibility that, in the future, this program will be financed from contributions collected by the Institute rather than through federal funds.

Children's Allowance Program

The Institute, as the administrator of the federal government's children's allowance program, is responsible for the payment of allowances, fixed by law, for every second and succeeding child.

Rehabilitation of the Disabled

Since 1958 it has been the duty of the Institute to promote the rehabilitation of the seriously disabled. Up to 1963, 80 re-

habilitation facilities had been given financial support, including loans for their establishment and subsidies for equipping suitable workshops. Expenditures for this purpose amounted to $4 million. Also, as previously pointed out, the Institute provides specialized counseling of the rehabilitated workers. The law requires employers of more than 15 persons to hire a quota of severely handicapped workers or contribute to a fund for the financing of rehabilitation centers.

Staff Development

Although personnel are recruited from specialists highly qualified by formal education (for example, of the 1,500 counselors, 65 per cent are university graduates or graduates of special schools) the Institute provides continuing training for each of its employees.

For this, it has its own facilities, and these, in keeping with the Institute's overall administrative structure, are organized at three levels: the headquarters office, the regional employment offices, and the local offices—all utilizing staff training sections or officers.

The Training Section at central headquarters sets the rules for the training and testing of new staff, prepares the syllabi for technical courses and examinations, plans and supervises the staff training activities of regional and local employment offices (particularly with regard to apprenticeship, technical, and career advancement examinations), and supplies teaching and training material and equipment. Regional employment offices direct and supervise training activities within the areas under their jurisdiction. Finally, the training officer in the local em-

ployment office directs training activities in line with official rules and local requirements.

The Institute requires staff with a wide variety of qualifications; accordingly, it trains clerical apprentices, administrative officer candidates, and junior officials holding higher degrees in economics, finance, or the social sciences, and aspiring to professional careers. Also trained are junior solicitors, vocational guidance officer candidates, and employees transferred from other fields.

Beginners and specialized staff receive practical training on the job, as well as theoretical instruction through resident training courses. The Institute has two schools for this purpose, at Lauf and at Munster-Mecklembeck; a third is contemplated. In addition, the regional employment offices conduct resident courses for beginners, candidates for examinations, and specialized staff in buildings rented especially for this purpose. Further specialized training is given in a systematic fashion, in particular through:

- assignment (on a rotation basis) of permanent employees to other provincial employment offices, other government agencies, or private firms;
- special leave and financial aid for study trips abroad;
- special leave and financial aid for full-time study at administration and business schools;
- regular classroom training at the employment office;
- study groups for young workers and candidates for examination;
- periodic talks to staff on current administrative problems, and
- visits to industrial plants, aimed at broadening the employees' knowledge of economic and occupational factors.

The local and regional employment offices and the admin-

istrative schools have a wide range of educational materials and teaching aids available for this purpose: specialized books, periodicals, syllabi, charts, motion picture equipment, and tape recorders.

OBSERVATIONS

Organization

As previously explained, the Institute's administrative bodies at the central level are the President, an Executive Board, and an Administrative Council. The Executive Board is the supreme authority of the Institute; it can, of course, and does delegate its power to the President, who carries on the day-to-day business of the Institute. The Ministry of Labor and Social Affairs exercises legal supervision but is not empowered to rule on the Institute's actions. Thus, the Institute is truly a self-managing agency, the public entity responsible for an active manpower policy and the public Employment Service. Mention has also been made previously of the tripartite composition of the Administrative Council and the Executive Board consisting of representatives of employers, workers, and the government on federal, state, and local levels.

The existence of this tripartite system of representation at regional and local levels is significant. Each of the regional and local offices has a self-governing body comprised of employer, worker, and government representatives. Collectively, these tripartite administrative bodies include some 5,000 such voluntary officials, who hold office for a four-year period. The public per se is not represented. Chairmen are elected annually; an employer representative serves one year and is followed by a worker representative. These groups, together with the regional office directors and the local office managers, jointly administer the Employment Service program.

It is apparent, therefore, that employers and employees have direct influence at every level of management; they are, in fact, part of management, not mere advisors. It would seem that such a system could create many administrative complications, but in West Germany this form of organization proved its worth during the period immediately following World War II when unemployment was high and there was a need to absorb the influx of German refugees. It remains effective largely because of the close cooperation and mutual trust existing among all parties.

Some of the advantages of this arrangement can readily be seen. Once agreement is reached in the tripartite bodies, policy recommendations carry more weight, and the cooperation necessary for their fulfillment is more readily obtained. Better coordination at all levels—local, state, and federal—results from the high degree of participation of labor and management in policy formulations and decisions. The end result is concentrated support for the public employment offices.

In discussions with the budget director of the Institute, he was enthusiastic about the efficient and harmonious manner in which tripartite bodies at the regional and local levels "hammered out" the details of budget requests.

In the United States, in lieu of direct participation of employers and employees in the management of the Enployment Service, advisory councils with representatives of employers, employees, and the public exist. However, they do not appear to function well. At the federal level, a tripartite advisory council supplies advice to the Bureau of Employment Security, but the Secretary of Labor recently saw the need to establish a Special Task Force to determine the directions that a modern Employment Service, dedicated to an active manpower policy, should take.

A similarly unhappy situation exists as to state tripartite advisory groups established to make recommendations to governors and legislatures. Unfortunately, the attention of these groups has been given chiefly to unemployment insurance matters. Conflicts over tax rates, experience rating, and benefit rates between employer and employee groups have not created an atmosphere conducive to proper consideration of manpower policy and the Employment Service. In short, the state advisory councils have not proved to be effective in manpower policy matters.

Functions

It is important to appreciate the scope of the Institute's programs, activities and functions vis-a-vis full employment and fulfillment of active manpower policy requirements. These are summarized below; observations are made selectively.

1. Administration of employment offices. Placement of workers in West Germany is a monopoly under the Institute. There are no private employment agencies except for a few serving such occupations as actors and musicians. Placement includes inter-area clearance and the recruitment of foreign labor (including administration of incentives for workers to relocate).

2. Vocational guidance. Programs for vocational guidance are also a monopoly performed by the Institute through its employment offices.

3. Rehabilitation of the severely handicapped. Rehabilitation facilities outside the Institute are given financial aid for various purposes including the establishment of sheltered workshops.

4. Placement of apprentices. Apprentices are referred only through the employment offices of the Institute.

5. Adult training. Programs are administered both by the government and other agencies. Allowances to trainees are provided by the Institute.

6. Provisions for medical service. By statute, the Institute must investigate the state of health of individuals in connection with placement, vocational guidance, unemployment insurance, or relief.

7. Labor market studies and statistics. The Institute makes surveys to provide data for forecasting the demand for and supply of labor.

8. Administration of the unemployment insurance program. The program is carried out in the local employment offices; no separate insurance offices exist.

9. Administration of "Productive" Unemployment Assistance. The Institute is empowered to finance public works and other useful projects to combat unemployment.

10. Administration of Unemployment Relief. This is a public assistance program available to needy workers who are not entitled to, or who have exhausted, their unemployment insurance benefits.

11. Administration of the Children's Allowance Program. The Institute administers the program for the federal government, paying children's allowances for every second and succeeding child.

It can be seen that the Institute has the power to implement an active manpower policy: measures to correct the imbalances of manpower that exist because of fluctuations in manpower supply in expanding and technological societies. The essential fact is that authority to implement such measures exists under one roof.

Moreover, the Institute is authorized to create employment opportunities. Through subsidies and loans to states and local communities, it promotes public works, such as road construction and improvements, reforestation, and recovery of waste lands to attract new industry; and projects of a cultural or scientific nature such as work in libraries and museums. In the past when more than a million workers were unemployed this program was especially significant. As mentioned previously, the number of workers on such projects in 1955 averaged about 61,000. With unemployment now less than one-half of one per cent, the number has steadily declined and now averages only about 4,000. However, the important fact is that the Institute has this means to combat unemployment.

Similarly, the Institute's responsibility for promoting the rehabilitation of the seriously disabled helps create employment opportunities. In addition to specialized counseling by placement personnel, vocational counselors, psychologists, and physicians, 80 rehabilitation facilities (up to 1963) were given financial support by the Institute. As a result, West Germany provides sheltered employment for about 8,000 handicapped persons yearly.

The creation of work opportunities and the support of sheltered workshops by the same authority that administers the Employment Service seems logical and, in West Germany, has proved effective. Such measures should provide an avenue of exploration by United States manpower authorities.

PLACEMENT

The placement service of the public employment offices, as

explained, is a virtual monopoly. This does not mean that all placements are made by the employment offices; direct application to employers and recruitment by relatives and friends play an important part. However, the penetration rate of the employment offices is estimated at more than 40 per cent, and between three and four million vacancies out of a total of eight million new hires are filled by these offices. This is to be compared with a 16 per cent penetration rate estimated for the public Employment Service in the United States; there is obviously a long way to go to reach the 25 or 30 per cent penetration rate that is deemed satisfactory for job placement and labor market information purposes.

Reasons for the West German success are clear: its monopoly on placements, the better than average relations with employers because of the tripartite form of organization, and its monopoly on placement of apprentices with employers. Also, employers are required by law to give the employment offices advance notice of layoffs of five or more workers. Although compliance is not complete, it is done often enough to provide the offices with sufficient time to plan for the employment of those laid off.

Another important factor is the amount of time spent by West German employment interviewers in direct contact with employers for job promotion purposes. Interviewers normally spend the morning with applicants and the afternoons with employers. It is estimated that in the United States only about 8 to 10 per cent of their time is spent by employment interviewers in outside-the-office contacts with employers for job promotion purposes.

Inter-Area Clearance

Because of the high interest in the United States in fostering geographic mobility, close examination of this function in West Germany is warranted. Inter-area clearance in West Germany is big business amounting to about 200,000 of the three million placements made annually, about 7 per cent and running as high as 10 per cent in some years.

Clearance proceeds in three steps:

1. Neighboring local offices maintain contact with each other, without special formalities, chiefly through telephone conversations that result in an understanding of the availability of openings and of labor supply.

2. Regional offices contain clearance units that operate between those local offices having the desired vacancies and those having the labor supply. Actually, this is mostly paper work, with copies of the clearance forms sent also to the central office. The regional office publishes gazettes of available openings and applicants, usually every two weeks. The gazette "Stellenanzeiger" lists the job openings; the gazette "Bewerberanzeiger" lists the available applicants. These publications are sent not only to local offices but also to places of public assembly where they are posted on bulletin boards. Notices which indicate available labor supply are also mailed regularly to employers known to conduct continuous recruitment programs.

3. A central clearance office in Frankfurt-on-the-Main operates on the same plan as the regional offices, but covers the entire country. Its chief concern is openings and applicants with special conditions attached; the more routine job openings and applications are handled locally or through the regional

clearance offices. The central clearance office publishes a circular, widely distributed throughout West Germany. A special bulletin for the hotel and restaurant industry is also published. In addition to clearance, a process of direct referral over long distances is employed for certain occupations which are active in the national labor market, professors and artists, for example. For these persons, procedures are used which permit employer and applicant to enter into personal correspondence with each other.

It is noteworthy that even though inter-area clearance works well in West Germany, the Institute established a National Professional and Executive Placement Center in Frankfurt-on-the-Main, thereby obviating the clearance process and recognizing the nationwide scope of the labor market for these occupations.

The fostering of geographic mobility of the labor force, strengthened by the establishment of inter-area placement facilities, is further promoted by special forms of financial assistance to workers, as described earlier. The Employment Service also encourages, by means of subsidies and loans, the construction of housing for workers who fill jobs in locations other than their own because of the unavailability of skilled workers on the scene.

Recruitment of Foreign Workers

An examination of how West Germany recruits foreign workers may throw additional light on the problems in and solutions for inter-state clearance. Because of full employment and some 500,000 unfilled job openings yearly, the government

recruits abroad. Over one million foreign workers are now employed in West Germany; in 1964 the West German commissions (recruitment centers) abroad supplied about 170,000 workers. Recruitment centers exist in Italy (Verona and Naples), Greece (Athens and Salonika), Morocco, Portugal (Lisbon), Spain (Madrid), and Turkey (Istanbul and Ankara).

Foreign recruitment by the Institute has a number of advantages:

- Valuable knowledge and experience about the needs of West German firms are built up in the recruitment centers.
- Reconciliation of procedural difficulties with the countries of recruitment is facilitated.
- Selection of applicants is done systematically and with care.
- Foreign workers are examined by physicians who know the working conditions, climate, and cuisine in West Germany.
- Recruits are given careful explanations of terms of the work contract and of living and working conditions in West Germany. This is sometimes done through audio-visual aids and descriptive literature in their own language.
- Travel to West Germany is done in organized groups supervised by experienced leaders.
- Provision is made for technical and financial assistance for accelerated vocational training prior to the workers' departures.

West German employers who hire foreign workers through the Institute and its commissions must:

- Pay the Institute a fee for recruiting and transporting foreign workers,
- Guarantee the worker a job upon arrival,
- Guarantee appropriate housing.

• Provide equal rights with the West Germans as to salary, training, and health and unemployment benefits.

These arrangements again suggest that it is important not only to set up the organization and technical means for interstate clearance but also to provide the proper incentives for relocated workers.

VOCATIONAL GUIDANCE AND PLACEMENT OF APPRENTICES

Under the description of the functions of the Institute, much attention was directed at vocational guidance and placement of apprentices. Although it must be made clear that no one is compelled to seek vocational guidance or apprentice placement from the employment offices, this is the practice, as the figures show: 85 per cent of all school leavers, who number about 750,000 a year, take advantage of the Vocational Guidance Service of the Institute and about 1.2 million youths are in apprenticeship at any one time.

Of significance is the quality and quantity of the occupational information available to youngsters still in school: charts, displays, television, films, slides—among other materials. Also, as previously mentioned, the fact sheets published by the vocational guidance authorities provide detailed information about an occupation, the aptitude requirements, available training courses, and opportunities for advancement. About $1 million yearly is available for such promotional material.

As indicated, vocational guidance counselors do considerably more work in the schools and with parents than is done in the United States. Also, school and medical reports are readily

available to them. Most of the counseling is done without the aid of aptitude tests, however, and in this respect, West Germany is studying our tests, especially the General Aptitude Test Battery (GATB).

The huge role that vocational guidance, including placement of apprenticeships, plays in West Germany is shown by these figures: of 27,000 employees of the Institute, about 11,000 are engaged in placement work, 3,000 in vocational guidance, 4,000 in unemployment insurance including administration of children's allowances, and the remainder in general administration.

With the applicant and employer contacts developed in activities under the apprenticeship and vocational guidance programs, it is of little wonder that the Employment Service is able to effect penetration rates of over 40 per cent in its placement work.

Such integration of functions probably can never be achieved in the United States. But the least we can do is review carefully the occupational materials used for vocational guidance that West Germany produces, from the viewpoint of both content and packaging.

ADULT TRAINING

Little has been said in this report about adult training in West Germany because, with full employment, this function has not been emphasized there. Many officials are disturbed by this situation. For example, one director of a regional office commented that he foresaw the time, when, because of the accelerated pace and impact of automation, a worker would need

to change his job as many as three or four times. He advocated the immediate establishment of training programs and facilities to avoid the confusion and waste that inevitably result when "crash" programs become necessary. In a small way, West German manpower policy does recognize that workers may have to change jobs many times in their lives: programs ("occupational development measures") exist for both the unemployed and the employed under the auspices of the Institute but are conducted mainly by private schools, technical colleges, vocational schools, unions, and trade association centers. Local employment offices have the responsibility of developing the programs after approval by the regional office. All training, both for the employed and unemployed, is financed from the unemployment fund and is free to the worker. Unemployed workers receive training allowances.

Currently studies are being undertaken to determine the types and numbers of jobs that are being affected by automation and modern technology, for use in the planning of training programs and for other purposes.

LABOR MARKET INFORMATION

In conversations with officials of the Institute the impression was gathered that no real manpower planning and labor market research activities are in progress. In fact, the Institute, although it has a statistical section, does not have a full-functioning research branch as we now think of it in the United States. Federal German authorities are, however, planning for such a department and for more extensive research in the manpower field.

Staffing and Staff Development

The Institute, as do all agencies in the manpower field, requires staff with a wide variety of qualifications. Among these are clerks, placement interviewers, vocational guidance officers, junior and senior administrative officers, physicians, psychologists, and lawyers. The status of placement interviewers and vocational guidance officers is of interest. Of the 27,000 employees of the Institute, only about 5,300 are in the civil service category, a ranking reserved for highly specialized technicians and the managerial group. Placement interviewers are not in the civil service group but vocational guidance officers are, after training and examination. Promotions subsequently are based on merit but without the civil service restrictions as we know them in many states in the United States. Vocational guidance officers have a higher rank than interviewers. Initial qualifications for both placement interviewers and counselors do not appear to be as high as in the United States.

Every new employee undergoes a rigorous three-year training period during which time he is on probation. Offices in the large cities have training officers and classrooms for instruction. Candidates for promotion are trained for two three-month periods during their first three years at residential training centers. The West Germans take great pride in these training centers at Lauf and Munster-Mecklenbeck. The former trains higher level personnel; the latter concentrates on middle management groups. Special training courses are also given at these centers for selected groups over a three-week period. An important factor is the comprehensive training of all personnel, including placement interviewers and vocational guidance coun-

selors, in all occupations in the economy. In effect, the only real specialists are those dealing with youth and the handicapped.

Employees who acquire civil service status are appointed for life under career regulations, and their salaries are fixed by law. White collar workers, through a collective bargaining agreement with the government, attain assured tenure after 15 years of service and after age 40; despite this, few employees are ever dismissed except for gross inefficiency or other good cause. Even during periods of low loads employees are retained; regular staff attrition is the leveling factor.

In 1960, a reorganization resulted in the downgrading of some jobs and the elimination of others. White collar employees who objected to downgrading were generally upheld by the labor courts to which they appealed. As to jobs eliminated, some employees were transferred to lower classified jobs with no loss in pay; the other jobs were "earmarked," with employees over 50 years of age encouraged to retire with lump sum payments.

There are no union groups within individual offices. White collar employees are represented by a National Employees Trade Union that negotiates with officials at the headquarters office on such matters as job duties, working conditions, and pay. Manual workers are similarly represented by a national union. Negotiations with these unions result, by and large, in identical salary schedules for such contract employees in all governmental agencies.

Pay scales for jobs in the Employment Service are relatively lower than those in employment security operations of most states in the United States. However, they compare favorably with salaries in West German private industry. There is almost no turnover of staff except in the lower paid clerical jobs and in

stenographic and typist jobs, where the salary scale for the younger girls is somewhat low.

In the area of staff development, there is no question but that the federal-state Employment Service in the United States could profitably employ a number of residential training centers similar to those at Lauf and Munster-Mecklenbeck. The Bureau of Employment Security and individual states such as New York and Michigan, have made arrangements with certain universities, such as Cornell, Princeton and Michigan, to offer three-day to two-week courses for various levels of management. But these cannot, of course, substitute for permanent residential training centers.

Another factor in West Germany that fosters training and development of staff is the two-week inspection of each local office every two years by outside teams. The resulting reports are discussed and scrutinized at every level of management. In New York State, an internal audit unit, outside the jurisdiction of the operating division, has been in existence for three years to perform this function in relation to unemployment insurance operations in local offices. It has been highly successful not only in training and development of staff but in improving overall performance. A similar program for Employment Service operations in local offices is now being planned.

Budgeting

As a corporate body under public law, the Institute enjoys financial independence although its overall budget must be approved by the federal government. The revenue of the Institute, as previously explained, is made up essentially of con-

tributions collected under the unemployment insurance program from employers and employees. Thus, the Employment Service in West Germany is chiefly financed by employers and workers. If expenditures were to exceed revenues, the federal government would cover the difference. However the Institute is now in a very favora'le position with income exceeding expenditures–$500 million in revenue compared to $400 million in expenditures yearly–and with a reserve of $1.5 billion that could finance unemployment insurance to 1.5 million persons, if necessary, for a period of two years.

In drawing up a budget, the Institute headquarters conducts a survey every year, attempting to forecast conditions two years ahead, and sets a tentative appropriation for the fiscal year. Survey material is supplied to each local employment office. The local offices justify their budgets with the advice and consent of the local self-governing bodies and submit them to the regional offices, where a similar process takes place. They are then forwarded to the Institute headquarters where the Administrative Council prepares the budget and the Executive Board finally presents it to Parliament.

In determining the number of offices and staffing, as many as 40 criteria exist. These include: number of unemployed, number of job-seekers, economy of the area, orders from employers, placements, vocational guidance data, and unemployment insurance benefits. But from conversations with budget officials, it was learned that past experience is the chief measure.

The important factor is the autonomy that the Institute maintains over its financial affairs, the absence of interference from other authorities and points of control. This is not the case under the federal-state system in the United States. For example, the State of New York's budget receives scrutiny from the New York State budget office and, on the federal level, the

Bureau of Employment Security. Each has its own rules and regulations with sometimes conflicting controls. Budgetary reporting requirements and instructions are onerous and sometimes impossible to fulfill, leading, quite often, to delay in funds for vital operations. In this connection, the Bureau of Employment Security is studying the recommendations of a management consultant firm to the effect that more sensible and less restrictive arrangements concerning budget allocations, controls, and reporting be worked out with the states.

Image of the Employment Service

The public image of the Employment Service in West Germany (as in all European countries studied except Great Britain) appears to be better than in the United States. Some of the factors contributing to this are:

1. The West German emphasis of fundamental principles underlying its Employment Service activities, namely:
   - Freedom of choice: neither workers nor employers are obliged to use the Employment Service;
   - Common good: the yardstick of Employment Service activities is the general interest and social justice;
   - Impartiality: discrimination based on age, sex, nationality, race, religion, union or political allegiance, or on any other factors is forbidden;
   - Respect for individual liberty: the individual wishes of the job seeker and the employer are respected;
   - Observance of collective bargaining agreements: the Employment Service in its placement work must respect such agreements.

Emphasis of these principles is of extreme importance in West Germany since many Germans still remember that during the period of National Socialism, employment offices were used to draft forced labor.

2. The organization of the Employment Service, with representatives of the workers, employers, and the government at all levels as governing bodies.

3. The minor role of private employment agencies.

4. The extent of vocational guidance conducted by the Employment Service, especially its reaching into the schools and the homes.

5. The monopoly on apprentice placements that fosters contacts with employers.

6. The training of Employment Service executives which demands their familiarity with the problems of business firms and encourages contacts with business executives.

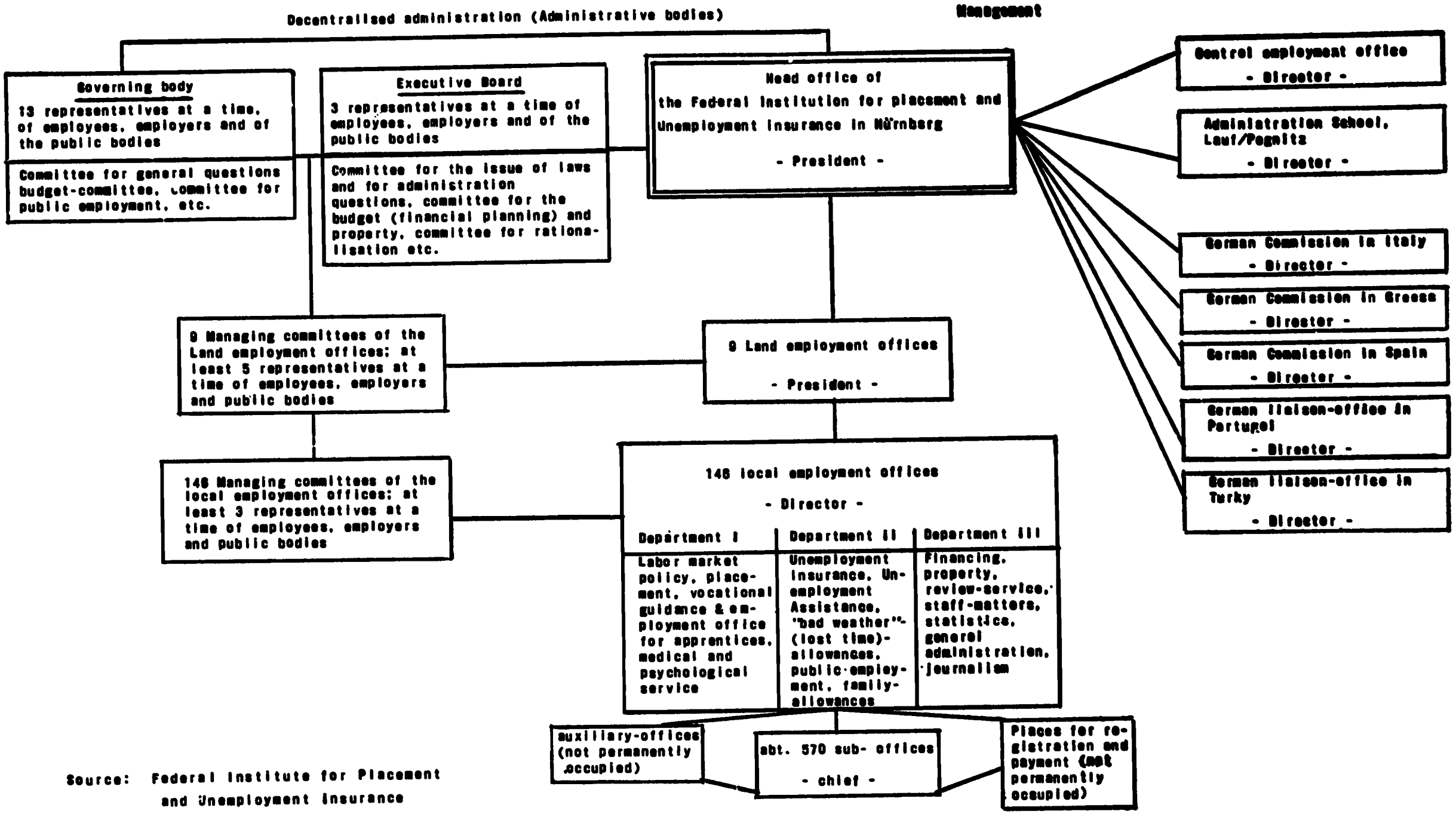
7. The continued respect in West Germany for authority and organization.

A point worthy of consideration is West Germany's belief that separate offices for unemployment insurance and Employment Service operations are not needed to promote a better public image. Although it is believed in the United States that separate facilities are needed in the larger cities to rid the public of the "unemployment office" image, there may be some validity to the viewpoint that present thinking pushes this idea too far. For example, proposals in the unsuccessful Senate Bill S-2974, the Manpower Services Act of 1966 provide:

> Any State plan under this subsection shall specifically provide that the job services centers established and operated pursuant thereto in municipalities of more than 50,000 population shall to the maximum extent practicable within the administrative discretion of the State manpower services agency be separate from the offices administering any unemployment compensation law within such State.

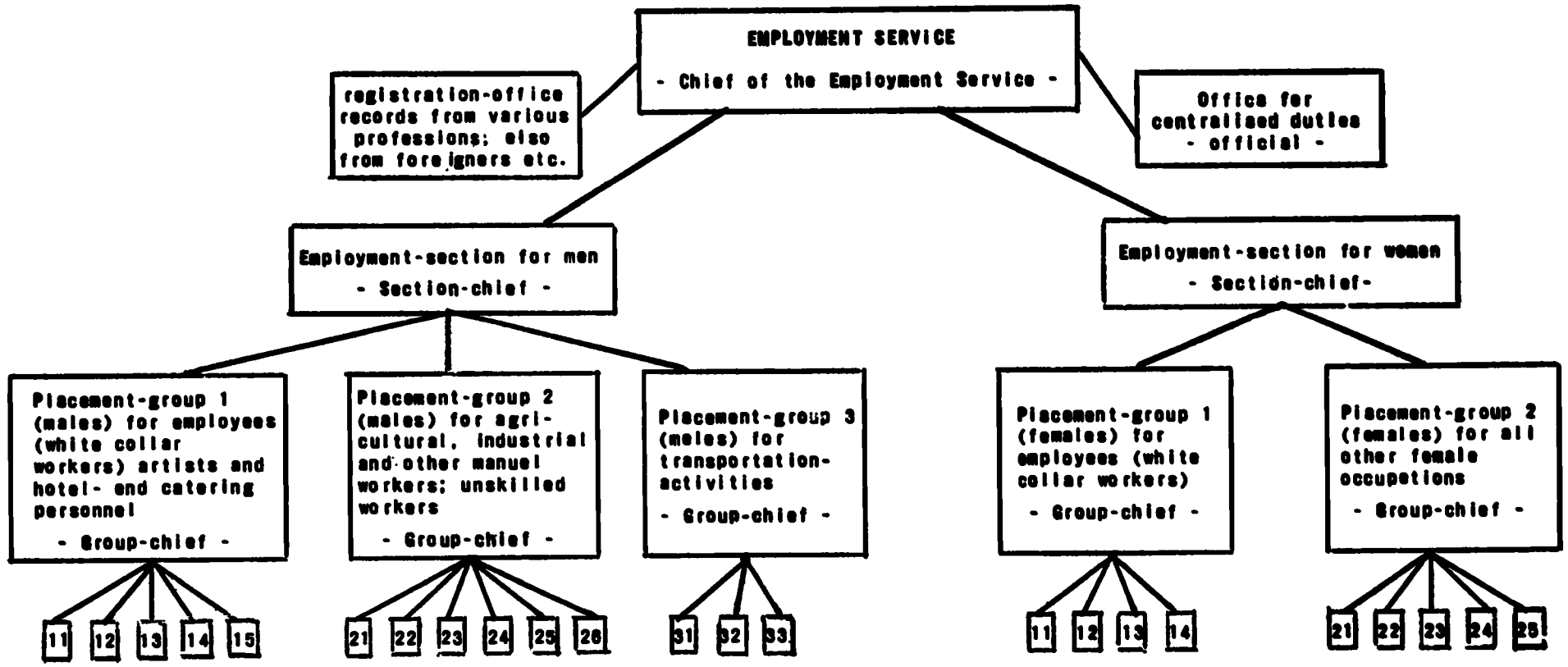
The concept of separate facilities for municipalities of this minimum population, 50,000, may not be realistic and, in fact, may be wasteful and administratively undesirable.

ORGANIZATION OF THE FEDERAL INSTITUTE FOR PLACEMENT AND UNEMPLOYMENT INSURANCE IN WEST GERMANY



Source: Federal Institute for Placement and Unemployment Insurance

ORGANIZATION OF THE PLACEMENT FUNCTION IN A RELATIVELY LARGE EMPLOYMENT OFFICE IN WEST GERMANY



Employment sub-offices

for

11 academicians

12 clerical employees A-K

13 clericel employees L-Z

14 technical - and scientific professions (professional-men-activities)

15 musicians, artists, hotel-and catering personnel

for

21 metal workers

22 mechanics & electricians

23 construction-workers

24 farmers, mine-workers, stone-workers, unskilled juveniles under 18 years

25 other industrial activities & unskilled workers

26 physical handicapped persons & rehabilitation-problems

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for

31 seamen (inland)

32 dockers and casuel labour

33 persons belonging to the transportation-occupations

First placement technicians

for

11 professional women activities, sales girls, rehabilitation work for females

12 office workers & administration personnel A-K

13 office workers & administration personnel L-Z

14 Accountants, foreign correspondents, part-time office workers

for

21 Agricultural occupations, unskilled juveniles under 18 years

22 metal-textile- & mechanical occupations

23 remaining industrial occupations

24 housemaids and cleaners

25 artists, hotel- and catering personnel

Source: Federal Institute for Placement and Unemployment Insurance

II SWEDEN

BACKGROUND

Organization

With a population of less than eight million and a labor force of almost four million including three million wage and salary employees, Sweden is the smallest of the five countries covered in this report.

In Sweden, responsibility for the public Employment Service and for the administration of related manpower programs is entrusted to the National Labor Market Board which is an agency within the jurisdiction of the Ministry of the Interior. The main outlines of labor market policy are drawn up by the National Labor Market Board and ratified by the Parliament. The Board is the coordinating body of a network consisting of County Labor Market Boards and local employment offices and agents, functioning in almost one thousand individual communities.

The National Labor Market Board's area of responsibility includes supervision of the public Employment Service, control of private employment agencies, management of the vocational guidance function, administration of training and rehabilitation services, planning of emergency work projects, control of the time at which such projects shall start and be discontinued, management of the investment reserve funds (tax allowance)

system for private firms, advice on location of new factories and grants and loans for their erection, supervision of unemployment insurance societies administered by labor federations, and approval of applications for deferment of military service. To a great extent the performance of these functions is delegated to the regional agencies (County Labor Market Boards). The National Labor Market Board, to coordinate its activities with those of other agencies, must work closely with the National Board of Education, the Ministry of Finance, the Central Bank, and the Ministry of the Interior, under whose aegis the Board functions.

The governing body of the Board consists of a Director General who is Chairman of the Board, a Deputy Director General, a Chief Engineer and eight members appointed by the government: two nominated by the Swedish Employers' Confederation, two by the Confederation of Swedish Trade Unions, one by the Central Organization of Salaried Employees, and one by the Swedish Confederation of Professional Associations. In addition there is a member representing working women and another for agriculture.

Regional agencies of the Board are the County Labor Market Boards—one in each of the 24 counties—which supervise the public Employment Service in the counties. The governing body of each County Board consists of a chairman—usually the governor of the county—and five members, representing employer and employee organizations, agricultural workers, and female workers. Under the County Labor Market Boards there are 236 local employment offices, and about 360 Employment Service agents.

Cooperation between trade unions, employers, and labor market authorities is manifest within the National Labor Mar-

ket Board, the County Labor Market Boards and, locally, through continuous contacts between the employment offices and the management and labor organizations.

In relation to the public Employment Service, the National Labor Market Board is a supervisory, non-operating agency, somewhat similar in this respect to the United States Employment Service. Its contacts with the operating agencies in the field are conducted through several program divisions, among them the Employment Service Division, the Vocational Guidance Division (which also works closely with the National Board of Education), the Sheltered Employment Division, and the Unemployment Insurance Division.

The Employment Service in each county consists of a head office, with a director and a deputy director, and a number of branch offices. In addition, there are the 360 part-time agents in small communities, some of whom conduct business on a regular schedule, some of whom have no business hours but are on call when needed.

The larger county offices are subdivided into sections by occupation or by program, such as vocational guidance, selective placement, etc.

Functions

BALANCING SUPPLY AND DEMAND

It is the primary duty of the public Employment Service to balance labor supply and demand geographically and occupationally.

The Labor Market Boards obtain a picture of impending changes in employment from the employment offices' continuous contacts with both public and private employers.

A feature of these contacts is the notice that employers give of lay-offs or of the discontinuance of their operations. (Notice is also given of planned increases in labor force.) The existing arrangement, with agreements to give such notice in the major part of the private sector, and corresponding procedures for the public sector, is sufficient to provide adequate advance information, even though the agreements do not cover the entire private sector.

Under these agreements, an employer provides information to its County Labor Market Board on anticipated redundancy, stating: the date when the expected discharges or lay-offs are likely to be put into effect; the number of employees affected; the estimated duration of the intended cuts in personnel, and the reasons for curtailing production.

Notice is given as a rule two months before the planned curtailment or discontinuance of production. The County Labor Market Board is then requested to inform the National Labor Market Board.

The information collected by an employment office on vacancies that cannot be filled locally or within the county is reported to other offices and forms the basis for inter-local and inter-regional clearance. Basic to this exchange of information is the need for prompt action by all offices. Greater specialization within industry and commerce has made it increasingly necessary for employment offices to have detailed information on the nature of the vacant positions and the qualifications required. This is particularly true of positions vacant in counties other than the office's own, where the office is not in personal contact with the employer.

Formerly county vacancy lists were published weekly by the head employment offices of the various counties, but a national clearance system has supplanted this arrangement. Openings which are suitable for clearance on a regional or national level are now reported by the local employment offices to the National Labor Market Board. In the Employment Service Division this material is compiled on a daily as well as on a weekly basis, published, and distributed to every employment office in Sweden as well as to key groups outside the Employment Service and to various subscribers. Daily reports cancelling vacancies filled are sent by the National Labor Board to the offices.

Information on jobs selected from the daily report is broadcast every week on regional radio stations. Other means employed to inform the public of developments in the labor market include advertisements in the press, radio and television bulletins, and the distribution of folders, posters and films.

The Role of the Employment Service In Balancing Supply and Demand

In recent years, approximately 700,000 applicants for work applied each year to the Employment Service, 1.2 million job openings were received from employers, and 900,000 vacancies were filled (of which 70,000 were at the national level through inter-area clearance).

The Swedish public Employment Service is not only accepted by the employer and employee organizations but is regarded as indispensable. However, labor is also recruited through other channels. This is true especially of salaried employees but occurs in other occupations as well. The attitude of employee

organizations is that the public Employment Service should be further improved in order to enlarge its penetration rate.

The resources of the Employment Service are continually adjusted to fluctuations in labor supply and demand. The staff is mobile and ready to be deployed wherever changes occur which require Employment Service assistance. The permanent organization of the Employment Service is based on long-term estimates of the staff required. Short-term reinforcements at critical points are arranged by temporary transfer of personnel.

Such transfers, dependent on fluctuations in the labor market, form an integral part of the organization of the Employment Service. Personnel from areas with a high demand for additional labor, having a thorough knowledge of the labor market and the characteristics of the vacancies, are placed in labor surplus areas to help recruit workers for their home areas.

To fulfill its role of balancing labor supply and demand, the Swedish public Employment Service can offer incentives to jobseekers as well as to employers. If the worker moves from one place to another, he can obtain travel grants and other financial help. If he needs retraining, the Employment Service can refer him to an appropriate course and he can receive, while in training, an allowance geared to his family responsibilities. If he is handicapped, he can be referred for rehabilitation, or to fill an opening in a sheltered workshop. If he is unemployed because of a seasonal slack period in his trade, the Employment Service can initiate a public works project for his benefit.

To employers, an incentive to invest, tax-free, a part of their profits can be offered when over-supply of labor makes it advisable.

In a certain sense, it is inevitable that the Swedish Employment Service has general acceptance, because it is run in each

county, as well as nationally, by boards on which both employers and trade union leaders are represented.

There are a few exceptions in which the National Labor Market Board has found it desirable to permit private employment agencies to operate under its supervision. These agencies serve persons such as musicians and stage artists, and others seeking work in domestic service, hotels, boarding houses, restaurants, medical care and agriculture.

Because of the scarcity of Swedish labor in certain occupations, the National Labor Market Board is promoting recruitment of workers from other countries in Western Europe under the auspices of the Organisation for Economic Co-operation and Development. A series of informational bulletins, written in several languages, was developed for this purpose, to give the prospective immigrants objective information on "Living and Working in Sweden." The topics covered include demographic factors, religion, climate, immigration rules, school system, employment opportunities, hours of work, wages, cost of living, taxation, social insurance, housing, trade unions, employer organizations, and conversion tables for weights and measures.

In October 1966 the number of foreign workers in Sweden exceeded 175,000, of which approximately 70,000 were from Finland, 19,000 from Denmark, 17,000 from West Germany, 13,000 from Norway, 8,000 from Yugoslavia, and 5,000 from Italy.

VOCATIONAL GUIDANCE

In Sweden responsibility for vocational guidance and study orientation is divided between the school system and the Na-

tional Labor Market Board. In the seventh, eighth and ninth grades of the compulsory school, vocational guidance is given by teacher-counselors, who are employees of both the schools and the National Labor Market Board, and who receive salaries from both agencies. Individual vocational guidance was given in the 1964-1965 academic year to 22,022 pupils in the seventh grade, 41,981 in the eighth grade, and 44,898 in the ninth and final grade.

The Board's full-time vocational guidance officers are responsible for guidance in more advanced schools. In the same school year, they administered individual guidance to 38,008 pupils, of whom 15,300 were in secondary schools. In addition to school children, some 70,000 persons of all ages in the course of a year receive vocational guidance. On the average, there are two consultations per year per person.

The head employment offices of the several counties have a special department for vocational guidance, which operates in its immediate district and also organizes and supervises vocational guidance in the rest of the county. A number of the larger local employment offices have special sections for vocational guidance. In Sweden there are at present approximately 160 vocational guidance officers functioning full-time in 50 employment offices.

The vocational guidance provided by the public Employment Service assists the individual in solving problems connected with the choice of training and occupation. Vocational guidance is carried out against the background of the employment potentialities of the country, and is based on the free choice of the individual.

The National Labor Market Board provides the local agencies with occupational information material and informs the public on the aims and means of vocational guidance. The

Board's Vocational Guidance Division produces a large number of brochures and a series of publications with vocational information for different categories of applicants and pupils in the final grades of educational and training institutions.

The cooperation of the employment offices with vocational training establishments, professional organizations, etc., helps young people to realize their plans for training and choice of occupation. The same service is, however, available to all persons regardless of age.

The basic vocational guidance publications of the Board are sold in all bookshops, and are best sellers. Among them are the "Swedish Occupational Dictionary," "Schooi and Job," and "Occupations and Educational Institutions for Persons with Higher Secondary Education" ("Student 1956"), and "Scholarships and Financial Aid."

Until 1960 the Swedish Employment Service utilized, in larger cities, special youth sections in which guidance counselors were responsible for placement as well as guidance. This type of organization was discontinued, and young job-seekers are now referred to the various specialized placement services in the same manner as adults. Vocational guidance officers do not now participate in Employment Service work.

There are some 160 vocational guidance officers but this number is expected to increase. In addition there are over 650 teacher-counselors; it is expected that about 1,000 teacher-counselors will be employed by 1970.

OBSERVATIONS

Organization

Two outstanding features of the Swedish system are the extent to which the administration of an active manpower policy is carried out by one central agency, the National Labor Market Board; and the extent of authority granted to the Board's decentralized organization under the County Boards, specifically to its head offices and local offices.

An equally important feature is the tripartite composition of the National and County Labor Market Boards consisting, as has been noted, of representatives of employers, employees, and the government. Over the years, labor and management have developed the ability to work well together in all phases of economic life, without the need for government intervention. This is especially true in the manpower field where communication between labor, management, and government is excellent at both national and local levels. And at local levels, tripartite task forces are created, as needed, to consider special manpower problems that arise.

Under the treatment of this topic in the chapter on West Germany, advantages of the sharing of administrative responsibilities among representatives of labor, employers, and government, and the weaknesses of advisory bodies and councils in the United States were pointed out. It is difficult to envision in federal and state components of the United States employment security system, such tripartite organizations as exist in Sweden and West Germany, but extensive study of such systems is need-

ed to bring about the more direct representation of client interest in the administration of United States manpower programs.

An interesting feature of Employment Service organization in Sweden is the use of "agents" in smaller communities, on a part-time basis (two hours a day) or on call, as a substitute for branch offices and itinerant points. There has been criticism within Sweden of this system since such agents obviously cannot be fully trained to devote the necessary time to implement the steps needed to balance labor supply and demand. Therefore, the number of agents is steadily being decreased—from 730 in 1957 to 360 in 1965—and their activities are being performed by county and local offices at itinerant points.

Functions

Maintenance of full employment, economic growth, and relative price stability are fundamental to the Swedish economic policy. In fact, mild inflation has been tolerated to achieve full employment. (However, there is some feeling in Sweden today that the current inflation is something more than mild and that it is something to worry about.) It is important to keep in mind the full range of services provided by one agency, the National Labor Market Board, to fulfill the national policy. These services are summarized below; observations are then made selectively.

1. Administration of employment offices through the County Labor Market Boards and their county and local offices. Placement of workers is a government monopoly except for the existence of a few private agencies that are controlled by the

National Labor Market Board. Placement also includes interarea clearance and recruitment of foreign workers to work in Sweden; incentives for workers to relocate are integral to this program.

2. Vocational guidance. Responsibility for vocational guidance and study orientation programs is divided between the schools and the National Labor Market Board.

3. Rehabilitation of the handicapped. Programs include sheltered workshops run mainly by municipalities but financed in part by the National Labor Market Board.

4. Adult training. The National Labor Market Board and the National Board of Education share responsibility. The Swedish policy is to train and retrain one per cent of its work force each year.

5. Labor market studies and statistics. The National Labor Market Board is responsible for studies and surveys of developments in the labor market.

6. Public works projects. Programs include starting and directing such projects, and following up with local authorities responsible for their execution.

7. Management of investment reserve funds. The National Labor Market Board manages this system, which provides tax allowances to private firms to counteract cyclical unemployment.

8. Advice on location of new factories. The National Labor Market Board influences decisions on location of new plants.

9. Promotion of regional development by furthering establishment of new industries in locations where unemployment is heaviest through subsidies and loans, and allowances for training of employees.

10. Issuance of starting permits for building. (In July 1966,

this system was supplanted by a new planning system involving cooperation of the firms concerned, the municipalities, and the Labor Market Board.)

11. Control of voluntary unemployment insurance funds.

12. Approval of applications for military deferment.

Thus, the National Labor Market Board has broad powers to correct imbalances of manpower. The important fact, again, is that such power and range of functions exist under one centralized government agency. A previous recommendation for the United States, still timely, is as follows: "On a federal level, study is needed of existing functions of various agencies dealing with utilization of manpower resources. The objectives should be the consolidating and simplifying of organizational structures wherever possible. It is recognized that this recommendation is easily made but most difficult to achieve." [1]

As in West Germany, the National Labor Market Board is able to *create employment opportunities.* In this connection, the Board's management of investment reserve funds is of considerable interest: "This unique system calls for a build-up of investment reserves by individual employers by placing a portion of their profits into these reserves. The reserves are then tax-free if the employers use the funds for capital improvements, determined by them, at such times and within such time limits as the National Labor Market Board determines that such expansion will increase employment.[2] This scheme has

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1 Green, Alfred L., "A Study and Appraisal of Manpower Programs as Related to a Policy of Full Employment in France, Great Britain, The Netherlands, Sweden," New York State Department of Labor, Division of Employment, 1963, page 13.

See also Professor E. Wight Bakke's book, "A Positive Labor Market Policy," Charles E. Merrill Books Inc., Columbus, Ohio, 1963. In it. he analyzes in detail the large number of agencies and the duplication of functions that exists.

2 For fuller treatment see: Green, Alfred L., "A Study and Appraisal of Manpower Programs as Related to a Policy of Full Employment in France, Great

been used successfully in the past to create employment during recessions.

Also, the Board finances emergency public works and determines when they should be started, restricted, or terminated in accordance with the needs of the economy and seasonal, cyclical, or geographic unemployment. It maintains a shelf of emergency work projects—such as construction and maintenance of roads, bridges, and harbors—that can be moved ahead of schedule if the economy so dictates. The Board also offers a 50 per cent subsidy to local communities that provide projects for employment of older workers. Such projects consist, for example, of work in public parks and forest areas, street maintenance, and jobs in museums and libraries. Although in recent years the number of persons on relief projects has been relatively small—a yearly average of 7,000 in 1964 and 6,000 in 1965—because of full employment, this still remains an important tool for creating substantial employment when required by the economy.

Similarly, for the employment of the handicapped, the Board subsidizes sheltered workshops operated by county councils, municipalities, and private organizations by paying 50 per cent of the net costs of operations and providing funds for costs of building workshops and obtaining machinery. Sheltered workshops are considered a type of employment and not a welfare measure. They operate competitively and produce a variety of items for sale in the open market. It is estimated that about 5,000 exist in Sweden, employing from 10 to 70 persons each. Up to 15,000 handicapped workers yearly are referred to such workshops.

Britain, The Netherlands, Sweden," New York State Department of Labor, Division of Employment, 1963, pages 92-95.

Also, Rehn, Gosta and Lundberg, Erik, "Employment and Welfare: Some Swedish Issues," Industrial Relations, Volume 2, Number 2, February, 1963.

In still another way, industrial relocation measures foster creation of jobs. Parliament in 1964 created a temporary system of loans and subsidies to firms that would relocate in the four most northern counties—the forest counties—where unemployment was heaviest (parts of other counties were also included). This was a stop-gap measure pending the relocation of the workers from the northern to the southern counties; the arrangement is scheduled to last for a period of five years from the beginning date, July 1, 1965. By the end of 1965, such assistance had been granted to 116 establishments and resulted in employment of about 2,900 persons.

In both West Germany and Sweden, the active manpower agency is aided in its objective of reconciling the supply of labor with the demand by having the means to create jobs. This approach needs to be considered for the Employment Service in the United States.

PLACEMENT

In Sweden, the placement service of the public employment offices has a monopoly except for the existence of 18 private fee-charging agencies (only 4 are operated for profit), and 26 private non-fee-charging agencies. The National Labor Market Board controls these through a licensing system. In 1965 the private fee-charging agencies organized for profit filled only 1,562 jobs compared to 920,300 filled by the country's public employment offices. Of course, jobs are also filled by other means; advertising by employers and referrals by relatives and friends are important recruitment measures. However, in 1965, 820,400 applicants for work registered with the Employment Service.

It is difficult to pinpoint the penetration rate of the Swedish employment offices because no accurate figures on labor turnover exist. However, Swedish authorities estimate that their Employment Service covers about one-third of the total number of new hires. This success exists because of the excellent relations built up between employer, employee, and government groups in administration of the Employment Service, the lack of competition from private agencies, and the widespread activities of the employment offices in providing services allied to placement, such as vocational guidance, training, and incentives for relocation. Also, the Swedish requirement, by voluntary agreement between employer groups and the National Labor Market Board, that employers notify county employment offices 60 days in advance of impending layoffs (of more than 14 days duration) and definite shutdowns affords the local offices the time to plan employment measures for such laid-off workers.

The high penetration rate by itself does not measure the success or failure of the Employment Service. Nor is the cost of making a placement a controlling fact. (However, the Ministry of Finance is now engaged in a placement cost study.) What does count is how well the Employment Service is performing its active manpower functions to reduce the imbalances of labor supply and demand, and how well its work is received by the public. In this connection, there is evidence that dissatisfaction exists in some quarters; employer surveys in Sweden show that many employers believe: it is difficult to obtain enough skilled workers through the Service, the Employment Service has not developed a sufficient degree of contact with the white collar market, employment interviewers do not know enough about business firms and their work, and employment personnel are transferred too frequently to become familiar with the needs

of individual firms. It should also be noted that groups of white collar workers are skeptical about the effectiveness of the Employment Service in meeting their needs.

Although much more time is spent by Employment Service personnel in Sweden than in the United States in visiting employers and promoting jobs, the Swedish authorities are now instituting a crash program in this area for their interviewers. This will entail more field visiting of employers for job promotion purposes, more time to be spent by interviewers in business plants to learn about employer needs, and training of interviewers in vocational guidance techniques. Specific training programs, guidelines, and quotas for field visiting are being established.

Without question, a similar program is essential for Employment Service operations in the United States since studies have shown that actual time spent by employment interviewers with employers outside the office occupies a minor portion of the work day.

Inter-Area Clearance

Inter-area clearance is an important function of the placement service. Of 920,300 jobs filled by the Employment Service in 1965, 78,000—about 8.5 per cent—were filled through inter-area clearance. Some details of the Swedish system are warranted here, at the risk of repetition, because of the emphasis on fostering geographic mobility in the United States.

All offices keep in touch with each other by telephone (Telex will soon be introduced) to exchange information on vacancies that cannot be filled locally, or on applicants that are

available to go elsewhere. If applicants cannot be found for existing openings, the jobs are included in a daily list sent to the National Labor Market Board, which distributes copies to all Employment Service offices and agents. The Employment Service has also begun extensive advertising in the daily press to reach job applicants. In Stockholm, Goteborg, and Malmo, a tape recorded telephone answering service, known as "Miss Job," gives particulars of job openings.

A very effective instrument for promoting job placement is the weekly publication of the National Labor Market Board, the "Vacancy Gazette" ("Platsjournalen"). In addition to notices about vacancies in all parts of the country, the "Gazette" contains articles and news stories on labor market conditions. Employers also advertise their job openings here. Each issue contains about 60 pages and numbers about 15,000 copies; special issues for specific occupations are printed in greater volume. Although most copies are sent to local offices for internal use and for distribution to job seekers (10,000 are given to job seekers), they are also sent to teacher-counselors, unemployment insurance funds, military units, etc. Employers, organizations, and libraries subscribe to it to the extent of 3,000 copies. It is noteworthy that this has been accomplished without the use of conventional punched card equipment or electronic data processing. The use of such equipment to transmit vacancies from local offices to the National Labor Market Board is only now under consideration.

In view of the deficiencies of inter-area clearance in the United States, a detailed study of the Swedish system is strongly recommended.

As in West Germany, Sweden encourages geographic mobility of the work force by various means of financial assistance to workers, such assistance being administered by the employment

offices. Unemployed workers who must find jobs in other areas may get grants comprising travel expenses for seeking a job, starting allowances for expenses during the initial period in the new location, family allowances to the breadwinner who cannot immediately find a family dwelling in the new place and must bear the expense of two households, moving allowances for family and household goods, and allowances for equipment.

Recognizing that the matter of housing is a chief barrier to mobility of labor, the National Labor Market Board in many instances provides temporary accommodations for unemployed workers moving to other areas, and subsidizes local authorities and private enterprises which provide housing for such workers. Furthermore, the Board is experimenting with actual purchase of the homes of workers moving to another location because of unemployment. So far the experiment is confined to the four northernmost counties, where the unemployment rate is higher than elsewhere. During 1965 the Board bought 56 homes.

In Stockholm, where the housing shortage is most serious, the employment offices no longer attempt to procure housing for job-seekers from other areas.

Recruitment of Foreign Workers

As in West Germany, full employment and the need to fill jobs has resulted in extensive recruitment of foreign labor. At the end of 1965 the number of foreign workers in Sweden numbered 162,000. In 1965, although an additional 16,000 foreign workers were registered, the net rise in immigrants amounted to

36,000–52,000 persons entered the country and 16,000 emigrated.

Recruitment of foreign workers proceeds in a number of ways. One is the operation of the Common Nordic Labor Market, which facilitates recruitment of workers among the four Scandinavian nations: Sweden, Denmark, Finland, and Norway. Not only may the Swedish Employment Service approach the Employment Services of these other countries but Swedish employers have the same privilege. Cooperation with the Finnish Employment Service is especially noteworthy. At the end of 1965 there were 70,000 Finns employed in Sweden. The arrangement is not a one way street: that same year about 6,500 Swedes found work in Finland.

Contacts with the Employment Services of non-Scandinavian countries are made through the International Employment Exchange Center of the Employment Service in Stockholm. During the latter part of 1965 immigration from Yugoslavia, Greece, and Turkey was particularly heavy. The National Labor Market Board opened special hostels for such foreign workers until jobs and more permanent housing materialized. Various measures were undertaken to facilitate adjustment of such workers to Swedish life. These included courses in Swedish by modern "language laboratory" techniques; pamphlets published in the native language of foreign workers helped explain "Life and Work in Sweden."

Although not as thoroughly organized for the immigration of foreign workers as West Germany is through the existence of German commissions in foreign countries, Sweden is moving in that direction. For example, the National Labor Market Board in 1965 set up an office in Belgrade, Yugoslavia, at the Swedish Embassy, with placement officers, interpreters, and clerical staff. Also, members of the Board visited Greece, Tur-

key, and Yugoslavia to inform the Swedish Embassies and representatives of the native press of labor market conditions in Sweden.

In 1965 Sweden moved for more formal organization of the importation of foreign workers. Before such migration takes place, the Board must conclude agreements with appropriate employer and employee organizations concerning the number of workers to be transferred and their distribution among employers.

Again, as in West Germany, it can be seen that recruitment of foreign workers, a form of inter-area clearance, means not only establishment of effective organization and procedures for facilitating transfers, but also provision of incentives to workers to move, and measures which promote the adjustment of the employee to his new environment. Most important in this connection is the need to make provision for adequate housing.

VOCATIONAL GUIDANCE

An examination of the vocational guidance system in Sweden, as described earlier, leads to a number of observations. First, vocational guidance is divided between the schools and the employment offices; by law the County Labor Market Boards and the County School Boards share the responsibility. This arrangement provides a bridge between school and work.

Second, vocational guidance starts systematically during the seventh, eighth, and ninth grades of the comprehensive (compulsory) schools. Vocational orientation is the primary purpose of the program, which is incorporated in civics classes throughout this period. During the eighth grade the theoretical voca-

tional orientation is supplemented by pre-vocational practical orientation, under which the Employment Service arranges for pupils to spend three weeks divided into two periods trying out two jobs with different employers on a non-payment basis. The program is compulsory for eighth grade pupils and gives them the feeling of actually working on a job; however, it is not intended as actual job training. During the 1964-1965 school year, 80,000 pupils worked on 170,000 such jobs.

In the non-compulsory institutions such as the secondary schools, the gymnasiums (upper secondary schools), folk high schools, and continuation schools, there are no teacher-counselors. Instead, the vocational guidance officers provide individual guidance; they also lecture about the various occupations and the labor market. In this area Sweden is working toward increased development of vocational guidance activities that will result in an increase in vocational guidance staff.

Third, in the comprehensive schools about 650 teacher-counselors, employees of the school, are also paid an extra salary by the Employment Service to do vocational guidance work. Such teacher-counselors, besides their training at teachers' colleges, are given special five-month courses by the National Labor Market Board and the National Board of Education, and periodic meetings are arranged for updating their knowledge of labor market conditions.

Although cooperative programs with high schools exist in the United States, they are in no way as well integrated as in Sweden. Usually, whatever guidance is given in the United States is reserved for the senior year. Cooperation is uneven, and the quality and amount of service rendered varies from district to district. It is suggested that it would be feasible for the United States, through the Employment Service, to adopt the Swedish system of shared responsibilities for vocational guid-

ance through a system of teacher-counselors in the upper grades of the elementary schools and the first years of high school.

Vocational guidance of youth also takes place in the Employment Service. Vocational guidance departments exist at 25 head offices and 22 local offices. Some 160 vocational guidance officers implement this function. In Sweden, the trend is toward youth receiving the same guidance and placement services as adults. Thus, as described previously, separate youth employment offices have been abolished. Furthermore, a concerted drive is now in effect to train employment interviewers in vocational guidance techniques to augment the work of vocational guidance officers.

Aptitude testing is not as widely used in Sweden as in the United States. Psycho-technical aptitude tests, if used as aids in vocational guidance, are given to persons of all ages by independent psychologists and institutes at the request of the Vocational Guidance Service, and are paid for by the Labor Market Board. In 1965, 3,461 persons were referred for such testing.

ADULT TRAINING

Little has been said here about adult training and retraining as this subject is not strictly within the scope of this report and because it has received excellent treatment elsewhere.[8] However, one brief observation may be noteworthy, especially since it relates to Employment Service functions.

At the national level, the National Labor Market Board works closely with the National Board of Education, which is responsible for administering the program that aims at (and

8 Gordon, Margaret S., "Retraining and Labor Market Adjustment in Western Europe," U. S. Government Printing Office, 1966.

has been successful in) training and retraining one per cent of the work force yearly. At local levels, representatives of each agency work together much as in the United States. The Employment Service selects and refers, and the educational authorities provide the training. The National Labor Market Board is satisfied that the job is being done properly by the educational authorities. (At one time some friction existed between the National Labor Market Board and its former partner, the National Board of Vocational Education. When the National Board of Education supplanted the National Board of Vocational Education such friction was eliminated.) Courses are set up promptly for the occupations and at the locations with shortages. Moreover, the time between filing an application for training and entry into the course is a mere one to two weeks. Much of this success may be attributed to a coordinating committee functioning between the two authorities, in existence since 1960. The Employment Service in the United States could profit from such coordinating bodies.

LABOR MARKET INFORMATION

In Sweden, the County Labor Market Boards make monthly surveys—by interviews and questionnaires sent to employers—to obtain an up-to-date picture of manpower requirements. Special reports on labor market prospects during the next 12 months are prepared quarterly and analyzed. Studies of long-term labor market trends including occupational requirements and changes in the labor force, formerly made by the National Labor Market Board, are now made by the government's Central Bureau of Statistics.

To obtain labor supply information vital for planning of manpower policy, quarterly sample household surveys are made. Previously conducted by the Employment Service, these too are now undertaken by the Central Bureau of Statistics. The surveys are valuable in determining short-run variations in the labor force. Registration for unemployment insurance at local offices also provides data on the labor supply.

On the labor demand side, the local offices make daily reports of job vacancies and, although not required to do so, many employers list all their vacancies with the Employment Service. These data are analyzed. In addition, study of supply and demand figures is supplemented by study of other economic data, since, as has been seen, the Board has the power to apply measures for affecting labor supply and demand. The Board also has a responsibility to advise the government and employer and employee groups of desirable manpower policies in fluctuating economies.

Staffing and Staff Development

At the end of 1965, the staff of the National Labor Market Board, including the County Labor Board employees, numbered 3,400 full-time employees. In addition, there were about 1,100 part-time officials (agents, teacher-counselors, contact men for vocational guidance, etc.) for a total staff of 4,500. The number of placement and vocational guidance personnel has increased dramatically in the past five years—almost a 40 per cent growth. For broad comparative purposes, the number of Employment Service personnel engaged in labor placement and

vocational guidance in Sweden, West Germany, and the United States is of interest.

"The number of such personnel for every 10,000 persons in the work force was for 1965 as follows: 12.5 for Sweden, 7.3 for Germany, and 3.3 for the United States. Stated somewhat differently, there was one employee of the Employment Service in placement or counseling for every 800 workers in Sweden, every 1,434 workers in Germany, and every 3,035 workers in the United States. If the vocational counseling staff is taken separately, for every 100,000 in the work force, Germany had 16 counselors in the Employment Service, Sweden had 5.5 (not including the career counselors in schools), and the United States had the equivalent of about 3 on a full-time basis, or 5 if those performing part-time counseling are counted fully in the counseling category. Clearly, in terms of staff on Employment Service work, the United States is, relatively, far below both Sweden and Germany." [4]

Placement interviewers and vocational guidance counselors are hired in the open market, mainly through advertising; there are no civil service requirements, lists, or examinations as in the United States, where, too often, rigid civil service requirements hamper effective recruitment. However, education, experience and skill requirements exist. For vocational guidance posts, those usually accepted are teachers or social workers, or persons who have a university degree in psychology or the social sciences.

Once in the system however, employees acquire the status of civil servants, with salaries fixed by the National Labor Market Board. For example, vocational guidance counselors in Stockholm start at Grade 17, $402 per month; after 18 months

4 Lester, Richard A., "Manpower Planning in a Free Society," Princeton University Press, Princeton, New Jersey, 1966, pages 173, 174.

they are promoted to Grade 19, $445 per month, and after two years to Grade 21, $494 per month. Thereafter, application can be made for openings at higher salary grades as they become vacant, Grades 23 and 25, $573 and $607 per month.

Salaries for professional employees are lower than in private industry and this in large part accounts for a 10 per cent annual turnover of Employment Service staff. A strong employee organization at the national level bargains for wages and working conditions.

All new employees receive 18 months of initial training while on the job, followed by frequent refresher courses. For vocational guidance counselors, as well as others, the National Labor Market Board has issued detailed guidelines about both, the trial period and the theoretical and practical training for new recruits. Vocational guidance officers begin with a six-week course in Employment Service methods and a nine-week course in vocational guidance techniques, as well as engagement in practical work at the vocational guidance and Employment Service offices.

The impression is received that, although Sweden's staff facilities for training and executive development are not as highly developed as West Germany's, the government is constantly analyzing the weaknesses and prescribing remedial measures. For example, recent criticism concerning lack of knowledge by Employment Service personnel of employer operations has resulted in a stepped-up program for training of employment interviewers at the employers' actual places of business. Also, to meet the increased need for vocational guidance of both youths and adults, employment interviewers are being trained in vocational guidance techniques.

Budgeting

The budget process for the employment offices in Sweden is simple when compared to the budgetary procedures for the Employment Service in the United States. The formal participation of representatives of employers, employees, and government at county and national levels is of extreme value in this respect.

Primary responsibility for producing the budget rests with the 24 County Labor Market Boards. Based mainly on past experience and forecasts of work to be accomplished, each Board submits its budget request by letter—there are no complicated forms to be filled out—to the National Labor Market Board, which consolidates the requests and submits the overall budget proposal to the Ministry of the Interior. Discussions with the Ministry of Finance are held, and the budget request is then submitted to Parliament.

The National Labor Market Board appears to get what it wants financially from Parliament as a result of changes in manpower policy having been approved in advance by representatives of employers and employees on the Board. The trend is for more money each year to be spent to insure the success of Sweden's employment policies. For example, in 1963 the budget was estimated at about $145 million; by 1965 it had risen to about $193 million.

Image of the Employment Service

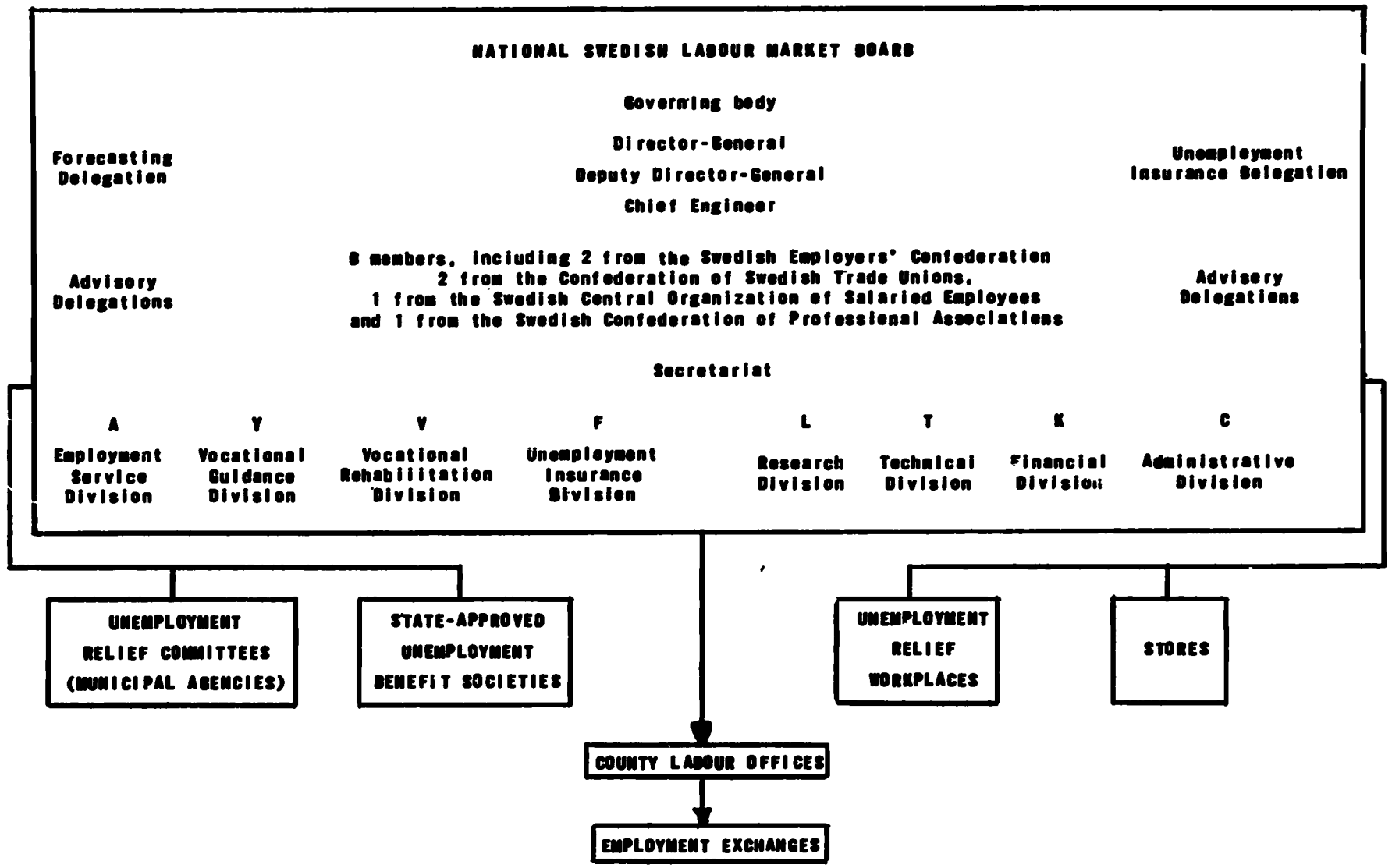
The Employment Service in Sweden is considered by em-

ployers, employees, and the government as the cornerstone of the active manpower policy. It is supported actively by all groups. Reasons for this position are fairly obvious: the virtual monopoly held by the public Employment Service, the tripartite organization of the Employment Service at national and county levels, the extent of vocational guidance and adult training, and the comprehensiveness of allied services. This does not mean that the Employment Service is without its critics: white collar workers do not use it as much as considered desirable because they regard it as ineffective in their area, and employers complain about employment interviewers' l. k of knowledge and the referral of "impossible" applicants. But the criticisms are generally intended constructively aimed at making the Employment Service bigger and better.

Physically, most of the Employment Service offices are small and tastefully appointed. Although claimants for unemployment insurance must register at Employment Service offices, and in most cases must report weekly, Swedish authorities do not regard this as a deleterious factor.

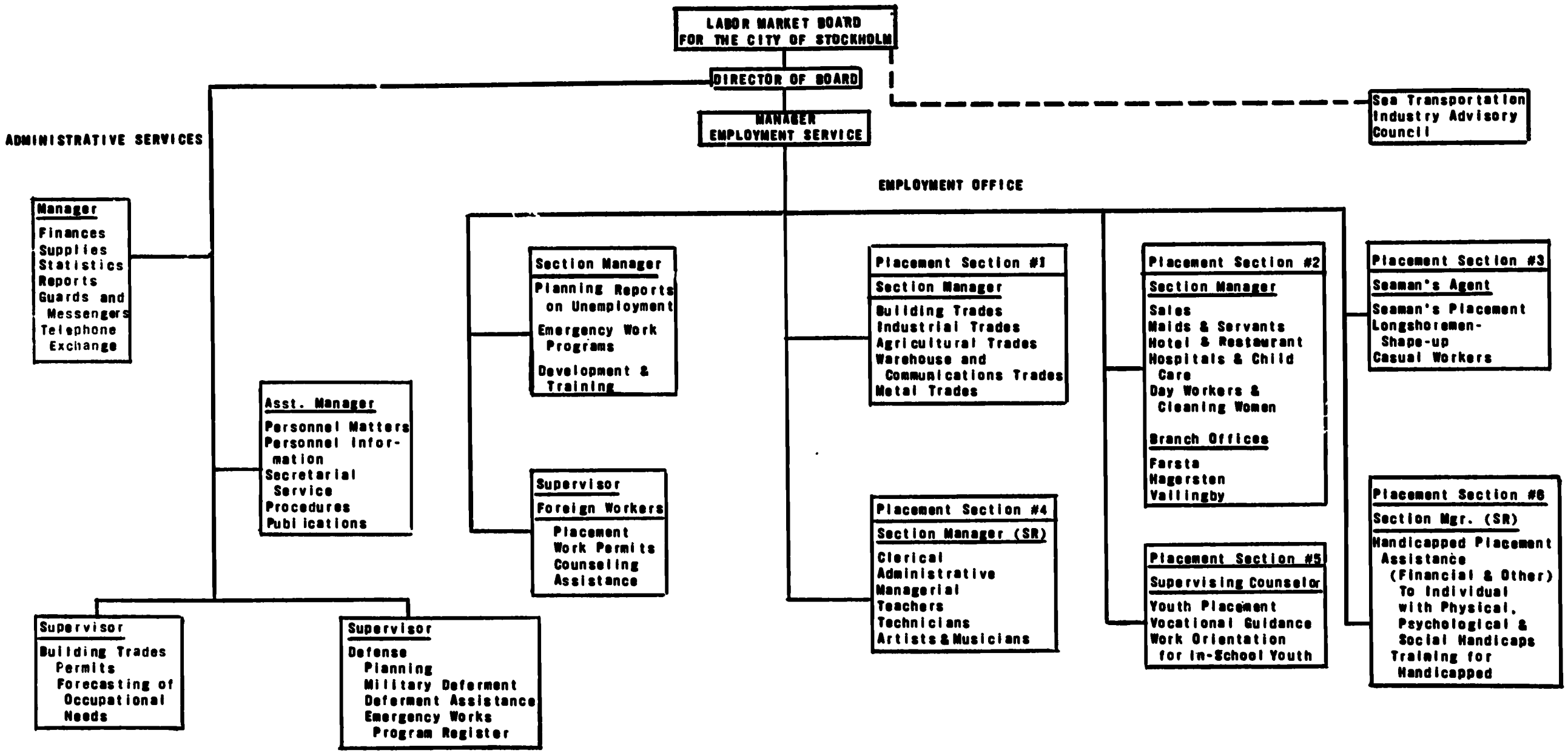
ORGANIZATION OF THE LABOUR MARKET ADMINISTRATION IN SWEDEN

(The Labour Market Administration is the collective term for the Labour Market Board
the county labour offices, the national employment service
and the work-places and stores of the Labour Market Board)



Source: National Labour Market Board

ORGANIZATION CHART
EMPLOYMENT OFFICE
STOCKHOLM, SWEDEN



Source: National Labour Market Board

III THE NETHERLANDS

BACKGROUND

Organization

With a population of over 12 million and a labor force approximating 4½ million, the Netherlands comes closest, of the 6 countries in the study, to the economic size of the State of New York.

The Ministry of Social Affairs and Public Health consists of six departments each headed by a Director-General. The Ministry's Department of Manpower is the National Employment Service in the Netherlands, but it collaborates closely with other agencies in the Ministry as noted below:

1. Department of Labor: responsible for labor standards (industrial safety and hygiene; general legislative policy as well as administration). Collaboration exists with the National Employment Service in many matters; for example, dismissal of workers.

2. Department of Social Provisions and Labor Relations: responsible for supervision of social insurance programs (including administration of regulations on sheltered employment) and industrial relations, including work councils in industry. Collaboration with the National Employment Service exists in areas which include matters of social security provisions and admission to sheltered workshops.

3. Department of International Affairs: responsible for international contacts in the fields of social and health policies; coordination with the National Employment Service takes place especially regarding manpower items in international organizations.

4. Department of Public Health: regular contacts occur with the Medical Division of the National Employment Service.

5. Department of General Policy Matters: responsible for research needed to solve problems of socio-economic policy, including manpower policy. The Department of General Policy Matters advises on policies but does not execute them. Thus it must employ a high degree of collaboration with all departments in the Ministry.

The Department of General Policy Matters consists of three divisions: Economic Policy, Social Policy, and Structural Socio-Economic Policy.

The Division of Economic Policy conducts research relevant to wage and labor market policy, including forecasting, and prepares the Ministry's budget request based on the forecast. The staff consists of 25 economists and statisticians, of whom 10 devote their efforts to statistical analysis of labor market trends and 6 to forecasting.

The Division of Social Policy advises on aspects of policy, including those affecting manpower, such as: socio-cultural impediments to the entry of married women into the labor force, possibilities of retraining workers no longer needed in the declining mining industry, the changing structure of administrative jobs, and the influence of rising income on the social status of jobs.

The Division of Structural Socio-Economic Policy, just recently established, will concentrate solely on long-term policy

questions such as population growth, automation, income distribution, and long-range financing of social security programs.

ADVISORY COUNCILS

On the national level, the Director-General of the National Employment Service is advised by the Central Advisory and Assistance Board, appointed by the Minister of Social Affairs and Public Health. The Royal Decree creating the Board specifies that it must consist of not fewer than two representatives of management and an equal number representing labor. The Board renders advice on request or on its own initiative.

Currently the Board consists of ten members; an impartial chairman, three representatives of trade unions (one each representing the Socialist, the Roman Catholic, and the Protestant federations), three employer representatives, one representative each of the Union of Municipalities and the National Women's Committee, and one expert. A staff member of the National Employment Service acts as the Board's secretary.

The Board advises the Executive Director of the National Employment Service on all Employment Service matters, including the subsidiary employment program. This program is operated, however, under the auspices of the Public Works Coordination Board, an official body on which several Ministries are represented, and of which the Executive Director of the National Employment Service is the chairman.

Each local Director of Manpower is assisted by an official advisory council, the membership of which is modeled on that of the Central Advisory and Assistance Board. In addition there may be a special Committee for Subsidiary Employment. By law, the local Director of Manpower is also advised by a Com-

mittee on Dismissals (comprised of management and labor members) to which he must refer every case in which either the employer or the employee has initiated a separation proceeding (except cases where a separation is agreed upon by both the employer and employee).

DEPARTMENT OF MANPOWER

The Department of Manpower, also referred to in this report as the National Employment Service, is sub-organized into two staff services, the Division of Finance and the Division of General Administration, and into four other divisions: General Placement Service, Selective Placement Service, Supplementary Employment Policy and Vocational Training Service, and Field Service.

The Field Service is under the direct supervision of the Director-General of the National Employment Service; that is, each one of the 11 Provincial Manpower Directors answers directly to the Director-General. The other three divisions—General Placement, Selective Placement, and Supplementary Employment Policy and Vocational Training Service—are responsible for policy-making rather than operations.

The General Placement Service is concerned with overall national and international manpower policy rather than with day-to-day transactions in the individual provincial labor markets. It is responsible for policies reconciling the demand for labor with the expansion plans projected for individual industries, either by way of better utilization of domestic manpower resources or by the importation of labor from abroad.

The Selective Placement Service develops techniques and establishes policies for the solution of manpower problems

affecting special groups such as youth, older workers, and the handicapped, through testing, counseling, and social and vocational guidance.

The Supplementary Employment Policy and Vocational Training Service has two important functions:

1. Provision of supplementary employment, an active and continuing program of public works which is invoked for registered job-seekers whenever seasonal or cyclical unemployment threatens to exceed allowable limits; at the present time, supplementary employment is undertaken chiefly in the economically distressed areas. There are four district offices for civil projects under the direct supervision of this service.

2. Planning and preparation of accelerated training programs for adults, usually 18 to 55 years of age, in 25 government training centers. (The responsibility for vocational training of youth belongs to the Ministry of Education and Sciences.)

The Manpower Director of each one of the 11 provinces has a dual responsibility: he directs the operations of the Provincial Employment Service and administers Adult Vocational Training Centers in the province.

The 11 provinces have a total of 90 local employment offices, with 45 branches in smaller communities and rural areas, and 25 Adult Training Centers specializing in accelerated vocational training in occupational fields in which supply is short, particularly the metal trades and construction.

Each local employment office is typically subdivided (except for the smallest offices) into several industry placement sections and a vocational guidance section. The distribution of staff differs according to the demands of the local labor market. For example, on October 1, 1965, the Utrecht Employment Office had 55 authorized positions, of which 2 were vacant; the remainder was distributed as follows: administration, including

statistics—14 employees (4 staff members were assigned to statistics); 11 placement sections—33 employees; vocational guidance—4 employees; and staff training—2 employees.

In each local office, there is a specially designated selective placement specialist to take care of applicants who are mentally or physically handicapped; a problem case advisor, who deals with applicants with personal problems which prevent them from finding work (e.g., parolees) or from holding a steady job; and a youth consultant. The youth consultant is not only concerned with the placement of young people but also with providing occupational information to schools, to primary and secondary school students (including information on availability of higher technical or professional training), and to parents of school children. The youth consultant is not connected with the program of accelerated vocational training at the training centers which are reserved for adults.

Functions

The Netherlands National Employment Service is in part a regulatory agency. It does not control hiring transactions, but its approval is necessary before a worker may be separated from employment, unless such separation is mutually agreeable to the employer and employee.

The National Employment Service is not involved in the payment of unemployment benefits. There is a clear-cut distinction in the Netherlands between manpower management and all forms of social insurance, the two functions having been separated deliberately. However, unemployed persons who wish to be eligible for unemployment benefits are required to regis-

ter at an employment office, which endeavors to find them a new, suitable job as soon as possible.

Employed persons wishing to change jobs may also register at employment offices, but as the National Employment Service has no monopoly, this is not required. Nor is there a monopoly with regard to the employers; they are not obliged to fill their vacancies through the Employment Service.

Placement, however, is the prerogative of the National Employment Service. Private individuals are not allowed to practice placement work professionally without a license issued by the Minister of Social Affairs and Public Health. Such licenses are subject to regulations regarding fees, reports, etc. They may be granted both to individuals and to private organizations. but a distinction is made between profit-making and non-profit-making employment agencies:

Profit-making agencies: the Netherlands has ratified the I. L. O. convention on fee-charging agencies. Those which existed at the time of ratification were granted a license to continue. These may be renewed periodically, but are not transferable. When the concessionaire ceases his activities, the license expires. As a result they are constantly being reduced in number. The concessionaires in business for profit operate mainly in the field of placement of musicians and artists.

Non-profit-making agencies: holders of these licenses—often voluntary organizations—need not perform their work free of charge and may in fact recover the cost incurred. Their placements include, among others, musicians, university graduates and undergraduates, domestic staff, disabled persons, and discharged prisoners. (A license for the placement of musicians and artists has also been granted to a foundation in which workers and employers cooperate to counteract abuses in this field, so-called "black" placement work.)

Because of the tight labor market, most applications for work result in immediate placement or in vocational guidance terminating in a referral to an accelerated training course. This may be done by the local office vocational guidance counselors who, on the basis of tests, recommend suitable work or training, and who refer applicants to vocational training centers administered by the National Employment Service.

The chief function of these centers is provision of vocational training to unemployed persons who in the past lacked the opportunity to become skilled workers. In addition, the centers provide retraining for those who, because of structural developments, can no longer obtain a living in their former occupations and, consequently, must find other sources of livelihood. The training provided is mainly directed toward the metal trades and building construction. It is done on an individual basis and can be started at any time provided there is a "slot" available. At present, the National Employment Service has 25 vocational training centers with approximately 3,000 trainees in attendance.

During training the trainees receive compensation for loss of earnings amounting to approximately the minimum wage guaranteed in collective agreements. They are also eligible for a bonus if the pace and quality of their work justify it. To stimulate interest in building industry occupations, above-average allowances are paid to trainees who elect to become construction workers.

Apart from vocational training in these centers, training may be given within industry through the intermediary of the National Employment Service, which grants training allowances. This training takes place in accordance with a plan approved by the National Employment Service for those occupations for which no training is provided in the centers, in gen-

eral the semi-skilled occupations. The allowance makes it possible for the employer to pay the worker a wage from the start of his training. The in-training remuneration is equal to the wage to which the worker is entitled on completion of his training.

Each local office is expected to serve its own labor market but a monthly report issued by the Department of General Policy gives each local office information on the state of the labor market in other areas. Each local office is free to contact the local office in which applicants or job openings exist. For some industry or occupational lines, special inter-area clearance points have been designated. Thus, musicians and variety artists are cleared through Amsterdam, miners through Limburg, and seamen through Rotterdam. If inter-area clearance is not successful, the applicant or the opening is referred to the head office, which circulates the case to all local offices.

However, local offices are not permitted to put on general clearance openings for unskilled workers unless a large number is needed. On the other hand, all demands for foreign workers must be referred to headquarters, unless a foreign worker is locally available.

To meet the pressing shortage of manpower, the Netherlands has in recent years attracted many Italian, Spanish, and Turkish workers as a result of recruitment campaigns. Many workers have also come from abroad on their own initiative to augment the labor force. The number of foreign workers with valid working permits increased from 24,000 in 1960 to 63,000 at the end of 1965. On the other hand, the number of Dutch workers who emigrate, particularly to West Germany because of the higher wages prevailing there, has also increased in recent years, from 5,192 in 1960 to 29,938 in 1964. (Many of

those both immigrating and emigrating are "border crossers" on a daily or weekly basis only.)

OBSERVATIONS

Organization

It has been noted that the National Employment Service is organized as one of six departments under the Ministry of Social Affairs and Public Health, that a separate department also exists in the Ministry for matters of general policy, and that it is necessary for the two departments to coordinate and collaborate on matters of policy. On the national level, other bodies exist that exercise influence in manpower policies and administration, namely the Social-Economic Council and the Foundation of Labor.

The Social-Economic Council, established in 1950, consists of 45 members: 15 from employer organizations, 15 from employee organizations, and 15 appointed by the Crown who are independent experts in economic and social questions. The Council acts as an advisory body to the government; all important programs in the social-economic sphere which Ministers intend to introduce must be referred to it for advice. If there is disagreement about the advice given, the Prime Minister makes the final decision.

The Foundation of Labor, which also consists of representatives of employers and labor unions, was organized in 1945 to prevent or solve industrial disputes, and to exercise particular responsibility for wage policy. It has done this successfully. At one time the Foundation acted as an advisory body to the government but the Social-Economic Council since its establishment in 1950 has assumed this function. However, the Founda-

tion still retains its definitive function in developing wage policy and in regulating industry-wide and plant-level wage bargaining.

The role that outside advisory councils play, on both national and local levels, has also been mentioned. On the national level a Central Advisory and Assistance Board, consisting of representatives of employers, unions, governmental units, women's organizations, and experts, advises the Director-General of the National Employment Service on all employment matters. In each of the provinces similarly comprised advisory councils advise the local Directors of Manpower.

In addition, the Director-General of the National Employment Service is closely connected with various other advisory bodies. He is Chairman of the Coordinating Public Works Committee and serves on the Industrial Development Committee for Problem Areas, the Inter-Departmental Coordinating Committee on Open Air Recreation and Tourism, the National Council for Vocational Guidance, and standing committees on the Social-Economic Council.

Another key organization that cuts across all government ministries is the Central Planning Bureau, which is responsible for developing the annual economic plan. Since this agency deals with producing an inventory of the country's productive facilities, both physical and manpower, and since it an..lyzes trends for the coming year in production, prices, income, spending, manpower resources, employment, job vacancies, manpower needs, etc., it must consult with the National Employment Service, among others, and coordinate information and research needed for policy decisions on a Cabinet level. Moreover the various departments, including the National Employment Service, take into account the options under the plan pre-

pared by the Central Planning Bureau in adjusting their own programs.

It is obvious, therefore, that a central body exists as a base in planning for both (1) fiscal, monetary, wage, price, balance of payment and other economic policies and (2) manpower utilization. In a previous report by this author, this was pointed out and the recommendation made that in the United States a central coordinating body on the national level is needed for recommendation and integration of policy in economic and fiscal matters and in manpower utilization. If this can be achieved, similar agencies on state levels should be constituted to help implement national policy decisions." [1] The recommendation still appears to be timely.

As to direct representation of employers, employees, and government in the administration of the Employment Service, the Netherlands differs from West Germany and Sweden. Such representation is obtained only in advisory committees outside the administrative realm. It is difficult to assess the effectiveness of such advisory committees and whether, in fact, the National Employment Service is "over-advised"; the Netherlands officials seem to feel that the advisory councils "may well be regarded as an example of the way in which the social partners and independent experts directly assist and take part in the government work in the Netherlands." [2]

It needs to be emphasized that, since unemployment insurance is entirely separated from Employment Service activities, the advisory councils advise the Employment Service authorities

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1 Green, Alfred L., "A Study and Appraisal of Manpower Programs as Related to a Policy of Full Employment in France, Great Britain, The Netherlands, Sweden," New York State Department of Labor, Division of Employment, 1963, page 6.

2 "Manpower Examination of the Netherlands," Report of the Netherlands, unpublished, mimeographed, page 25.

solely on manpower activities. This suggests a re-examination of the functions of advisory councils in state agencies in the United States, where the bulk of their time is devoted to unemployment insurance matters.

Functions

Five major goals constitute the core of the Netherlands' socio-economic policy: (1) stable economic growth, (2) full employment, (3) stable price level, (4) equilibrium of the balance of payments, and (5) just distribution of income. The goal of full employment is interpreted rigorously; only a very low level of unemployment is acceptable.

It is essential to realize the extent of the services rendered by one organization, the Ministry of Social Affairs and Public Health, and its National Employment Service, for fulfillment of these goals. These are listed below, and observations then made on a selective basis.

1. Administration of the nation's public employment offices. Placement of workers is a government monopoly as only a few fee-charging agencies exist and those are licensed and controlled by the National Employment Service. However, workers and employers are under no compulsion to use the Employment Service. The placement program includes inter-area clearance and recruitment of foreign workers, with provision of incentives for workers to relocate.

2. Vocational guidance and occupational information. This function is undertaken on behalf of the entire population. It is not performed in the schools (as distinguished from vocational training), however, unless requested.

3. Medical services to job applicants.

4. Adult training and retraining. The National Employment Service operates 25 accelerated training schools for adults, aged 18 to 50, and provides incentives for workers in training.

5. Rehabilitation of the handicapped. In addition to specialized counseling, financial support is given by the Ministry of Social Affairs and Public Health to sheltered workshops operated by municipalities.

6. Labor market studies and statistics. A detailed program has been developed by the National Employment Service.

7. Provision for subsidiary employment. The National Employment Service maintains an active and continuous program of public works to provide employment for registered job seekers who cannot find regular private employment or who are unfit for it.

8. Registration for emigration from the country.

9. Intervention in the dismissal of workers. Both employer and job holder are forbidden to terminate a job, except where mutually agreeable, without the permission of the local Director of Manpower and his advisory council.

10. Collaboration with the Ministry of Economic Affairs in promoting regional development.

It is apparent that the National Employment Service has broad powers to correct imbalances of manpower. This one agency performs not only the standard placement functions—with special service to youth, older workers, and the handicapped—but also has the power to train workers directly without recourse to other branches of government, and to create employment by direct planning and subsidy of public works projects.

The ability to create supplementary employment is regarded as one of the major instruments, at least potentially, of the

Netherlands' labor market policy. Under this scheme "supplementary" works are carried out, as necessary to create employment, through projects which would ordinarily not be done at all, or not until a much later date. This program is used especially to alleviate seasonal unemployment. Projects include civil engineering works of state and local authorities and private bodies, such as roads, sewer systems, sports and recreation grounds, and land improvement and land reclamation projects. This program has been in effect in the Netherlands since 1954 when $17,870,140 was expended on supplementary employment activities; a high point was reached in 1959 with the expenditure of $25,327,540. Since then, the expenditures have followed a downward trend—$7,623,120 in 1963—because of full employment. There is little need for such a program when the unemployment rate for the country is only .9 of 1 per cent. However, the significant fact is that this tool for creating employment exists and can be applied as necessary.

Also, employment opportunities are created for handicapped persons in sheltered workshops providing productive but non-competitive work. The workshops are organized by municipalities and private organizations, and are supported by subsidies from the government. By law, employers may be compelled to hire a number of handicapped workers—2 per cent of their staff.

Industrial relocation policy measures are a significant factor in the creation of jobs. Study in the Netherlands has shown that there is too great a concentration of population and industry in certain centers of the western part of the country, mainly in the Randstad-Holland area embracing the cities of Amsterdam, Utrecht, Rotterdam, the Hague, and Haarlem. This policy of "distribution of industry" is also important because of declining employment in industries such as textiles, coal mining,

shipbuilding, and small trades; and the growth of industries such as steel, machinery, electronics, synthetics and chemicals. The effort involves distributing as evenly as possible both the workers and sources of jobs. Incentives are offered to workers and industry to establish in 44 designated development centers away from the Randstad-Holland area. These include payment of expenses of travel and moving, and cost of board and lodging for as long as a year. Employers receive incentives, in the form of subsidies for cost of land and erection of buildings, for the establishment of new factories or expansion of existing plants in the development centers. Grants also depend on the size of factories and the number of new workers to be employed. The regional industrial policy is administered by the Ministry of Economic Affairs, but close collaboration with the National Employment Service is maintained on recruitment of manpower and arrangements for incentives.

A distinguishing feature of the Netherlands Employment Service is the regulatory powers it has over dismissal and resignations of workers in industry. Under the Extraordinary Labor Relations Royal Decree of 1945: "The employer and the employee are forbidden to terminate the labor relation without the permission of the Director of the local Employment Office." Thus, there are "Dismissal" units in the larger offices. The Director in making his decision consults with his advisory council, which includes representatives of employers and workers. This procedure does not apply if the termination of employment is by mutual consent of the employee and employer, or if there are urgent reasons. But the major objective of the regulation is clear and has been achieved: in a tight labor market, excessive turnover is reduced by limiting capricious dismissals or resignations. (The same reasoning underlies the system of licenses

administered by the Department of Labor for either extending or reducing working hours.)

A central point in the discussion of the Employment Services in West Germany, Sweden, and the Netherlands has been their ability to create employment. It is this authority to create jobs that must be explored as a possible function for the Employment Service in the United States; at the very least, the question of how this function, when performed by other governmental agencies, can be tied in more closely with the manpower services of the state employment security agencies should be thoroughly studied.

PLACEMENT

The placement service of the public employment offices has a virtual monopoly. Of course, neither workers nor employers are compelled to use the employment office, and advertisements by employers and referrals by friends and relatives working in plants are important sources of recruitment. The Netherlands authorities estimate their penetration rate of the labor market to be 33 per cent although there are no conclusive statistics to support this figure.

Because of labor shortages, efforts are made to tap what is considered to be the employment reserve: older workers, married women, and the handicapped.

Many older workers, 65 and over, would be welcomed back into the labor market but they resist because of favorable pension rights and tax privileges.

The participation of married women in the labor force is lower than in other comparable industrialized countries—17 per

cent compared to over 30 per cent—because of religious and traditional reasons and the male viewpoint that women belong in the home to attend to the children and family life. The placement offices, therefore, take much care in the counseling and placement of women applicants. The Netherlands experimented in selected offices with separate sections for the placement of women to be managed by female employees but concluded that an integrated service for male and female was preferable. However, applicants, if they so desire, can be served by a member of their own sex.

As for the handicapped, not only is special counseling given in the local offices but medical services are also available. The medical officers are under the direct supervision of the local Directors of Manpower but their work is done in special facilities in the local employment offices. They are concerned chiefly with questions concerning the employment of handicapped workers and examinations of candidates for government training centers for adults, but placement officers can also consult them in any case where medical advice is deemed necessary.

The question of direct employment of physicians by Employment Services in the United States has been raised many times but it is recommended that this matter be studied anew.

The placement philosophy of the Employment Service in the Netherlands is worth quoting because it reveals its interest not only in fulfilling the requirements of an active manpower policy, but also in the applicant as a person. It also explains the "Placement Plan" developed for each unemployed person (discussed following the quotation):

> The placement of applicants for jobs is, of course, the most effective instrument of any Employment Service. But the simple technique of old, the writing of a slip with the address of a firm which has registered a vacancy, is regarded as outdated in many cases. To find the most productive employment the placement officer nowadays has to understand

> the applicant as well as the needs of prospective employers, and he must be able also to estimate the working climate in which the work has to be performed. He must be well informed about the possibilities of the labor market in his area, in the province, in the country; he must be aware of all facilities the Service can offer. Above all, he must be able to gain the confidence of both parties concerned. His task includes social as well as economic aspects: His contribution to the overall objective of full employment and optimum growth is to place "the right man in the right place." In using a justified qualitative approach he not only tries to secure employment for his client, but to avoid feelings of frustration or failure in that employment. To this goal the organization of the "ARBVO-Service," and the training of its staff, is directed.[3]

The employment offices in the Netherlands have adopted the technique of drawing up a Placement Plan for unemployed applicants. Because the figures for unemployment have been very low during recent years, and because of the philosophy cited above, great care is shown all applicants for whom placement cannot be effected within a short period. In fact, if an applicant's record appears in the placement files for longer than a specified period, the case must be reported to the chief placement officer of the local office. The same holds true if the applicant is registered as unemployed more frequently than is normal in his trade. The chief placement officer then consults with a specific placement interviewer in drawing up a Placement Plan. The Plan may include transfer to another placement section, a psycho-technical test, medical advice, training, a refresher course, advice leading to the geographical relocation of the worker, or other services. If all efforts fail, the applicant is classified as unemployable, and recommended either for sheltered employment or for care by the Public Welfare Society. The Netherlands officials are pleased with the results of this approach and, in conjunction with the Organisation for Economic Co-operation and Development, have participated recently in further experiments along these lines. These have

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3 "Manpower Examination of the Netherlands 1966, Report of the Netherlands Authorities," unpublished, mimeographed.

shown that further refinement of methods can lead to even better results.

The Placement Plan approach should be of special interest to employment security agencies in the United States. At a time of low unemployment insurance loads it is proper to consider the reasons why some claimants still remain unemployed for long periods of time. Such claimants, of course, either have employment problems or tenuous attachments to the labor market. In the present discussion, the claimants with employment problems are of particular concern. It is recommended that the Bureau of Employment Security provide funds for test operation of a special claimant advisory service. Under this arrangement, claimants with long-term unemployment would be referred to appropriate Employment Service sections for the drawing up of a Placement Plan similar to that employed in the Netherlands. (New York State has already prepared the outlines of such a plan; this has been discussed by the Interstate Conference of Employment Security Agencies, Committee on Unemployment Insurance Programs and Operations, in their recent meetings.) [4]

Inter-Area Clearance

Inter-area clearance in the Netherlands exists mainly in the direct contact with each other maintained by employment personnel in the various local offices throughout the country. If job openings and applicants cannot be matched in this manner, a system of reporting is utilized which results in notice to

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4 See "Interstate Conference of Employment Security Agencies, Report of the Second Meeting of the Committee on Unemployment Compensation Programs and Operations, August 9-11, 1966," Appendix I.

each local office of the applicants and vacancies that exist throughout the country.

Inter-area clearance and the fostering of geographic mobility of unemployed workers have ceased to play important roles in the Netherlands. Movement of workers to the industrialized but over-populated parts of the country is not encouraged. Instead, as previously described, creation of employment opportunities in the less developed areas is the policy, and the relocation subsidies in existence are available almost exclusively to those who will move to these areas.

Recruitment of Foreign Workers

In 1965, because of the tight labor market, there were about 63,000 foreign workers in the Netherlands. In addition, there were about 19,000 Belgian workers who, under the Common Market regulations on the free movement of workers and under a special Benelux Treaty, require no permit to work in the Netherlands.

Originally recruitment of foreign workers was a function solely of the General Placement Service in the National Employment Service. Recruitment officers of the Employment Service were stationed in Italy, Spain, Portugal, and Turkey and the central office dealt with employer contracts, work permits, housing, and the like.

After 1960 other workers started to come on their own initiative. This was made possible partly by the tight labor market that resulted in liberal granting of permits for residence and work in the Netherlands. At present the number of those

arriving on their own initiative outnumber by about three to one those recruited officially.

As a result, local employment offices assumed more and more responsibility concerning foreign workers. They were nearer to the needs of employers and they attempted to solve many problems. Their activities included: making arrangements with local police for permits for aliens seeking employment, working with health authorities to assure medical examination, and consulting with local authorities about lodgings.

However, critical situations have been created in some areas because of the factors implied: the lack of housing for foreigners, health problems, and the inability of welfare agencies to provide the service required by the increasing number of aliens. The government has decided, therefore, to return to imposition of certain restrictions which tend to encourage officially controlled recruitment. However, spontaneous immigration is not prohibited, and measures are being taken to enforce the same employment and social welfare conditions for such aliens as exist for officially recruited labor.

The above illustrates the considerations involved in moving labor from one country to another. Not only are recruitment machinery, jobs, and incentives needed, but careful attention must be p id to the social and economic integration of foreign workers into the work force, medical requirements, welfare and educational needs, and, above all, housing. To a marked extent the same factors that apply to the movement of workers from one country to another are applicable to the relocation of workers from one part of a country to another.

VOCATIONAL GUIDANCE AND PLACEMENT OF APPRENTICES

The Netherlands has developed its occupational information and vocational guidance system in the National Employment Service to a fine art. First, it distinguishes between vocational training and vocational guidance for youth. Vocational training for youth is the responsibility of the Ministry of Education and Sciences; extensive and well-developed systems of vocational training exist in schools of different levels, as does a well-defined apprenticeship system within industry. On matters of occupational orientation and vocational guidance, there is close cooperation between the schools and the Employment Service nationally. Upon request, the Employment Service will furnish advice on schooling and studies, and provide guidance on choice of an occupation.

Second, vocational guidance as a function in the National Employment Service applies to adults as well as youth.

Third, occupational information is considered as a separate function closely allied to vocational guidance.

Fourth, a strong staff unit exists centrally in the Selective Placement Service Division of the National Employment Service to conduct occupational research and to advise the vocational guidance units in the local employment offices.

Extensive occupational information exists as the result of the country's standardized method of job-evaluation developed initially to meet the Netherlands' economic needs in matters of wage controls, preservation of export market, and balance of payments. On the basis of such job evaluation techniques, about 4,500 occupations have been carefully defined and classi-

fied on the basis of specifications concerning education, ability, training, physical condition, etc.

An extensive program for dissemination of occupational information also exists: pamphlets; mobile exhibitions, in and outside local employment offices; visits to industrial enterprises, and a variety of visual media.

The vocational guidance section in each local office advises young people and adults on career choice or the possibility of changing jobs. Tests are supervised and administered by trained psychologists employed either full or part-time by the National Employment Service. Wherever necessary the advice of the medical officer is also obtained. As in placement work the guiding principle is that the individual's needs as well as his personal choice be taken into consideration in addition to the needs of the labor market.

Youth counselors in local offices have a dual role. They are the placement specialists for persons under 23 and are charged with providing occupational information to various school and parent groups. They must be expert on both established and newly developed occupations, and on the possibilities these offer for earning a living; they must know the working conditions of jobs best suited for various applicants; they must be expert in their approach to young people. The youth counselor is specially trained, must pass an examination, and has a higher rank than other placement personnel.

As recommended in the West German and Swedish sections of this report, close study is needed of the materials and methods used in the Netherlands for the dissemination of occupational information.

ADULT TRAINING

Although this subject has received exhaustive treatment in Margaret Gordon's "Retraining and Labor Market Adjustment in Western Europe," several features of the Netherlands' adult training and retraining program are worth re-emphasizing because of the role played by the National Employment Service.

The way in which training and retraining are organized in the Netherlands should be of interest to the United States, for National Employment Service, that has responsibility for the it is the Vocational Training Service, a central division of the overall planning and direction of the accelerated training program for adults (usually 18 to 50 years old) in 25 government training centers throughout the country. Also, the direct supervision of these centers is under the Employment Service's provincial directors. Furthermore, the local employment offices recruit and select the candidates for such training centers after appropriate psycho-technical (aptitude) testing and medical examination.

The Netherlands system started shortly after World War II when severe shortages of skilled workers for the metai and building trades existed. Since then over 70,000 skilled workers have been trained in these trades—92 per cent of them successfully. Training slots are open not only to the unemployed but also to those employed in unskilled jobs or in declining industries.

Trainees in the centers are divided into two groups, those for metal trades and those for building trades. An important feature of the schools is their accelerated pace; in fact, this was the feature that overcame industry's initial apprehension about

government interference. Courses begin with a short introduction covering general information, handling of tools, and efficient working methods. Assignment to trades, and levels within the trades, is made by the instructors, based on tests, close observation, and the wishes of the trainees. In the building trades, courses exist for bricklayers, carpenters, plasterers, concrete carpenters, stonecutters, and painters; in the metal trades there are courses for welders, lathe operators, bench workers, iron-construction workers, plumbers, electricians, and automobile mechanics.

Courses are geared to the individual so that trainees may join one at any time. A pattern of carefully graduated tasks is followed and working conditions approximate those in private industry as closely as possible. First-rate equipment and tools are provided. Course duration depends on the trade chosen and on the trainee's own ability, and incentives in the form of increased training allowances are given for good performance. Instruction in theory, given by special instructors, is tied to the progress each trainee makes in practice. As stressed, the accelerated pace is the keynote. For example, a welder is turned out in an average of 4 months and a toolmaker in an average of 20 months. An apprentice toolmaker in the United States would be in the same position after five years.

Incentives are provided to trainees to compensate for loss of wages and to cover costs of travel and lodging. In the Netherlands, recent study has disclosed that the differential in pay for unskilled and skilled workers has narrowed; consequently, interest in training for skilled jobs has lessened. It was, therefore, found necessary to give building trades trainees a higher percentage of loss of wages as an incentive to engage in courses at the government training centers, expansion of the construction

industry being a prime prerequisite for overall economic growth.

In addition to the organization and accelerated pace of adult training, which should be closely examined by the United States, special attention should be given to the fact that local offices in the Netherlands usually find jobs for trainees while they are still in training so that they can start to work immediately upon completion of the program.

Subsidized training within industry on the employer's premises exists for occupations not included at the centers. These occupations are generally of a semi-skilled nature. The local employment offices approve these training programs of employers, and supervise the program under which employers receive allowances for hiring an unemployed person for training as a skilled worker. This enables the employer to pay the worker immediately the wage to which he is entitled upon completion of his training.

LABOR MARKET INFORMATION

In the Netherlands, more than in any other country studied, the operating policies of the Employment Service are governed by cogent current analyses of conditions in the labor markets. As an example of the economic insight which has been developed, the following explanation and table are quoted from a report made by the authorities to the Organisation for Economic Co-operation and Development on June 25, 1964:

> The table shows male unemployment divided as to cause.
>
> As this table shows, a rise has taken place because of seasonal unemployment. The reason for this lies in the high unemployment during the first winter months of the year. Seen over a longer period, seasonal unemployment shows, however, a fall which does not only go together

with the cyclic tension in the labor market during recent years, but also with structural development, namely in agriculture where through the use of machinery seasonal unemployment becomes less.

The falling tendency of frictional unemployment was also this year interrupted by a slight rise. The cause of this must be sought in the first place in the large number of young people joining the labor force in the year under review as a result of the high post-war birth rate.

The falling-off of the number of unemployed persons of reduced employability must be partly ascribed to the continued tension on the labor market, through which employers fall back on persons of reduced employability when seeking labor. The decrease in this group is partly due to an administrative measure through which a number of persons of reduced employability who could no longer be regarded as placeable were withdrawn from this group of unemployed.

Structural unemployment in the Netherlands is mainly caused by a decreasing employment provision in agriculture in areas where the extension of the employment provision in the industrial and services sector was insufficient to provide work for the workers released from agriculture. Structural unemployment is still very slight and consists chiefly of older persons for whom, because of age, retraining for another trade is virtually impossible.

Analysis of registered male labor reserve in 1962 and 1963

	1962	1963
Seasonal unemployment	5,000	6,000
Frictional unemployment	7,000	8,000
Unemployment caused by reduced employability	13,000	12,000
Structural unemployment	4,000	3,000
Total	29,000	29,000

Crucial developments in the labor markets of the country are reported in the monthly "Maandverslag Arbeidsmarkt," an eight-page bulletin published by the Ministry of Social Affairs and Public Health. The front cover of the bulletin contains two charts, one showing unemployment ("registered labor reserve"), the other the number of unfilled Employment Service openings. Changes in the volume of the unemployment from one month to the next are explained; for example, between April and May 1966, seasonal unemployment fell from 5,000 to 2,000 while frictional unemployment decreased from 11,000 to

9,000, the quantitative effects of the other two causes (reduced employability and structural) remaining unchanged. Both sides of the labor market equation are examined by industry, occupation, and skill; for example, at the end of May 1966, 9,666 unskilled workers were unemployed and 76 were engaged on public works projects (so-called "subsidiary employment"), and there were no unfilled openings for unskilled labor. Similar data are shown separately for each one of the 11 provinces; for example, at the end of May 1966, there were 1,503 unemployed men in Limburg, while unfilled job openings there numbered 5,608. The "excess supply" in Limburg amounted to 0.7 per cent of the male labor force while "excess demand" for labor (unfilled openings) amounted to 2.5 per cent. Other tables give detail by industry or occupation; thus, in Limburg, there were 7 unemployed leather and rubber workers while the factories had unfilled openings for 27.

The wide circulation given to the monthly "Arbeidsmarkt" keeps the interested public as well as the National Employment Service informed, facilitating the triggering of active manpower policy programs, such as "subsidiary employment" and "accelerated vocational training," and reducing the paper work which might otherwise take place.

Labor market research in the Netherlands is facilitated and promoted by its efficient organizational setting within the Ministry of Social Affairs and Public Health. Statistical units are interspersed throughout the organization. Each local office manager has a statistician on his staff, capable of performing analytical work—such as classification of the unemployed by cause of unemployment—who advises the manager concerning the state of the labor market not only in the local jurisdiction but in other parts of the country as well.

In each provincial office, there is a strong statistical section

which prepares regional analyses of labor market conditions and which reports the results to the national headquarters.

In the Ministry of Social Affairs and Public Health, manpower research is organizationally situated in the Department of General Policy which is responsible for all policy-making research and for the preparation of the Ministry's budget request based on an economic forecast. Thus, manpower research at headquarters is coordinated with all related elements needed to establish a country's policy for economic growth, and is focused on general problems which confront the economy, rather than being circumscribed by the special outlook of the National Employment Service.

Staffing and Staff Development

About 2,500 civil servants are employed by the National Employment Service. None are appointed politically, even in the higher grades, so that service by experienced officers continues despite cabinet changes. The civil service system that exists affects only the classification of jobs and salaries. There are no entrance examinations for any position (except youth counselors) so that officials have a free hand in recruiting staff. However, salaries are low in comparison to those in private industry and, as a result, there is a 10 per cent turnover of entry professional staff; turnover would be even higher except for an attractive pension system. As in other European countries, although civil servants have their own unions, grievances about working conditions and salaries are decided at higher levels only; in fact, special civil service courts exist for this purpose.

Prescribed standards have been established for all grades in

the Employment Service. The orientation and instruction of new staff members are organized; at the central level, the post of training officer has been established for work with local levels in training of all staff, old and new. This is carried on, under general guidelines and instructions from the central service, by 24 study group leaders throughout the country.

The impression is received that, generally, well-conceived staff training programs are executed along the lines adopted by many states (including New York State) in the United States, but that special emphasis, worth noting, has been given the training of youth counselors. For example, an 18-month accelerated training course has been set up for selected youth counselors. The syllabus includes: Psychology of Puberty and Adolescence, Pedagogics and Didactics, Sociology, the Labor Market and the Economy, Job Analysis, the Education System, Employment Structure, Organization and Lecture Techniques.

A similar course, stressing subjects in the social-medical field, is being organized for counselors of the handicapped and a centralized training center for vocational guidance counselors is to be opened in 1967 in cooperation with the Tilburg School of Economics.

Budgeting

The budget process in the Netherlands resembles that in the individual states of the United States except that there is one line of movement (instead of the two that are necessary in many states because of federal and state requirements) and burdensome reporting and control features are absent. The local offices prepare their budgets on the basis of experience and

projections of work load; these are passed along to the provincial directors for review and consolidation, and then to the Central Financial Division of the National Employment Service. The Ministry of Social Affairs and Public Health submits the budget to the Ministry of Finance from which point it is submitted to Parliament. Although Employment Service officers report that Parliament invariably trims the budget, the impression is received that, generally, funds adequate for performance of its functions are allocated to the National Employment Service.

In the 1965 budget of the Ministry of Social Affairs and Public Health, amounting to $255,208,800, an amount of $23,477,000 was earmarked for the National Employment Service. The potential expenditures for supplementary employment and vocational training were among the main items, $5,800,200 and $6,242,120, respectively.

Image of the Employment Service

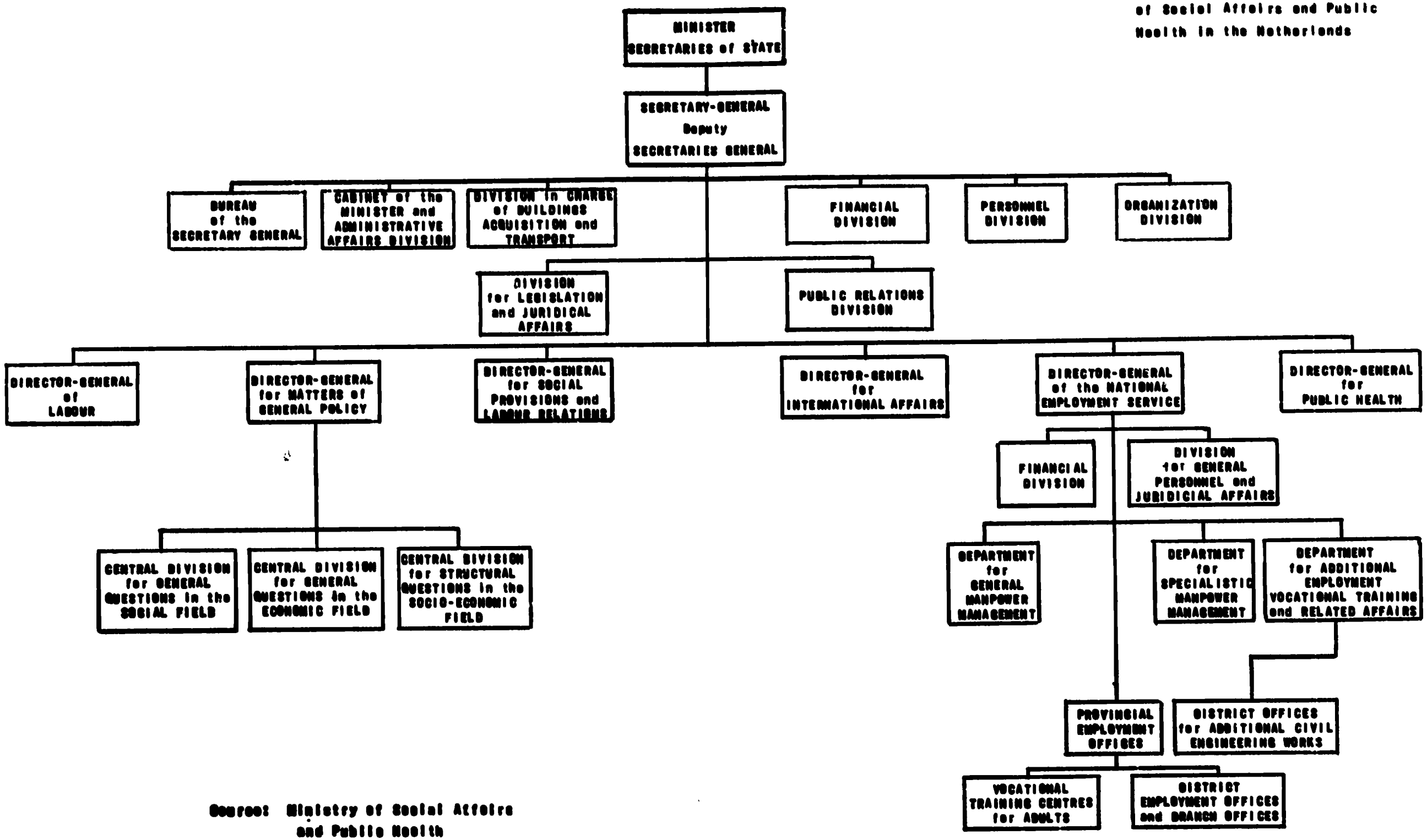
Positive measures have been needed to build up the image of the Employment Service in the Netherlands. Prior to World War II the offices were regarded as institutions for the countless unemployed and unskilled workers. During the war, the German occupation authorities used the employment offices to recruit forced labor. Only in recent years, after expansion of its functions and the recognition of its place as the cornerstone of an active manpower policy, has the image of the Employment Service improved. But Utopia has not been achieved. White collar, skilled, and professional people still shy away in significant numbers. Also, employers have not been completely con-

vinced that the Employment Service is the best source for recruitment of professional and skilled workers and they still rely heavily on advertisements and other sources of recruitment. The advertising budget of the Employment Service is almost non-existent.

On the positive side, the Employment Service is constantly engaged in presenting a new look to the public. Considerable sums are being spent on centrally located and modern buildings; despite strict regulation of building activities, 27 new buildings have been erected since 1960, and 23 additional buildings are under construction. The Netherlands officials are fond of saying that the old buildings were full of people, while the new glass-walled buildings are conspicuously empty of people. But they also say that the behavior of both applicants and Employment Service personnel has changed in the new surroundings and that more of an atmosphere of mutual respect prevails.

In the Netherlands, the employment offices are not concerned with the administration of unemployment benefits or any other social security benefits. However, claimants for unemployment benefits must be registered as applicants for employment in the employment offices and must report periodically. Despite this the negative image of Employment Service offices as "unemployment" offices for the payment of benefits does not exist in the Netherlands as it does in the United States.

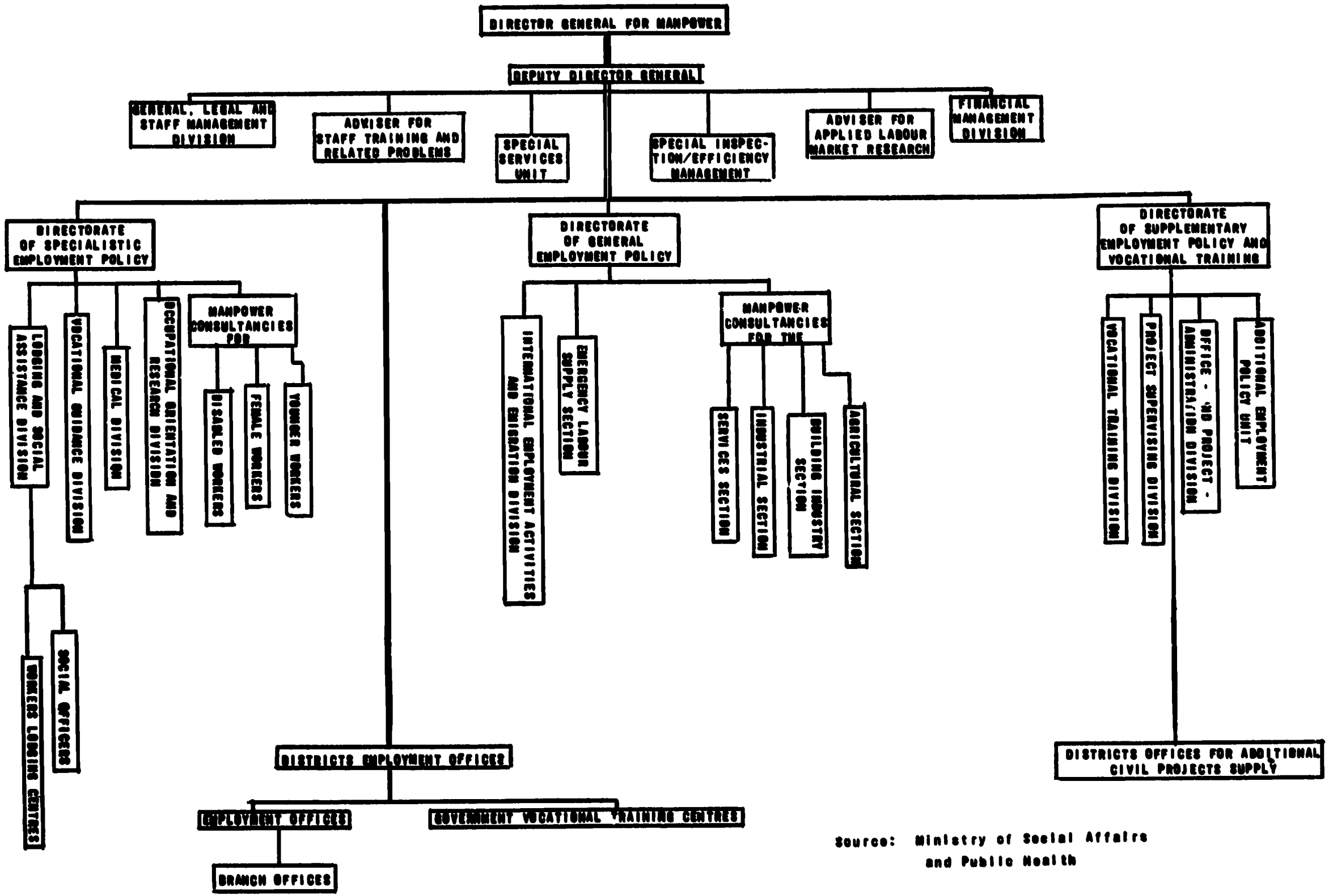
Organization of the Ministry of Social Affairs and Public Health in the Netherlands



Source: Ministry of Social Affairs and Public Health

THE NETHERLANDS

ORGANIZATION CHART OF THE GENERAL-DIRECTORATE FOR MANPOWER (NATIONAL EMPLOYMENT SERVICE)



Source: Ministry of Social Affairs and Public Health

IV GREAT BRITAIN

BACKGROUND

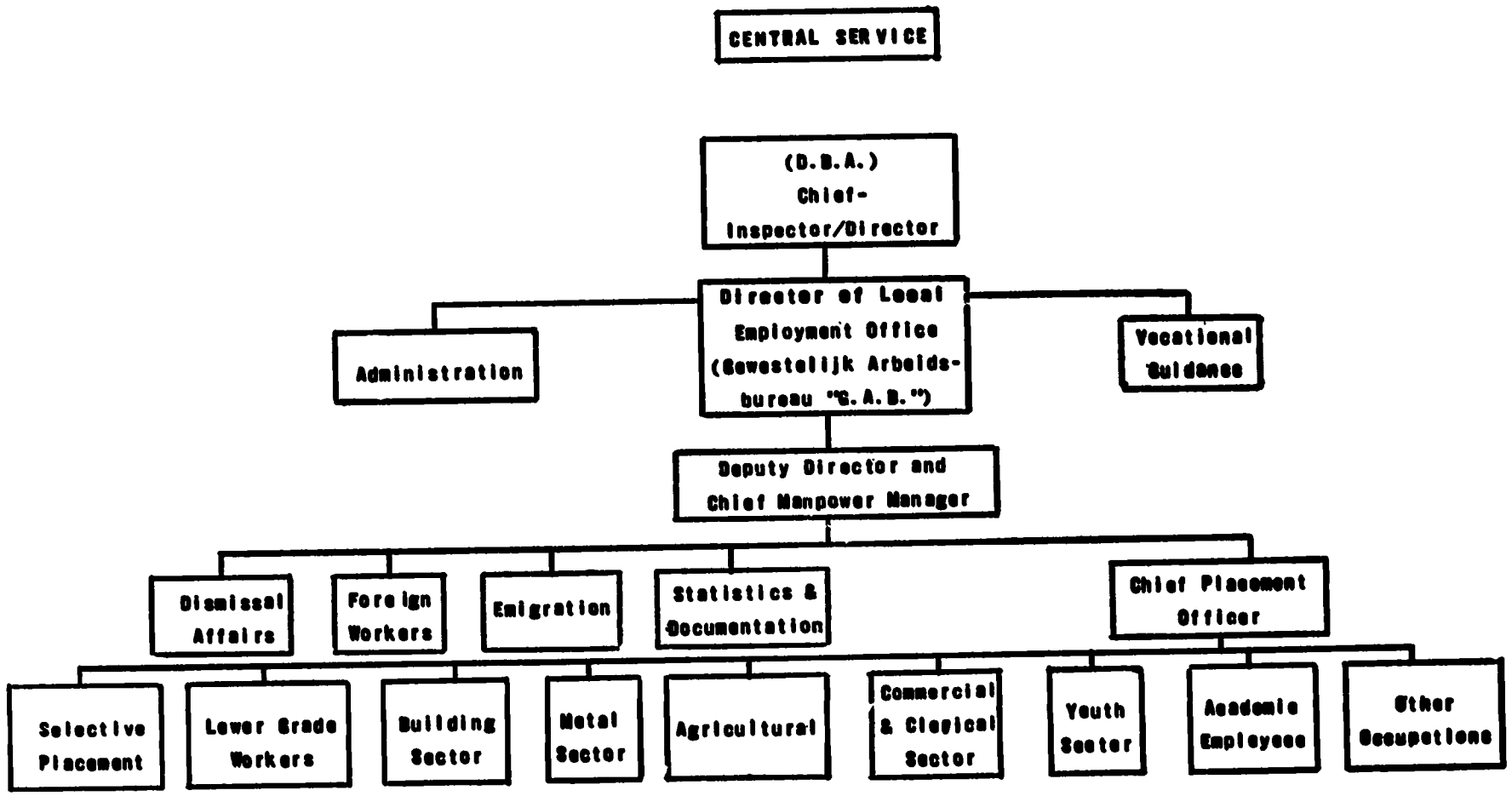
Organization and Functions

With a population of 53 million and a labor force of over 25 million, of whom 23 million work for salaries or wages, the size of the British labor market is midway between that of France and West Germany.

The public employment exchange system in Great Britain is the responsibility of the Ministry of Labour. Employers and employees are represented on advisory committees. A distinctive feature of the British labor market, as contrasted with that of West Germany, Sweden, the Netherlands, and France, is its competitive character. As in the United States, private fee-charging and non-fee-charging employment agencies exist in addition to the public employment exchange system.

The Ministry of Labour formulates and directs national policy. In addition to its headquarters, it operates regional and local offices throughout the country. For purposes of regional control, the country is divided into nine administrative areas—seven English regions plus Scotland and Wales—each under a Controller, with his own office and staff. He is responsible for the execution of the Ministry's policy in his area through employment exchanges, sub-offices, branch employment offices and

ORGANIZATION OF A LOCAL EMPLOYMENT OFFICE
("G.A.B.") IN THE NETHERLANDS



Source: Ministry of Social Affairs
and Public Health

local agencies, government training centers, and industrial rehabilitation units. Local offices consist of 900 employment exchanges established in all the main towns, and over 100 suboffices, branch employment offices, and local agencies serving smaller towns and villages. Total staffing of the system amounts to some 13,000 positions. It is characteristic of the Ministry's organization that as much of the executive work as possible is decentralized.

Local offices are grouped geographically under senior managers who are responsible for liaison within the group. The range of work carried out by the exchange includes: maintaining registers of those seeking work and placing them in suitable employment or arranging for them to receive vocational training, helping handicapped workers to obtain or hold suitable employment, making payments to tranferred workers, advising workers on welfare problems not connected with their places of employment, advising employers on the supply of labor for new enterprises, and the computation and payment of unemployment benefits and national assistance benefits.

Public employment exchanges serve, for the most part, only adults; a separate Youth Employment Service takes care of young workers.

At the present time, public employment exchanges do not provide vocational guidance or counseling. However, an experimental Occupational Guidance Service for adults was initiated in 11 cities on March 1, 1966. The experiment is designed to test the potential demand for such service.

In addition to the administration of unemployment insurance, employment exchanges assist in the administration of the Redundancy Fund, which is built up by employer contributions and used to reimburse employers, in part, for authorized dismissal pay. This program went into effect on December 6, 1965;

in the first 3 months of operation, it handled 4,468 employer cases involving 10,275 workers. Employers are required, as a condition of reimbursement, to notify the local employment exchange of such dismissals 2 weeks in advance, or 3 weeks if 10 or more workers are involved. While the reason for the notice is financial, the existence of such notice enables the employment exchanges to arrange for reemployment or retraining of the dismissed workers.

Public employment exchanges were scheduled in the fall of 1966 to begin to administer "earnings-related supplemental unemployment benefits," paid in addition to the existing flat-rate unemployment benefits.

YOUTH EMPLOYMENT SERVICE

The Youth Employment Service is a specialized agency established to help young people during the transition from school to work. It serves those under 18 years and those over that age who are still in school. Its main functions are to provide vocational guidance for school-leavers, to help them find suitable employment, to keep in touch with them during the early years of their working life, and to pay unemployment benefits and national assistance during their unemployment. The Employment and Training Act of 1948 empowers the local educational authorities to provide the service in their areas. Prior to 1965 this was the situation in 129 of 181 areas. By 1965, however, as a result of local government reorganization, the number of authorities now operating the service had risen to a total of 144 out of a total of 197 authorities. In areas where the responsibility is not undertaken by the educational

authority, the service is provided by the Ministry of Labour at the local employment exchanges. About 1,500 youth employment officers, working in approximately 1,100 locations throughout the country, perform this service. Youth employment officers also encourage the development of improved methods for the selection and training of young workers.

Help is given to young people in three principal areas, vocational guidance, placement, and follow-up. Group school talks during a pupil's last year are succeeded by individual interviews to which parents are also invited and at which a member of the school staff is generally present. Before conducting such interviews, youth employment officers are provided by the school with confidential reports on the pupil's health, physique, attendance, general ability, and aptitudes. When a pupil has a disability which may affect his employability, a confidential medical report is obtained, and the youth employment officer may consult a selective placement specialist. Attendance at the interviews is voluntary but most young people take the opportunity to seek advice on their future careers.

In the 12 months ended September 30, 1965, vocational guidance was given by youth employment officers to 649,000 boys and girls, the total number entering first employment being about 566,000 and the estimated total leaving school (January to December) being about 760,000. Youth employment officers placed 204,000 in their first employment and followed up the progress of 357,000 youths who were already in employment.

The Youth Employment Service, although administered by local educational authorities, is under the supervision of the Central Youth Employment Executive, a committee consisting of representatives of the Ministry of Labour, the Department of Education and Science, and the Scottish Education Depart-

ment. The Executive issues procedures, approves local budgets, assists in the training of youth employment officers, and promotes research. It publishes a wide assortment of occupational guidance and vocational training handbooks and pamphlets.

The Youth Employment Service has been recently evaluated by a Working Party of the National Youth Employment Council. In its report, published in December 1965, it recommended more specialization and strengthening of the existing organizations, keeping it separate from the employment exchange network of the Ministry of Labour.

ADVISORY COUNCILS

Advisory committees function at both the national and local level. At the national level, the most important advisory body is the Minister's National Joint Advisory Council. The membership includes 12 representatives of the Confederation of British Industry, 12 representatives of the Trades Union Congress, and 6 representatives of the nationalized industries. With the Minister as chairman, it provides a forum for the discussion of problems affecting industry as a whole, including the functioning of the public Employment Service. Also at the national level, there is a Women's Consultative Committee that advises the Minister on matters of employment policy affecting women. From time to time, its discussions have been directed to the public Employment Service itself.

Of more direct concern to the functioning of individual employment exchanges is the work of the local employment committees, numbering some 400, which were established nearly 50 years ago to bring exchanges into close touch with

employers and workers in their areas. With local representation from both sides of industry, and with the assistance of additional members appointed for their special knowledge of, or interests in, the area, the committees keep the local employment situation and any matters affecting the work of the exchanges under review. In addition, they act as a channel of communication on employment matters between the Ministry and the local community.

The Youth Employment Service includes youth employment committees for advising on special problems relating to young people. At the national level, their counterpart is the National Youth Employment Council.

Disablement advisory committees, attached to centrally located exchanges, render advice and assistance on employment of the handicapped.

HEADQUARTERS ORGANIZATION

The administration of the several services in the Ministry of Labour is under the supervision of the Permanent Secretary who heads the civil service staff and is responsible to the Minister. The organization is by process rather than by program. The Employment Service program falls within four departments: Employment Policy and General, Employment Services, Statistics, and Establishments. The first two are under a Deputy Secretary, who also supervises Safety, Health and Welfare, and Training. The Statistics Department is under another Deputy Secretary, who also supervises Industrial Relations and Overseas Relations (labor attaches and advisers).

The Department of Establishments is under a Director who

runs the field service of the Ministry of Labour, consisting of employment exchanges, government training centers (accelerated adult vocational training), and industrial rehabilitation units (hospital-type establishments devoted to the physical rehabilitation of disabled workers).

Within the Employment Policy and General Department there are two units: the Employment Policy Unit, concerned with national and local manpower utilization questions; and the Manpower Research Unit, which makes industrial and occupational long-range forecasts.

The Department of Employment Services consists of three units: the Employment Exchange Service, which formulates placement programs, including service to veterans and immigrants, in about the same manner as the headquarters office of the United States Employment Service in Washington; Youth Employment, which supervises, through the Central Youth Employment Executive, activities of the Youth Employment Service, and which prepares aids such as "Choice of Careers" booklets and the "Careers Bulletin"; and Disabled Persons, which develops programs including sheltered workshops for the employment of physically handicapped workers.

The Department of Statistics is responsible not only for statistics on placements, employment, and unemployment, but also on industrial disputes, wage rates, retail prices, and household expenditures.

In addition to the departments noted above, the Ministry of Labour also contains a Department of Finance which has its own field service (regional offices) and which supervises the financial aspects of the operations of local employment exchanges in line with the Ministry's accountability to other government agencies for which it acts as agent, specifically:

- Ministry of Social Security, with which it deals in relation to the computation and payment of unemployment benefits and the issuance of national insurance cards to young workers;
- National Assistance Board, in relation to the payment of assistance (relief) to unemployed workers, and issuance of free welfare milk tokens to such recipients;
- Foreign Office, in relation to the receipt of applications for passports and the collection of passport fees;
- Board of Inland Revenue, in relation to the payment of income tax refunds to unemployed workers; and
- Ministry of Health, in relation to the processing of welfare milk tokens surrendered by retailers.

REGIONAL ORGANIZATION

Operations in each of the nine regions are administered by the Controller who in turn is responsible directly to the Director of Establishments. The Controller administers government training centers and employment exchanges in his jurisdiction. He is also responsible for industrial rehabilitation units most of which are physically situated within government training centers.

Each regional office has a staff of specialists responsible for: labor supply, research and information, placement of the physically handicapped, vocational training, youth employment, staffing and staff training, inspection of local offices, and unemployment insurance. These specialists advise the local offices and report accomplishments to the headquarters offices.

Each regional office determines the number and kind of lo-

cal employment exchanges needed in its jurisdiction. The basic unit is the employment exchange, a full-functioning employment and unemployment insurance local office. Within an exchange, there may be set up a special local office, of which 39 currently exist. Such offices serve administrative, managerial, technical and professional job-seekers; maintain a professional and executive register; provide information on careers; counsel, place, and refer veterans for vocational training, and disburse veterans' assistance; and refer handicapped workers to professional training courses.

Full-time, full-functioning local offices in small towns are called sub-offices, and are managed by parent employment exchanges. In very small places, there are branch employment offices, run by agents—some of whom are part-time employees—under the supervision of parent employment exchanges. Local agents do not perform Employment Service work; they accept and forward (to the parent office) unemployment insurance claims. A part-time office is an itinerant point open once or twice a week, usually devoted to unemployment insurance only. A temporary benefit office may be set up to deal with the effects of mass lay-offs. A vacancy office is a full-time office for Employment Service work only, set up to recruit workers for mass job openings. A site office is a temporary full-time or part-time hiring office situated on a project, such as construction.

EMPLOYMENT EXCHANGE ORGANIZATION

The division of labor among the staff of each employment exchange is governed by the requirements of the plan of operation, which consists of the following:

1. *Employment Service*

(a) Registration of job-seekers and filling employer job orders; provision of information about employment opportunities,

(b) Referral of applicants to courses of industrial rehabilitation or vocational training,

(c) Reemployment of disabled workers,

(d) Placement of veterans,

(e) Maintenance of employment records and industrial information,

(f) Workers' welfare service.

2. *Unemployment Service*

Agency services on behalf of the Ministry of Social Security and Inland Revenue Department, including:

(a) Taking claims for unemployment benefits and applications for national assistance and recording proof of unemployment,

(b) Authorization of claims; payment of unemployment benefits and assistance,

(c) Adjudication of disputed unemployment benefit claims,

(d) Making refunds of income tax to unemployed claimants.

3. *Other Duties*

(a) Finance: withdrawals of cash from local bank for payment of unemployment benefits, national assistance, lodging and other allowances to workers.

(b) Statistics: compilation of periodical returns relating to employment and unemployment.

(c) Agency services on behalf of the Foreign Office, in connection with applications for passports, and on behalf

of the Ministry of Agriculture, Fisheries and Food involving the receipt of welfare milk coupons from retailers.

Depending on the size of the office, placement work and the duties relating to unemployment benefits are performed by separate sections. Placement activities are generally carried out for men and women in the same section with specialization for the major job groupings. Separate provision is made for placement in commercial jobs when this is justified by the volume of work. In London, a separate exchange is provided for the placement of office workers and for the hotel and catering trades, and for placement of women in the West End. In 39 of the larger employment exchanges throughout the country, a professional and executive register is maintained for the placement of workers in the professions and in managerial and executive posts in commerce and industry. In 27 heavily populated areas where there are large groups of hospitals, a section of the main employment exchange deals with the placement of nursing staff. Among other groups for whom special placement arrangements are made are veterans.

An important feature of the work of the exchanges is the operation of a service for the physically handicapped. In each employment exchange, there is a disablement resettlement officer who advises and assists disabled persons in need of employment, visits medical institutions to advise patients on their reemployment problems, and tries to secure the help of employers on behalf of the disabled. Follow-up of disabled workers is an essential feature in this field of placement.

In Great Britain there is statutory provision for the vocational training and industrial rehabilitation of disabled persons: information about them is recorded in a special register; employers with 20 or more workers are obliged to employ a

quota of registered disabled persons (fixed at 3 per cent of the total number of employees), and provision is made for employment of the severely disabled under special (or sheltered) conditions.

The relative volume of placement operations may be seen from these data for 1964: in the course of the year, an average of 454,200 persons were registered as job-seekers, of whom 73,600 were employed (seeking a change of job) and 380,600 were unemployed. The number of persons placed in employment totalled 1,952,465, of whom 78,000 were physically handicapped.

OBSERVATIONS

Organization

GOVERNMENTAL ORGANIZATIONS IN THE MANPOWER FIELD

To understand fully the manpower programs and operations of the employment exchanges under the Ministry of Labour, it is necessary to describe the role of other government organizations in the manpower field. In 1965 Great Britain established a National Plan seeking: the speed up of gross domestic production by 25 per cent between 1964 and 1970, removal of the balance of payments deficit, and a more even development of the different regions of the country. The emphasis on greater productivity takes several forms, for example: investment in and improvement of new equipment, methods, and techniques; and an income policy to keep wage increases geared to increases in real output.

Great Britain has re-evaluated her long-standing commitment to a policy of full employment, and recent developments appear to indicate that she is now ready to tolerate a measure of unemployment for the sake of greater productivity. British employers are being urged to lay off unneeded men so that they can be shifted to other areas of industry and other regions where development is desirable. Also meant to accommodate this shift in policy are changes in unemployment insurance policy (benefits related to earnings will be added to flat benefits), payment of redundancy compensation to workers whose

jobs have been eliminated, improvement of transfer grants, and greater emphasis on retraining programs.

To guide the National Plan, a Department of Economic Affairs (DEA) was established in 1964 as the coordinating agency to work with other government agencies in the development of long-term economic plans. In the matter of regional policies on employment, land use, transportation, construction subsidies, and incentives to regional growth, it must work with regional authorities and the Board of Trade. The latter administers the industrial relocation program aimed at reducing further concentration of industry in congested areas and at inducing new plants to relocate in designated development areas.

In addition, the National Economic Development Council (NEDDY) began operations in 1961. This is an independent economic advisory council with representatives of employers, trade unions, and government (First Secretary of State, who heads the DEA, Minister of Labour, President of the Board of Trade, and Minister of Technology). It too is engaged in the development of economic policy including manpower policy. A small National Development Office acts as its secretariat.

On regional levels NEDDY had established 20 Economic Development Committees (known as LITTLE NEDDIES) in major industries. Again, industry, trade union, and government are represented along with staff from NEDDY and DEA. The LITTLE NEDDIES are especially concerned with efficient use of the scarce manpower reserves and development of new productive techniques and training programs. In this connection, liaison must be maintained with the Training Boards within industry, established by the Industrial Training Act of 1964. Liaison is also necessary with other groups established regionally, Regional Economic Planning Councils that make recommendations to DEA. These consist of voluntary groups of

individuals representing employers, employees, and government.

Great Britain has been criticized by some experts as suffering from divided authority and uncoordinated activities in the manpower field. Others have said that in a country as complex as Great Britain it is perhaps inevitable that a wide-ranging manpower policy should be framed and executed by a number of different bodies. However, it is recognized that this system requires a high degree of cooperation and consultation between all parties. It has been difficult to assess whether this exists.

The stress on regional development helps explain the organization of the employment exchanges in the Ministry of Labour. The regional offices report to the Establishments Department under the Permanent Secretary; this department is not responsible for establishing program and policy. Another department under the Permanent Secretary, that of Employment Policy and General Employment Services, assumes this responsibility and has functional relations with, but no direct line authority over, the regional offices. This system differs radically from those in other European countries and results in more autonomy for programs and operations at the regional level. Again, this seems to be part of the British philosophy of government, an arrangement that requires much coordination on all levels.

ADVISORY COUNCILS AND WORKING PARTIES

As has been noted, the National Joint Advisory Council is the chief body advising the Minister of Labour on national manpower problems. Similar committees perform at local levels.

In addition, various Working Parties and special committees are set up to investigate special employment and manpower problems as they arise. Such groups are formed both within and outside the administration. Recently, for example, there have been two Working Parties investigating the organization of the Youth Employment Service and the Employment Service. Their recommendations as they affect organization are included in the following material.

THE YOUTH EMPLOYMENT SERVICE

About 75 per cent of the Youth Employment Service operates under local educational authorities, with Ministry of Labour approval, and receives 75 per cent reimbursement for approved expenditures. In the remainder of cases, the Ministry operates the Youth Employment Service directly. A National Youth Employment Council consisting of representatives of educational authorities, teaching professions, unions, employers, etc. advises the Ministry, but responsibility for administration of the 1948 Act, as described previously, is centered in the Central Youth Employment Executive consisting of representatives of the Ministries of Labour and Education.

It is apparent that dual responsibility for the Youth Employment Service can create many difficulties in administration. The Working Party's report on "The Future Development of the Youth Employment Service," known as the Albemarle Report after its Chairman, the Countess of Albemarle, discusses the differences of opinion on the dual system of local administration, and whether the function should be regarded essentially

as an educational or as an employment service.[1] The report opts in favor of continuing the present system. It states:

> There is no evidence that the present division of responsibility is acting as an obstacle to the development of either part of the Service. Indeed the existence of two systems, the one more closely allied to the field of education and the other more closely connected to the adult world of employment, acts to some extent as a mutual stimulus. In the words of one of those who gave evidence to us "the built in tension [between the two systems] may be important to preserve." We do not therefore think that this is the time to make a change in the existing arrangements for the local administration of the Service.[2]

One gets the impression from discussions with various authorities that they consider the performance of employment exchanges to be poor in relation to that of the Youth Employment Service. On the other hand, employment exchange officials in high authority feel strongly that the Youth Employment Service should become an integral part of the Employment Service system.

THE EMPLOYMENT SERVICE

The Permanent Secretary of the Ministry of Labour considered this subject sufficiently important for him personally to chair a Working Party on the Employment Service. Recommendations for organizational changes were made in the Report of the Working Party on the Employment Services, dated May 1964.[3] Performance of the dual function of the public employment exchanges, placement and unemployment insurance, was especially questioned.

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1 "The Future Development of the Youth Employment Service," Report of a Working Party of the National Youth Employment Council, London, Her Majesty's Stationery Office, 1965.

2 Ibid., pages 68 and 69.

3 "Report of the Working Party on the Employment Services," London, Ministry of Labour, 1964.

In view of the emphasis being placed in the United States by federal authorities on separation of placement and unemployment insurance offices, it is interesting to observe that the report recommends such separation in metropolitan areas. It also suggests staggering of reporting times at unemployment insurance offices (at the present time all claimants report twice per week, all on the same two reporting days) and payment of benefits by mail (money order) rather than in cash. The report concludes that separation of offices would enhance public acceptance of the Employment Service, and that changes in claimant reporting routines and elimination of over-the-counter payment would permit some local office staff time now earmarked for unemployment insurance operations to be devoted to Employment Service activities.

Functions

The major goals of economic policy in Great Britain were outlined in the previous section. It is important to examine the extent of the services provided by the Ministry of Labour and its employment exchanges to help realize such goals. These are listed briefly and observations are made selectively.

1. Administration of public employment exchanges; responsibility for the standard placement functions including inter-area clearance and recruitment of foreign workers.

2. Vocational guidance and occupational information, accomplished in the case of young people by the Youth Employment Service, either under the direct administration of local school authorities or under the direct administration of the

Ministry of Labour. In the case of adults, this is accomplished by occupational guidance units.

3. Rehabilitation and resettlement of disabled workers, including supervision of government rehabilitation centers and support of sheltered workshops.

4. Adult training and retraining. Recruitment of suitable applicants for the government training centers, administered by the Ministry of Labour, is performed by the employment exchanges.

5. Labor market studies and statistics. Maintenance of detailed employment, unemployment, and other records, and the preparation of statistical reports; special manpower research projects.

6. Payment of unemployment insurance claims including claims taking, computation, and adjudication of claims.

7. Receipt of applications for national assistance, recording proof of unemployment, and forwarding applications to area offices of the Ministry of Social Security; payment of assistance grants to unemployed persons registered at local offices; issuance of free welfare milk tokens to certain unemployed persons receiving assistance grants.

8. Assistance, including payments for lodging and other allowances, to workers transferring to other areas.

9. Advice to industry on labor aspects of the location of new enterprises.

10. Repayments to unemployed persons, on behalf of the Board of Inland Revenue, of income tax paid.

11. Issuance of application forms for passports, scrutinization of completeness, collection of fees, and forwarding of applications to the Passport Office.

12. Undertaking, for the Ministry of Health, work connected with welfare milk tokens surrendered by retailers.

13. Preparation for payment by regional finance officer of claims for rebate made by employers on the redundancy fund.

Powers to correct imbalances of manpower exist under one agency, the Ministry of Labour, and its network of employment exchanges, Particularly noteworthy is the existence of 30 government training centers under the jurisdiction of the regional offices. Although not a large program the important fact is that the opportunity to train some workers directly is a function of the Employment Service.

The existence of 17 industrial rehabilitation units under the jurisdiction of the regional offices is also of importance in helping to create jobs for marginal workers. These units provide courses for the disabled, for those recovering from prolonged illness, and for emotionally disturbed persons who need such service to enable them to undertake gainful employment. In recent years, about 12,000 persons annually have been served by these rehabilitation units.

Along similar lines, the Ministry of Labour wholly finances a non-profit company called Remploy that has established about 90 factories employing nearly 7,000 severely disabled workers. Work is done on a variety of industrial and commercial products that are then sold in the open market. A number of voluntary organizations and local authorities also run sheltered workshops employing about 5,600 workers and they too are given financial assistance by the Ministry. By law local authorities are required to provide sheltered employment for the blind; these also receive financial assistance from the Ministry (about 4,000 blind persons are so employed). In Great Britain, all employers of 20 or more are required to employ a quota of disabled workers registered with the employment exchanges amounting to 3 per cent of total staff.

Regional development, including the transfer of workers to the less prosperous regions of the country, is an important facet of British manpower policy. Although this program is administered by the Board of Trade, the employment exchanges seek out the workers and administer the incentive plans that encourage unemployed workers to move from areas of unemployment to areas of manpower shortage. Under the Resettlement Transfer Scheme for such workers, transportation and moving expenses are paid and allowances are made for cost of lodgings until a worker's family can join him in the new area and for lawyer's fees and other costs involved in selling and purchasing a house. A Key Workers' Scheme provides allowances to employed workers who are transferred permanently or temporarily to key posts in factories established by their employers in new development areas. A Nucleus Labor Force Scheme provides allowances to enable unemployed workers in high unemployment areas where new plants are being set up to transfer temporarily to the parent factories for training and subsequent return as a nucleus labor force. Although the number of people aided to date in this manner has been relatively small, the noteworthy factor is that such a program is in regular operation and is administered by the employment exchange.

The employment exchanges perform a number of diverse functions, seemingly unrelated to standard Employment Service activities, for other governmental units. Among these functions that would appear to belong elsewhere organizationally are those dealing with welfare assistance in its many forms including the handling of milk tokens and the processing of passport applications. It might even appear that such activities would interfere with the Service's main function of implementing an active manpower policy. But it is germane that the em-

ployment exchanges in Great Britain traditionally have had a social welfare orientation.

PLACEMENT

As in the United States, the public Employment Service has no monopoly in the placement of job seekers; the concept of a free labor market followed in Great Britain includes a free competitive system between public and private agencies. The public employment exchange system, as it has evolved, complements rather than replaces other arrangements. Some of the private employment agencies, such as professional bodies, university appointments boards, and associations which assist in the placement of veterans, operate on a non-profit basis. A great many others, mainly those which recruit office personnel and managerial and executive staff, are run for profit. Fees are charged to employers for recruitment work. The largest concentration of private agencies is in London, where there are about 1,000.

Notwithstanding the severe competition, the number of workers placed by the public Employment Service does not compare unfavorably with other countries. It is estimated that about one-quarter of the total number of placements is made through the Employment Service, about 1.5 million adults annually.

As in other countries, much attention in placement work is given to tapping the employment reserves: the handicapped, older workers, and women. The rehabilitation services offered disabled workers by the employment exchanges have already been described; the disablement resettlement officer in each employment exchange has responsibility for such activities. As to

married women, the employment exchanges discuss hours and working conditions with employers needing women workers and counsel women on opportunities for part-time work, on local facilities which can help with care of children, and on refresher and other courses of training. As to older workers, the Ministry of Labour's National Advisory Committee on the Employment of Older Men and Women has tried, in its reports, to create a climate for the retention of older workers for as long as they can perform their duties. The employment exchanges continue to urge employers to consider the older worker on his merits.

As in the Netherlands, but not in the same degree, "review interviews" are being held for those unemployed for more than two weeks, with the object of setting up whatever placement plans are indicated for such workers.

The Redundancy Payments Act of 1965 provides for lump sum payments to workers whose jobs no longer exist, who have been laid off, or who are working part-time for a substantial period. Payments must be made by the employer but he can claim a rebate from the Central Redundancy Fund to which he has contributed along with National Insurance contributions. This right of the employer to claim a rebate helps the employment exchanges in their placement work, for the Act requires employers to give advance notice to their local employment exchanges of lay-offs where claims on the fund are involved. Two weeks' notice must be given (3 weeks when 10 or more workers are discharged). This helps the employment exchanges to take action in placing such workers elsewhere and then arranging other measures, such as retraining where necessary.

Inter-Area Clearance

When a job opening cannot be filled locally, neighboring employment exchanges are approached by telephone. In a few areas where there are several employment exchanges within commuting distance, a telephonic "conference call" linking all of them is arranged for a specific time on every day.

If inter-area clearance appears to be warranted, a copy of the vacancy order card is sent to the regional office where copies are made and circulated within the region. If desirable, the regional office may send copies to other regional offices which in turn decide on further within-region circulation.

The order-holding exchange obtains data on candidates' qualifications from the applicant-holding exchange on a special form, selects, and submits the selected forms to the employer. The worker hired through clearance (especially if he is unemployed and moving to a development area) may be entitled to a cash loan, a traveling warrant, free fare, lodging allowance, and reimbursement of household removal costs, all of which are arranged by the employment exchange.

The conference call mentioned above is worth noting by the United States. Experiments were made in Glasgow, Lanarkshire, Manchester, and Liverpool before this plan was adopted. Similar experimentation would be worthwhile in the United States.

Great Britain has also been making continuous studies of the obstacles to geographic mobility. As in other countries, they have found that one of the greatest obstacles is the shortage of family housing.

Recruitment of Foreign Workers

In this report, recruitment of foreign workers has been treated separately as a form of inter-area clearance to show that where such recruitment was accomplished under organized auspices and planned for properly, a measure of success was achieved. Until 1962 job-seekers entering the country from Commonwealth countries such as the West Indies, India, and Pakistan created a problem. Because of the pressures on welfare services—especially housing—caused by a great increase of such workers and their families, the Immigration Act passed in 1962 limited the number of Commonwealth entrants to 8,500 annually. This was a political settlement that created much discussion but expressed the need for an orderly absorption of workers from other areas. Before admittance to Great Britain, a Commonwealth entrant must now have an employment voucher which is given only to those who possess a job or a needed skill.

The Ministry of Labour issues permits for foreign workers, but only after efforts have been made by employers to find British workers. Employers must offer wages and working conditions similar to those for British workers similarly employed. Under "bulk recruitment plans," where foreign labor is recruited specifically for individual employers, permits are not needed; only the Employment Service may process these placements. The Service also serves as a clearing house for questions about use of foreign labor.

VOCATIONAL GUIDANCE

It has already been explained that the employment exchanges do no vocational guidance in areas where the Youth Employment Service is operated under local educational authorities. Regardless of which agency performs these functions, however, the need is to integrate more effectively the work of the Youth Employment Service and the schools to provide a smoother transition from school to work. The Working Party of the National Youth Employment Council, recognizing this in their investigations, made a number of recommendations that should be of interest to United States authorities in integrating career guidance in the schools with the Employment Service.[4] Some of these are summarized below:

The Service and Education

- Education and career guidance in the school is a team responsibility. The youth employment officer must become part of this team; he needs to work in schools in greater depth.
- Youth placement is a function of the Youth Employment Service rather than that of the school.
- Further consideration should be given to the value of work experience for boys and girls while in school.
- The Youth Employment Service needs to develop its service for older and academically able pupils in secondary schools; more youth employment offices are needed for this purpose.
- The Youth Employment Service needs to develop more

4 "The Future Development of the Youth Employment Service," report of a Working Party of the National Youth Employment Council, London, Her Majesty's Stationery Office, 1965, pages 73-76.

contacts with institutions of higher learning, excluding the universities that have their independent University Appointment Boards.

The Service and Employment

- The youth employment officers must maintain close relations with employers to know their job requirements.
- The Youth Employment Service should develop its liaison functions as a link between education and industry.
- The youth employment officers should experiment in new ways of keeping in touch with young workers with the help of employers.

The Service and the Parent

- The youth employment officers should develop earlier and more effective contact with parents.

Younger People Needing Special Help

- In areas with considerable numbers of handicapped young people, a youth employment officer as a specialist should be considered.
- All youth employment officers should be given some training in dealing with the special needs of the handicapped.
- Youth employment offices should be able to refer cases to psychologists; a referral service should be experimented with.

Career Information

- Employer associations and others producing career literature should be made aware of the Youth Employment Service facilities for distributing such literature to schools.
- Greater use of mass media—press, radio, television—for imparting career information and knowledge about the Youth Employment Service should be encouraged.
- The "Careers Bulletin" and supplements should be ex-

panded to provide schools with a more extensive news service on career questions.

- On careers information work, the Central Youth Employment Executive should have an advisory panel representing the principal consumers.

Research

- There is need for more research in the youth employment field. The Central Youth Employment Executive should take the lead in promoting and coordinating such research.

ADULT TRAINING

As previously mentioned, the regional offices under the Ministry of Labour operate 30 government training centers. Traditionally, such vocational training was given mainly to disabled persons and veterans. For example, in 1961, of 4,985 people who were trained, 3,063 were disabled, 845 were veterans, and 1,077 were other persons over 18 years of age. Since then it has been recognized that it is necessary to increase the number of people receiving training in occupations where skilled labor is short, and in occupations needed for economic growth. In 1961 only 13 centers existed; today there are 30 with plans to add 8 more, the objective being to produce 15,000 skilled persons each year. Although disabled workers and veterans are accommodated, the mix is changing. In January 1966, of those attending courses, 15 per cent were disabled, 10 per cent were veterans, and 75 per cent were able-bodied persons presumably being trained in shortage occupations, especially in building and engineering trades.

Emphasis is on *accelerated* training. Most courses are short,

averaging six months. They are highly intensive with emphasis on practical work in small classes of 8 to 16 people. Course contents are carefully worked out after systematic analysis of the work, skills, knowledge, etc. required in each occupation.

A detailed review of adult training measures is not within the scope of this report and brief descriptions have been included mainly to show the role played by European Employment Services. Brief mention should be made, however, of the provisions of the Industrial Training Act of 1964 under which Great Britain hopes to get tooled up with skilled labor. Under this Act, Industry Training Boards have been set up in each industry to provide training plans complete with policies, syllabi, texts, etc. The major incentive for firms to arrange training courses is contained in a levy and grant system. Each Board establishes a levy on individual employers; the rate must be approved by the Minister of Labour and must be sufficient to meet training and administrative costs. Levies so imposed have ranged from .5 per cent to 2.5 per cent of payroll. Grants are paid from the levy to firms providing training that meets prescribed standards.

It is too early to assess results under this program. Many Training Boards have been set up and some training plans have been formulated. In general, thinking has been stimulated as to objectives and methods of industrial training, but application of training plans is still to be effected.

LABOR MARKET INFORMATION

Collection and publication of employment statistics is an important function of the employment exchanges and the Min-

istry of Labour. From the exchanges comes the information that results in monthly and annual publication of estimates of employment and data on filled and unfilled vacancies by industry. Information published quarterly includes statistics on labor turnover, overtime and short-time work, and an occupational analysis of the unemployed in manufacturing industries. Annual figures show numbers of unemployed by industry and region with a detailed analysis for each region. These statistics show which industries and occupations are expanding or contracting. The national insurance records of the Ministry of Social Security are also analyzed by the Ministry of Labour to classify the employed by industry.

An important step to secure more basic information needed for manpower policy was the establishment in 1963 of a Manpower Research Unit in the Employment Policy and General Department of the Ministry of Labour. Originally consisting of a staff of 2, it has been expanded to 30. It works closely with the Department of Economic Affairs, the regional offices, and the Statistics Unit of the Ministry of Labour to determine forecasts of labor demands. Its first publication, "The Pattern of the Future," predicted trends in employment from 1968 to 1973. Reports were also issued on possible developments in metal and construction industries and the impact of computers on office employment. Current studies include estimates of future demand for particular occupations in different industries in 1970. This unit also assists in preparation of forecasts of supply and demand for the annual Plans. The studies of demand by industry and occupation, especially at regional levels, is important to these Plans.

Staffing and Staff Development

The staff in Great Britain's employment exchanges numbers about 13,000. Formerly employees were recruited strictly by examination, but more recently they have been hired after an interview process only. Pay scales are generally lower than in private industry, which accounts for difficulty experienced in recruiting clerical staff (recently only 50 persons could be recruited to fill 350 vacancies). Salary scales are set by the Treasury but are subject to negotiation on a national level with employee associations. There are no negotiations on a local basis. For administrative level work, candidates do take examinations and must be university graduates; university graduates with honor degrees are hired as "cadets" and promoted after a training period to a higher grade. For supervisory and executive positions, competitive examinations are usually given, but promotions are permitted without examination after an employee has served a required period of time, usually from 5 to 10 years.

Comprehensive training programs have been devised for all grades. These are administered under the direction of a full-time staff training officer responsible to the Director of Establishments. Each regional office has a staff training center with one or more full-time instructors supervised by a regional staff training officer. Every clerical employee goes through an initial three months of instructions, most of which is on-the-job, and includes a week's induction course at a training center. During training, placement personnel pay organized visits to business firms, and write reports on the visits and on the characteristics of industry in their locality. For all newly appointed

employment exchange managers, a special two-week residential training course is arranged.

Employment exchange officers are given special training on dealing with youth and the disabled. For example, newly appointed youth employment officers receive a week's introductory course, four weeks of on-the-job training, four weeks of specialized training at Borkbeck College, and, within six months thereafter, two weeks of an advanced course at a regional center. Three to six months after this, a short period of tutorial supervision is given by a Central Youth Employment Executive inspector.

Working Parties that have studied the employment exchanges and the Youth Employment Service have not been entirely satisfied with the training given its staff. They point to the need for (a) intensified training of all officers—placement, youth, handicapped—in industrial processes and recognizing the needs of employers, (b) expansion of residential training centers, and (c) follow-up and evaluation of training needs.

Budgeting

The budget process starts on the local level, where current work loads are analyzed and forecasts made of needs. Inspectors from the regional offices participate in this work by a process of "activity sampling" to validate budget estimates before they are sent to headquarters, the Department of Establishments, for consolidation and preparation of the budget. The Department of Finance coordinates this work for the Ministry of Labour, which presents the budget to Parliament.

There is indication that much more money will be needed

by the employment exchanges for modernization of buildings, establishment of separate facilities for placement services, and payment of professional staff so that the employment exchanges may function more fully as the cornerstone of an active manpower policy.

Image of the Employment Service

In Great Britain more than in other countries visited, the image of the employment exchanges has suffered. Many observers blame this on the welfare and insurance activities that the exchanges carry on side by side with placement work. Thus, ". . . this situation helps to project an image of the local employment exchange as a centre more closely associated with the financial succour of the unemployed than with the placement of those who are seeking opportunities for useful and productive work. However superficial this picture may be today it is unfortunately based on the wide-spread use of the employment exchanges for this purpose in the inter-war years and lives in the personal experience of many of those now in middle age. Moreover, in spite of the substantial expenditure of public funds on the construction of new premises and the strenuous efforts which have been made to improve those which date from before the second world war, there is no doubt that a number of employment exchanges still provide a depressing atmosphere. . . ." [5]

The recommendations made by the Working Party on the

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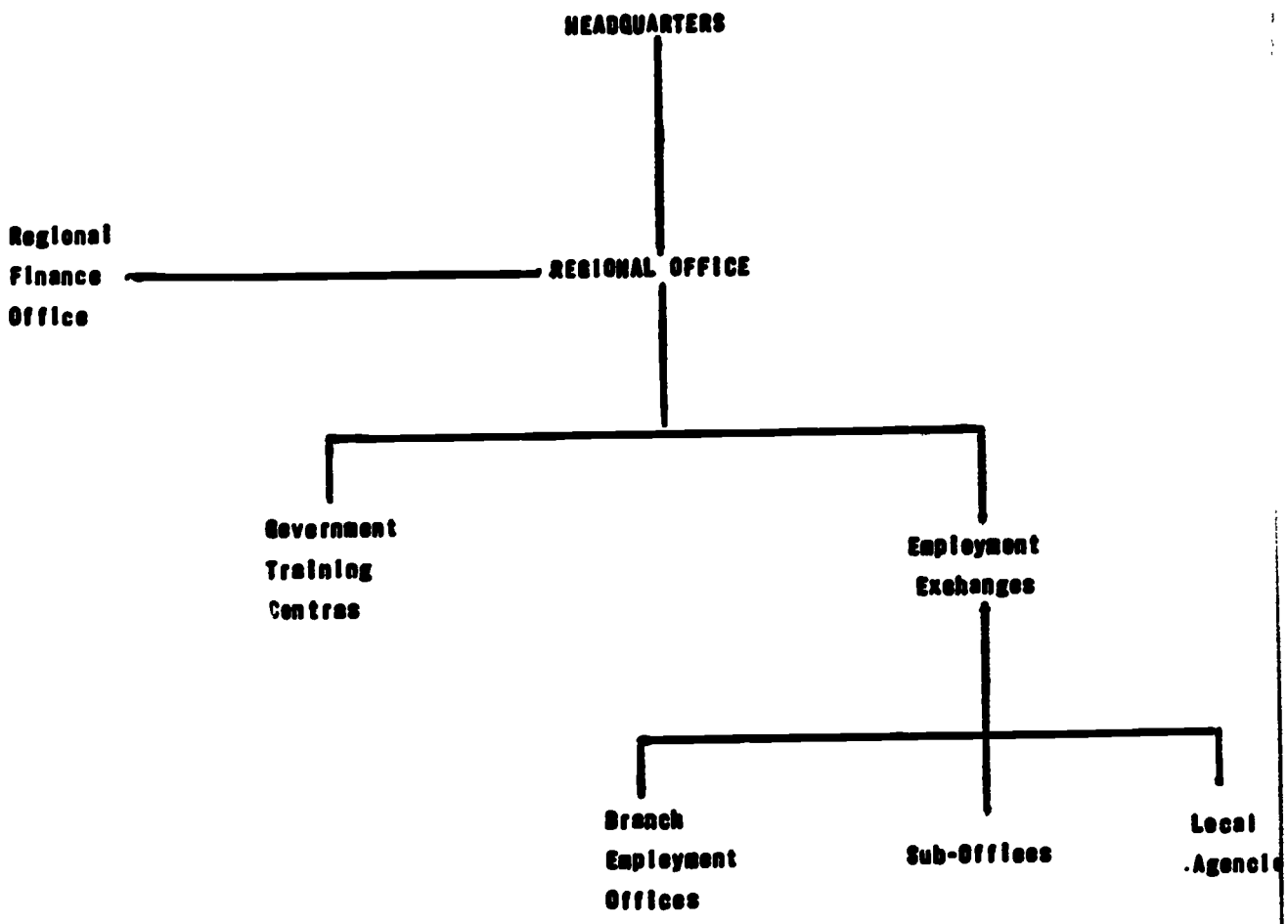
5 "The Public Employment Services and Management," International Management Seminar, Supplement to the Final Report, Organisation for Economic Co-operation and Development, Manpower and Social Affairs Directorate, Social Affairs Division, Paris, 1966, page 75.

Employment Services to alleviate this situation have already been mentioned.

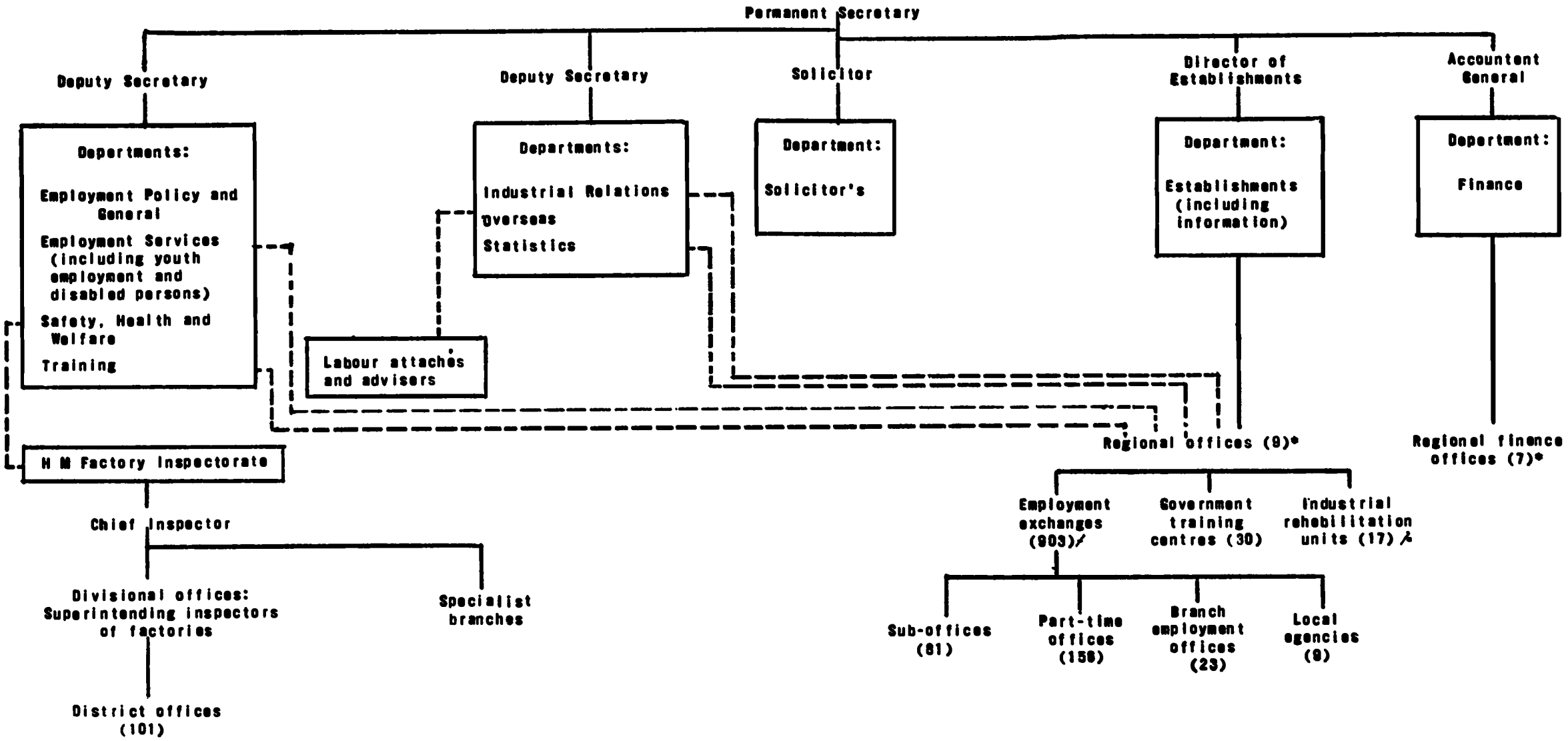
Also, Great Britain, as does the United States, contains a great number of private employment agencies which siphon off much of the executive, professional, and white collar placement work. Although such placements are not great numerically, they give the impression that the employment exchanges specialize in the recruitment of unskilled and semi-skilled workers.

CHART SHOWING THE ORGANIZATION OF A REGIONAL OFFICE IN GREAT BRITAIN



Source: Ministry of Labour

ORGANIZATION OF THE MINISTRY OF LABOUR IN GREAT BRITAIN (as of 1/1/66)



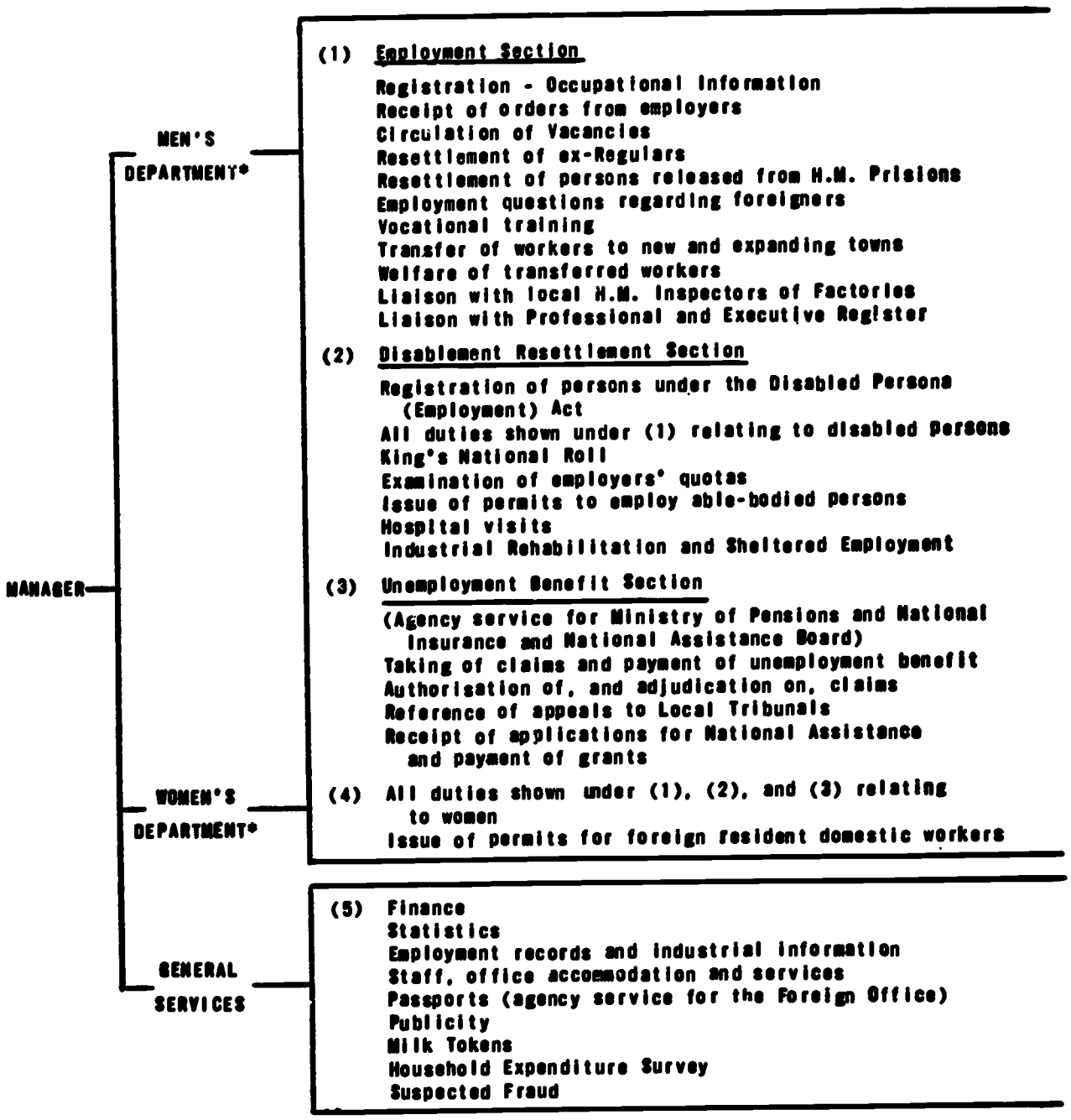
* Including Scotland and Wales

/38 exchanges provide a specialised service for those seeking professional and executive posts

/ Thirteen of these units are attached to government training centres

Source: Ministry of Labour

CHART SHOWING DIVISION OF WORK AT A TYPICAL LARGE EMPLOYMENT EXCHANGE IN GREAT BRITAIN



* There are no separate Men's and Women's Departments in the small or in most medium sized exchanges; many large exchanges no longer operate separate sections for men and women.

Source: Ministry of Labour

V FRANCE

BACKGROUND

Organization

With a population of 48 million and a labor force of over 19 million of whom 14 million work for salaries or wages, France is third in economic size among the 5 countries covered in this study.

The State Manpower Service operates within the Ministry of Social Affairs under an Assistant Director for Manpower who is responsible to the Executive Director of Labor and Manpower. Also in the Ministry of Social Affairs, and responsible to the Executive Director, is another Assistant Director who supervises the administration of labor laws other than those applicable to the public Employment Service and to accelerated adult vocational training.

The Assistant Director for Manpower coordinates four divisions: Employment Service, Vocational Training, Statistics, and Research and Forecasting.

In France, the operating unit of the government is the "department," a geographic district similar to a county. Therefore, the operating organization of the Service, fixed by the Decree of April 27, 1946, and by the Decree of April 20, 1948, is based on the departmental government framework. In each depart-

ment there is a Director of Labor and Manpower with two departmental services under his supervision, one administering the several labor laws and one administering the public employment offices. The latter, known as the Departmental Manpower Service, is under the supervision of a Chief of Manpower Service.

The Departmental Manpower Service consists of several sections which specialize as follows: employment problems, including inter-area clearance; aid to unemployed workers; vocational training; application of employment regulations to foreign workers; and placement operations.

The headquarters of the Service is in the capital city of the department. Branch local offices may be set up in other communities within the department; there are about 400 of these in France. Because the State Manpower Service is a regulatory agency, it must have a representative in every community, no matter how small. In a village which is too small to warrant the maintenance of a local employment office the functions of the Manpower Service are performed by the mayor.

A local Employment Service office may be sub-organized into units by occupation (farm labor, show business, professional, maritime labor, dock labor, etc.) or by category of jobseeker (youth, the handicapped, etc.).

The number of local offices within a department varies depending on the economic importance of the department; thus, there are 33 local offices in the Department du Nord, in addition to the headquarters office at Lille, while there are only 3 local offices in the Department du Tarn.

In the larger cities, specialized employment offices may be established to serve special clienteles. In Paris there are the following offices: Food Industry Office, Insurance Industry Office,

Building Industry Office, Hairdressing Industry Office, Leather Industry Office, Clerical Office, Sales Office, Hotels and Restaurants Office, Metal Work Office, Dress Industry Office, Taxi-driver Office and Household Employment Office.

For purposes of supervision, departments are grouped into regions; there are 21 of these. Each regional office is headed by a Regional Director of Labor and Employment. Ten of the 21 regional offices are equipped with research and vocational guidance units.

ADVISORY COUNCILS

Pursuant to the provisions of the Decree of April 29, 1948, each Departmental Manpower Service is advised by a departmental manpower commission consisting of representatives of labor, management, and government. The commissions are responsible for making a continuous study of the departmental labor market and forecasting future labor requirements. They meet at least once in every quarter for the purpose of writing or approving a labor market report. Such reports are cornerstones of French active manpower policy.

In addition, each specialized (by industry or occupation) placement office has its own advisory council, representing labor and management, which is responsible for making certain that placements are made in accordance with statutory provisions and regulations. Such committees also assist the specialized offices in finding jobs for unemployed applicants.

On the regional level, regional manpower advisory commissions have been established. These are similar in their composition to departmental manpower commissions, but their primary

mission is manpower research, the results of which are of particular value to the experimental Vocational Guidance Service.

The advisory system culminates in the National Manpower Advisory Commission which advises the Minister of Social Affairs.

Functions

PLACEMENT

In France, unlike the other countries studied, the public Employment Service is a regulatory agency. It has, by law, a monopoly in the labor market: the use of private employment agencies is prohibited, and the Employment Serice must approve every hiring transaction and every separation from employment. These regulations have existed since May 24, 1945.

The Ordinance of May 24, 1945, not only prohibits free hiring and firing but requires every employer to place a job order with the Employment Service whenever there is a vacancy in his establishment, and it requires every job-seeker to make an application at a public employment office.

The Ordinance also specified that, in general, private fee-charging employment agencies were to cease operating within one year; non-fee-charging private agencies were also banned and the creation of new ones forbidden.

The placement monopoly instituted by the Ordinance of May 24, 1945, does not preclude other methods of hiring. However, although the principle of direct recruitment is maintained, the public authorities are empowered to keep a close

watch over it. Before any openings or applications for work may be advertised in the newspapers, approval must be obtained from the State Manpower Service, except in the case of domestic servants.

The recruitment of workers is controlled in the following manner. Occupations are classified into three groups. In the "free" sector, consisting of domestic and agricultural occupations, direct recruitment is allowed automatically and unconditionally. The "supervised" sector, which includes the professions, is governed by a notification procedure: the State Manpower Service must be informed of any job offer made and accepted; the parties concerned are free to contract together without the assent of the public authorities but all agreements must be reported to the authorities. Lastly, in the "controlled" sector, which consists of the industrial, commercial, and craft occupations, the state plays a very active part. Before entering into any work contract, the employer must apply to the State Manpower Service for approval, stating the trade qualifications of the candidate and the name of his former employer. The State Manpower Service has three courses of action upon receipt of the application: to approve, to make further inquiries, or to refuse. If it does not make its decision known within one week, permission is deemed to have been tacitly granted. The time limit is reduced to three days when permission is requested by an unemployed applicant for work. Thus, the employer recruiting workers in this sector is not free to do as he pleases. He may choose his workers himself, but the authorities have the right to veto his selection.

A system similar to that of recruitment control applies to cases of separation from employment.

In 1965, the monthly intake of applicants for work averaged 75,262, while registered openings averaged 65,668, and the num-

ber of placements averaged 34,640. The French Employment Service estimates that its placement penetration rate is about 10 per cent.

Inter-Area Clearance

Local offices report daily all applications for work and all job openings to the Departmental Manpower Service. If the openings cannot be filled within the department, they are communicated to an inter-departmental clearance office which publishes them in a regional bulletin distributed to all local offices within the jurisdiction of the clearance office. A copy of this bulletin is also mailed to the Central Clearance Office in Paris.

The Central Clearance Office publishes those job openings which call for a relatively large number of workers and those which call for relatively rare skills in these publications: "Bulletin National de Compensation," which has a regular monthly publication schedule; and "Bulletin de Compensation Rapide," which is issued whenever any openings require prompt attention and mailed to the inter-departmental clearance offices to enable them to add such openings to their regional bulletins.

If a clearance opening is filled by an applicant-holding local office which is some distance from the order-holding office, the applicant may be entitled to a free transportation voucher.

The French system of inter-area clearance is now in the process of reorganization. It will be replaced in part by the establishment, scheduled for 1967, of Regional Exchanges and a National Exchange.

VOCATIONAL GUIDANCE SERVICE

Vocational counseling was initiated as an experimental program in 1962 (pursuant to Recommendations 83 and 87 of the International Labor Organization) in Lille, Lyon, Nancy, Nantes, and Paris, which are seats of some of the 21 regions. By 1966 this was extended to the seats of five additional regions.

The guidance service was established in regional centers, rather than in the Departmental Manpower Services or the local Employment Service offices, to enable these new organizational units "to function in the frame work of well-defined geographical and economic entities." [1]

Each guidance center consists of two sections: Counseling, charged with the responsibility of counseling job-seekers, after having made an individual study of their aptitudes and of the labor market situation in which they find themselves; and Occupational Research.

Each center is supervised directly by the Regional Director of Labor and Manpower and is staffed by qualified counselors, research analysts, employment interviewers, and documentary officers (to obtain an authoritative record of results and achievements).

The Regional Director is, at the same time, the Permanent Secretary of the Regional Manpower Advisory Commission which works closely with the guidance center.

Guidance services are available to all workers over 17 years of age. However, staff limitations and the experimental character of the program have necessitated concentration of efforts on

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1 Report by Mlle. D. Provent to the National Manpower Advisory Commission at its meeting on April 23, 1963.

young ex-servicemen returning from compulsory military service to private life. In 1965, 13,712 counseling interviews were given to young people, mostly veterans.

It had originally been planned to expand the guidance service to cover all parts of France, but due to budgetary limitations, it was determined, in 1966, that it was more important to reorganize the inter-area clearance system and budgetary resources were diverted to that end.

Staffing

On May 1, 1964, the staff of the State Manpower Service consisted of some 7,900 positions, of which 5,400 were in the public Employment Service proper and 2,500 were in the Manpower Service sections devoted to accelerated adult vocational training. The executive staff consisted of some 360 positions. In the departments, there were 115 chiefs of manpower and 1,192 Employment Service managers. The staff of the local offices consisted of 2,000 professionals, 140 field men, 730 clerks, and 475 stenographers and typists. Some 280 specialists were employed on a contract basis to provide special services; for example, social welfare for North African workers.

Employees of the Service are recruited by means of civil service examinations. However, to implement the reorganization of the inter-area clearance system, it is planned to hire 279 new interviewers in 1967 solely on the basis of education and experience. These 279 will be contract employees without civil service status.

Salaries paid to Employment Service staff in France do not compare favorably with those paid for similar work by private

industry; civil service security or tenure compensates in part for this disparity. However, turnover is high in some categories; thus, there is a 45 per cent annual turnover rate in counseling and vocational guidance positions.

Budget

The budget request moves upward from the budget office of each division of the Ministry of Social Affairs to the General Administration and Budget Offices of the Ministry. The Minister of Social Affairs in consultation with these staff offices determines the budget amount. The request then moves to the Ministerial Council for approval and is finally introduced in Parliament.

OBSERVATIONS

Organization

Before commenting on the organization of the French Employment Service, it should be emphasized that in France manpower policy is an integral part of the centralized general economic plan for the entire economy. Manpower measures contributed significantly under earlier plans (First Plan of Modernization and Equipment, 1947-53; Second Plan, 1954-1957; Third Plan, 1958-1961) to the reconstruction and growth of the French economy following the war years. The Fourth Plan, for the period 1962-1965, called the Plan for Social and Economic Development, included social objectives; the Fifth Plan, now in operation, covers economic and social objectives up to 1970.

Responsibility for such plans is assigned to the General Commissariat for Planning, the top civil service planning authority in the government, which is aided in this function by other groups such as Moderinization and Equipment Committees consisting of representatives of government, unions, employers, and experts; a General Economic and Financial Committee, and the Manpower Commission. This last is responsible for determining the conditions needed to maintain full employment and increases in labor productivity, forecasting trends in each industry, and projecting manpower requirements. Employment Service representatives are especially active in the work of the Manpower Commission. Representatives from the Ministry of Social Affairs, the parent organization of the Em-

ployment Service, and of other ministries, together with members drawn from universitites, unions, and industry serve on this Commission. In the Fourth Plan, emphasis was given to the preparation of manpower requirements for 21 regions as the forerunner of programs for industrial development and labor mobility in such regions.

Other government agencies participate in the final adoption of a Plan. These include the Higher Council of the Plan, the Economic and Social Council, the Council of Ministers, and Parliament.

Especially germane to the present discussion of organization of the French Employment Service in the light of the direction being taken by the national plans, is the feeling of French experts that its Employment Service structure is outdated. It is still "department" oriented—and there are 92 such departments —when the trends call for organization on a more effective regional and national basis. Plans, therefore, for restructuring the French Employment Service in line with such needs are under way.

Functions

The French Employment Service since its reorganization some 20 years ago has had 4 essential functions:

- The placement of workers.
- The recruitment and placement of trainees in adult training centers.
- Referral to work of foreign laborers.
- Registration of recipients of unemployment relief.

Since then these functions have been substantially expanded to include:

1. Placement of all workers, including inter-area clearance activities. Placement monopoly was granted by decree in 1945.

2. Approval of hiring transactions and separations from employment.

3. Establishment of immigration policy in connection with use of foreign labor.

4. Vocational guidance and vocational information in Vocational Guidance Centers and Information Offices. During the course of the Fifth Plan, it is expected that this function will be further developed.

5. Collection of labor market information, including collaboration on a central level with the various commissions of the Plan Secretariat, especially the Manpower Commission.

6. Specialization in placement of certain categories of applicants—especially youth and the handicapped—in certain large cities.

7. Cooperation with the Regional Development Authority and the Ministry of Agriculture in the development of training plans which take into account regional or sectional economic trends and agricultural developments.

8. Cooperation with the Ministry of Defense for counseling of young soldiers.

9. Implementation of the directives of the Economic Community of Coal and Steel.

10. Cooperation with the authority administering the supplementary plan of unemployment benefits created as of December 31, 1958.

11. Cooperation in administration of the provisions creating the National Employment Fund.

It would appear that France has much to do in its quest to modernize the Employment Service to fulfill the modern concept of the Service as the cornerstone of an active manpower policy. It has lagged behind in such important functions as vocational guidance and adequate service to special groups of applicants with employment problems. Its inter-area clearance system leaves much to be desired. It suffers from lack of staff and inadequate funds. West Germany, Sweden, and the Netherlands have superior systems.

But in one function, the French system excels: the caliber of adult training. Responsibility for adult training is under the same roof as that of the Employment Service. (More is said below on the subject.) Furthermore, a specific objective of the Fifth Plan is to increase the capacity of adult training centers from 51,500 to 74,500 persons. Also, the National Employment Fund, created in December 1963 to help workers affected by technological change adjust to new job requirements, provides allowances for training and relocation; displaced workers willing to undertake retraining are guaranteed at least 80 per cent of former regular earnings.

PLACEMENT

It has been noted that since 1945 the French Employment Service by law has had a monopoly in the labor market. This should not be interpreted to mean that all placements in France are made by the Employment Service. In fact, it is estimated by the French that only about 10 per cent of total job openings are filled in this way. Advertisements in newspapers (permission in almost all cases is readily granted by the Employment Serv-

ice) and referral of applicants to employers by their other employees are the two chief sources of recruitment. While private fee-charging agencies by law are on the way out, private non-fee-charging agencies, especially those maintained by employer associations or craft unions, still make a substantial number of placements.

The regulatory features of the French system—which include the requirement that all applicants for work register with the Employment Service and that the Service approve every hiring transaction and every separation from employment—were adopted after World War II in an attempt to permit orderly control of labor markets and the channeling of workers into occupations where they were most needed. However, although applicants register perfunctorily, very few are inclined to use the Employment Service. Similarly, the Service may delay dismissals from employment but eventually gives its approval.

French Employment Service officials are unhappy about the low 10 per cent penetration rate, especially since there are no competing private fee-charging agencies, and about their inability to play the role anticipated for them by law. Inadequate staffing, poor office facilities and a negative public image appear to be the basic reasons for this state of affairs.

Inter-Area Clearance

While it is true that an inter-area clearance system was introduced in 1949, it has not been effective for a number of reasons, among them: inadequate staff and inadequate number of offices; orientation of the Service and its staff on a department

basis; and unwillingness of workers to relocate. Again, French Employment Service officials are highly conscious of the deficiences of the present system, which are connected with other inadequacies in operation of the placement function, and it is hoped that in 1967, among other improvements, the staff of employment interviewers can be substantially increased. A proposed national exchange program would move toward achievement of an active manpower policy by providing information on employment opportunities, and performing orientation and placement services at the local, regional, and national levels. At the local level, some 500 mobile offices would represent the basic cell of the new machinery. The whole country would be blanketed by these mobile offices, each of which would have three agents provided with adequate means for a fast exchange of information on job openings and job applications. At the regional level, clearing offices would be established in Lille, Lyon, Toulouse, and possibly Marseille, with the responsibility of circulating information on job vacancies and openings throughout the region. At the national level, an office located in Paris would administer the program and coordinate the action of local and regional offices. To give more flexibility to the system, the Ministry of Social Affairs would assign priority to employment agents (*placiers*) rather than to machines. In this connection, it is interesting to note that use of electronic equipment was experimented with in a regional clearance program in Lille. The result was very costly and not as satisfactory as expected.

Further plans call for increased use of the National Employment Fund to encourage labor mobility: for example, work search allowances, free transportation, double residence compensation, occupational conversion benefits, and subsidies to cover the cost of moving.

Recruitment of Foreign Workers

Because of full employment, France has had to rely on foreign workers to compensate for manpower shortages. In 1965 there were 1.5 million foreign workers in France, roughly 8 per cent of the labor force.

In this area the Employment Service works closely with the National Immigration Office. Before an employer can recruit a foreign worker, he must obtain the appropriate clearances. The system is controlled through working permits issued to foreign workers; no employer can employ or continue to employ a foreign worker who lacks a suitable permit. Furthermore, such approvals are specific, containing the trade category, occupation, and geographic area in which the worker may be employed.

ADULT TRAINING

Although this subject has been treated most adequately in Victor Martin's "Accelerated Vocational Training for Adults," and Margaret S. Gordon's "Retraining and Labor Market Adjustment in Western Europe," a synopsis is provided here to show the increasing attention given in France to meeting the problems of workers with no skills or obsolete skills, and the unique character of the organization for this program.

Accelerated vocational training (AVT) was expanded sharply beginning in 1949 with the establishment of ANIFRO (Association Nationale Inter-professionnelle pour la Formation Rationelle de la Main—d'Oeuvre). Under the jurisdiction of the Minister of Social Affairs and financed by the government, this

private association, whose board is comprised of representatives of the Ministry of Social Affairs, employers, and unions, directly administers about 115 training centers and supervises private centers set up by industry or trade associations. ANIFRO also operates the Institute de Formation Professionnelle that trains instructors, supervises the technical work of the centers, and draws up syllabi.

Instruction is given in about 105 different trades, and especially in engineering, construction, chemical, textile, and iron and steel industry occupations. The essential point is that trained mechanics are turned out in from 4 to 6 months, and skilled technicians in from 10 to 12 months. The emphasis is on acceleration, and the most advanced methods of instruction and the most up-to-date materials and equipment are used.

Normally, candidates range from 17 to 40 years of age although younger workers may enter. They must pass entrance tests and a medical examination. All trainees receive basic training allowances.

Each year more trainees have been admitted: 34,929 in 1963, 39,063 in 1964, and 42,541 in 1965; as stated previously, present plans call for extension of facilities to a capacity of 74,500.

LABOR MARKET INFORMATION

Labor market information is gathered chiefly under the auspices of regional manpower advisory commissions. It is used principally for the orientation of job-seekers who are not settled in their professions, and for the support of proposals which

emanate from, or may in the future dovetail into, the National Five-Year Plan.

The main set of statistics which is regularly published—in the "Revue Francaise de Travail," the official periodical of the Ministry of Social Affairs—is based on a quarterly survey. This is a sample mail survey of employment in 35,000 establishments which together employ around 5 million workers. The resulting statistics denote the number of employees by industry, hours of work, extent of underemployment (by industry), wage levels (by sex), occupational distribution, monthly earnings of workers (an index number series), and hourly per capita earnings in selected industries.

Unemployment statistics are based on the number of applicants for work registered with the public Employment Service.

Staffing

Classifications of personnel in the French Employment Service include: labor inspectors, labor controllers, assistants, bureau agents, auxiliaries, and contract employees. Employment Service personnel are public employees recruited by competitive examinations. For promotion there are also competitive examinations. An interesting deviation: one-ninth of the positions may be filled without examinations or on the basis of seniority. However, there is feeling among French officials that the recruitment base should be more flexible, and additional staff—279 interviewers in 1967—will be appointed on a contract basis as distinguished from civil servant appointments. These employees will be hired on the basis of prior training and experience. On a regional level, occupational research and voca-

tional guidance positions are also filled on the basis of prior training and experience and by contract.

Although salaries are generally lower than in private industry, there are some exceptions in higher professional and managerial jobs. As a result, turnover is large in the entry jobs (auxiliaries), mainly those filled by women, and small in higher categories. Large turnover, however, exists among occupational research workers and counselors, 35 and 45 per cent respectively. Such professionals find jobs readily in private industry and non-profit organizations.

As a whole, considerable difficulty has been experienced in recruitment over the past 12 years because of superior opportunities in private industry. However, the supply of young workers born after the last war may eventually ease the pressure.

As in other European countries, civil servants do not bargain about wages and working conditions on local levels. Central labor unions arrange this on a national basis.

Image of the Employment Service

Officials of the French Employment Service are constantly embarrassed by the low placement penetration rate: 10 per cent compared to 20 and 25 per cent in other European countries. In part, this is due to the poor image of the Employment Service. A survey of 100 firms made by French observers and reported on in the "Sociologie du Travail" for January 1964 indicates the marked hostility of many employers. Some use the Employment Service only for unskilled men and semi-skilled women; 61 per cent said the Service did not send reliable workers; 48 per cent regarded it as inefficient; 20 per cent said the

Service was useless because the workers themselves by-passed it.

French officials themselves admit that the staff of the Employment Service is inadequate in size and mediocre in quality, and that the offices are badly housed and insufficiently equipped.

SOME NOTES ON YUGOSLAVIA

BACKGROUND

Yugoslavia has a population of 19 million and a work force of almost 9 million. Of the 9 million workers, fewer than 4 million work for wages or salaries (small farmers, who work their privately-owned land and sell part of their produce to local workers, comprise a large part of the remainder).

The public employment offices in Yugoslavia are administered along a state-federal organization plan, similar to that utilized in the United States. Yugoslavia is a federation of six republics: in each, there is a Department of Labor, under a Secretary; a Labor Inspectorate, under an Inspector; and a Labor Exchange, under a Director. On the federal level, the supervision of the public Employment Service is centered in the Secretariat of Labor, under a Secretary of Labor.

Attached to the federal Secretariat of Labor, but largely independent of it, is a federal Labor Inspectorate, which is an internal audit unit responsible for periodic survey and evaluation of the administration of the state-federal system, including the state-federal Employment Service. Under the Labor Inspection Law adopted in 1959, the enforcement of labor standards, including conditions of employment, is in the hands of local officials.

Within this organizational framework, public employment

offices operate under the provisions of the Law on Workers' Employment Service enacted in 1960. Employment offices may be local (in a municipality), or there may be a district employment office, or a central employment office in the governmental seat of the respective republic. Each employment office is responsible to the governing body of the jurisdiction, the municipal or district assembly. Since each office is, in this manner, directly responsible to its constituency, there is no need, in this system of administration, for advisory councils.

The functions of each employment office include: placement, payment of unemployment insurance benefits, assistance to the schools in providing vocational guidance, and provision of vocational training and retraining.

The placement function is performed as a free service in a free labor market. Although employers must list all openings with the local employment office, they are not obliged to hire applicants referred to them, and may conduct their own recruitment. Similarly, job-seekers are expected to register for work at the local employment office, but are free to contact prospective employers directly.

Each local office is required to keep the following registers:

- Job vacancies, with a special indication of those open to apprentices and to physically handicapped workers;
- First-in-the-lifetime jobseekers;
- Unemployed workers who have been separated from employment;
- Foreign workers employed in the local office jurisdiction.

When a worker is hired, a labor contract is executed (this may be done orally). Such contracts are not reviewed by the public Employment Service, but labor contracts involving foreign workers, of which there are only a small number, must be

registered at the state (republic) Employment Service headquarters and approved by the federal Secretariat of Labor.

Much of the work-load of the public Employment Service consists of recruitment of workers, chiefly unskilled labor, for work in other countries of Western Europe, principally West Germany.

Foreign and inter-republic recruitment is facilitated by a system of inter-area clearance. All job vacancies which are not filled locally are reported to the federal Secretariat of Labor (through the intermediary of the republic headquarters office) which publishes information on them in monthly, semi-annual, and annual bulletins.

In June 1966, there were 118 local and district employment offices and six republic headquarters offices, all under technical supervision of the federal Secretariat of Labor.

The Employment Service system is financed out of the proceeds of a worker contribution which varies from 0.2 per cent to 1.0 per cent of gross wages, averaging 0.4 per cent for the country as a whole. This contribution pays not only for the administrative cost of the Employment Service but also for unemployment insurance benefits and for costs of accelerated adult vocational training facilities and allowances. (The cost of travel for workers recruited from a distance is paid by the hiring employer.)

OBSERVATIONS

Because of the brief length of time spent in Yugoslavia, observations about the Employment Service are fewer than for

other countries studied. However, there are several items of interest.

First, a network of employment offices covering Yugoslavia and operating, as explained, on a decentralized basis in each of the six republics does exist. Policy decisions affecting the Employment Services are also decentralized and are, to some extent, in the hands of councils representing the workers, an arrangement different from that in Western European countries.

Employment Service offices cover the major functions of payment of unemployment insurance benefits, vocational guidance, and placement; they are organized under such sections.

Until recent years, no placement of workers in private industry was permitted except through the Employment Service. However, in line with a change in policy based on the principle of a free labor market, employers may hire—and employees may seek work—through other channels. (However, for most management jobs in the socialist sector of the economy, a competition must be held involving at least three candidates and the final decision is made by the workers' councils.)

In placement work at the Employment Service, a system of preference exists in that the long term unemployed are served first, and special efforts are made to place the disabled, who, by law, must make up a specified percentage of an employer's work force. The Employment Service takes pains to emphasize that no placement preference is given because of political party affiliation. Nor is there racial discrimination to any large extent. The present government appears to have had a considerable measure of success in eliminating the strife between component nationalities—Serbs, Croats, Slovenes, Macedonians and Montenegrins—that existed over the years.

Yugoslavia is in the midst of rapid industrial growth, the

gross national product increasing in recent years at the rate of 13 per cent annually in real terms. This has resulted in a radical shift from an agricultural economy to a medium-sized industrial economy: before World War II 75 per cent of the work force was engaged in agriculture; today only 40 per cent are so employed. As a result, provision had to be made to absorb a surplus of agricultural labor. Inability to make the transition rapidly is one reason for high unemployment but, to some extent, this has been alleviated by the policy of arranging for Yugoslavs to work in other countries. It is estimated that there are now about 300,000 such workers employed abroad. The Employment Service handles the work connected with the orderly emigration of these workers.

Yugoslavia has recognized that it must improve the caliber and skills of its work force. For example, in 1965 the government ran 110 programs for 2,800 trainees in shortage occupations, only a small beginning involving the outlay of $152,000. The interesting note is that this year the outlay is $560,000. Allowances are paid to trainees.

The inter-area clearance machinery in Yugoslavia has been mentioned. The problems of mobility have been studied by the government, and Yugoslavia recognizes that one of the chief impediments to relocation of labor is the shortage of adequate housing. A system of incentives exists to facilitate relocation.

Also, the level of education is improving. Previously, eight years of schooling was compulsory; this is slowly being raised to ten. In 1965, 95 per cent of the students desired to continue beyond their elementary school education. Not all could be accommodated. Thus there now is emphasis on increasing the number and caliber of secondary schools, especially secondary polytechnical schools.

Yugoslav authorities showed great interest in the descriptions given them of the Employment Service in the United States and of the many programs under way in the United States and Europe to correct unemployment and the imbalance of manpower. It would seem that, although the term is not used, Yugoslavia, in a measure, has already introduced an active manpower policy and that its Employment Service is pursuing its implementation. Yugoslavia has observer status in the Organisation for Economic Co-operation and Development, the international agency that has been in the vanguard in fostering the active manpower policy.

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