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The Future of European Training: Institutions and Politics

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Developments in Germany are of interest because of the country's size, location and history. We need to understand public policy in Germany because Germany is a key international partner and because German preferences will continue to be an important ingredient in the formulation of EU policy regimes. Sometimes German solutions to pressing policy concerns are important because they have a "model" character. This is not necessarily a matter of praise or emulation. Indeed, German solutions may be untransferable or undesirable. Nevertheless, the constellation of institutions and practices that makes up Germany's "social market economy" provides the researcher with an unparalleled real time laboratory in organized capitalism. Over a variety of policy issues, comparison with Germany illuminates advantages and disadvantages of options that would not easily come to mind if the German "case" did not exist. Industrial relations, financial institutions, health-care reform, pollution abatement, intergovernmental relations, immigration, and employment training are just a few of the sectors for which a German component might pay high dividends to policy analysis.

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INTRODUCTION

As we enter the twenty-first century, the politics of work is becoming increasingly focused on education and training. Training-related concepts are assuming greater prominence across the political spectrum. The German Greens call for new forms of skilled work (“*neuen Facharbeit*”) compatible with more humanly and environmentally sustainable employment for all (Wolf 1999). Welfare-state defenders consider training an increasingly important tool of “active labor market policy” designed to maintain employment (Rothstein 1992). Social Democrats favor a “social investment strategy” while labor unions and other labor allies focus on “workplace learning.” Those who see shared culture as fundamental stress “social capital.” Centrists favor a “learning society” (Carnegie 1973; Crouch, Finegold, and Sako 1999; European Commission 1996) while libertarians, *Bildungsbürger* and social-market liberals, with their respective concerns for individualism, self-cultivation, and subsidiarity, are more likely to speak in terms of “lifelong learning” (Hayes 1998; Rowley, Lujan, and Dolence 1998). Those with a technocratic bent support “workforce development” (NIST 1998; U.S. Senate 1995) while allies of big business tend to be most interested in “the learning organization.” Neo-liberals express their preference for purely market-based arrangements by emphasizing “human capital” (Becker 1993) while economic elites gravitate to “high performance” workplaces and organizations. Even xenophobes appear to be gaining a greater voice, at least from Jürgen Rüttgers, former German Minister of Education who recently led a campaign for “more training instead of more immigration” (a.k.a. “*Kinder statt Inder*”). Those who have no interest in joining these debates can nonetheless find themselves, whether as social conservatives (Schlafly 1997) or leftists seeking “social emancipation” (Kurz), forced to decry the degree to which training has captured general discussion. Training is becoming one of the hot-button issues of our time, and political forces from all sides are gathering to stake their respective claims and objections.

Of course, no segment of political opinion can hold a monopoly over any of these training-related terms; any of these concepts can themselves become objects of political contestation (Mason 1990). Partisans from all sides could speak of “lifelong learning,” for example, yet do so in support of quite different political views. Terminology is not

destiny. What matters are the underlying views of where the economy is or should be headed—e.g., full employment or “manufacturing matters” or “the new economy”—and the degree to which training has become the lens that focuses these larger debates.

Older issues in the politics of work have, therefore, not disappeared. On the contrary, the turn to training has been accompanied by a turn away from the cold war settlements of issues such as *employment*, *working conditions* and *benefits*, and the turn away from cold war settlements has re-opened the old cleavages, albeit in some new ways.

- 1) A more polarized debate on the value of employment is emerging, especially in the U.S. Instead of Roosevelt’s “work for everyone who wants it,” more recent approaches treat work as either so intrinsically and universally beneficial that even aid to single parents should take the form of “workfare” (Ellwood 1996; Rose 1995) or so scarce that social policy should abandon the goal of “full employment” in favor of greater full-time participation in “civil society” (e.g., Rifkin 1995).
- 2) Working conditions have become transnational rather than national issues. The rise of sophisticated cross-national production networks has revived discussion of basic labor standards (“sweatshops”) within even the most advanced industrial countries.
- 3) Unemployment benefits are in retreat. Workers have long been far more assimilated than in the days when class differences in Europe and immigrant communities in the U.S. were strong enough to support vigorously independent labor unions. Bismarck had introduced innovative social insurance policies in order to forestall working class revolt, but unions today pose no such threat. Whatever influence they exercise is foremost in proportion to hard-won gains in institutional participation during earlier generations.
- 4) With the collapse of the Soviet Union, the political spectrum in all countries has been compressed. State provision of social services has been partially discredited even among those on the left, while the originally hawkish and right-wing attack on welfare-state commitments begun in the last years of the cold war has since become mainstream.

Nonetheless, even more significant than the sometimes drastic changes in these older work-related issues is the appearance of a new set of issues driven by the fact that as the importance of training increases, the character of work also changes. Instead of a continued “degradation of work” (Braverman 1975), workers face at least equally strong pressures for **increased** competence, so that they can handle increasingly complicated jobs and even make incremental improvements to complex job routines (Zuboff 1988). Correspondingly, consumers, rather than undergoing a generalized “atrophy of competence” (Braverman 1975, p. 281), now shop in markets that are both more differentiated (Trout and Rivkin 2000) and more likely to be affected by strong network externalities (Katz 1985). Consumers who make early and “winning” choices can enjoy at least tacit opportunities to shape subsequent product evolution toward their own needs, thereby in effect becoming junior producers (what futurist Alvin Toffler once called “prosumers”). Consumers either sophisticated or lucky enough to make “winning” choices can reap disproportionate gains compared to late-adopters or those who choose “losing” network standards (Greenstein 1992).

In short, instead of increasing division of labor, rising workplace anomie, and a general dumbing-down of consumption, many people in the advanced economies face incentives to develop more flexible and broader workplace competencies, more closely-knit workplace networks, and greater expertise as consumers. Capitalism, production, and consumption all compel more integration than either a classic-liberal **or** a Marxist view of capitalism would have led us to expect, whether within shopfloor “teams,” inter-firm alliances (e.g., Japanese *keiretsu*), or standards-based product markets prone to “tipping.”

Social critics can still find plenty to decry about training in this “new economy”—even in its apparent strengths. Workplace flexibility can undermine occupational identity, an important resource not only for the development of an integrated personality but also for countering those who are more wealthy or powerful. Workplace “teamwork” can develop to the point that workers cease to have any refuge from the demands of work, e.g., when a company installs and monitors corporate computers in the homes of every employee. Developing increased consumer expertise is another form of training and can take time and resources away from other pursuits that might do more to increase scientific knowledge, social capital, civic culture, public welfare, or general well-being.

The increased importance of training is changing the politics of work in ways that track larger changes within capitalism. Welfare-state capitalism is being replaced neither by a return to the free-market capitalism envisioned by paleo-liberal followers of Adam Smith nor by the “monopoly capitalism” and imperialism analyzed by Marxists. Instead, we increasingly have, at least for now, a global (often regionally-partitioned) form of semi-competitive, semi-cooperative oligopoly capitalism. A growing number of states in the advanced industrial countries, concerned about national “competitiveness,” now offer support to “their” workers or “their” firms in global oligopolistic competition. Welfare-state deregulation is accompanied by **competition-state** reregulation.

Training is becoming a leading tool in each state’s competition policy as nations attempt to use training to create comparative advantage in economic competition. These policies are shaped not only by the rising tide of political claimants and objectors, but also by the nationally-rooted institutions for occupational education and training that already exist. In all countries, both state policies and social preferences must contend with the existing institutions. This process is more complex in Europe, where the future of training is being shaped by EU (and national) policies that must contend with an especially broad range of national institutions and social preferences.

In addition to an unusual degree of internal diversity, training in Europe is confronted with competitive threats from outside Europe. Germany’s strengths in “diversified quality production” (DQP) were underwritten by reforms in national training institutions during the 1970s (Offe 1975; Streeck 1991), but DQP itself faces new competitive threats from “flexible customer orientation” (Baethge 1998). Similar challenges face other approaches to training in Europe. Whether separately or jointly, Europe’s existing approaches to training face strong external competition, especially from Japan and the U.S. The range of training institutions within Europe is great, yet Japan and the U.S. each illustrate alternative ways of providing training, each of which has proven strengths in economic competition. For some observers, the future of training looks Japanese and American.

OVERVIEW OF TRAINING INSTITUTIONS

Existing institutions, however, suggest a different story. One of the most basic characteristics of an educational system is the degree to which students are in specialized occupational education or in generalist education.¹ Although this difference is a matter of degree, European training approaches are clustered on one side of this institutional divide while Japanese and U.S. approaches are on the other. The historical origins of this difference may lie in the distinctly European legacy of the “estates state” (*Ständestaat*), which provided a measure of autonomy to lower classes vis-à-vis the nobility during a period stretching from the thirteenth to the late eighteenth century. By contrast, Japan’s *bushi-no-ko-sho* class structure (samurai-farmer-craftsman-merchant) amounted to only a partial estates system, and its traces were doubly effaced by the Meiji “revolution from above” and the U.S. occupation’s reform of the Japanese education system after the Second World War. Specialized agricultural, industrial, and commercial high schools still exist in Japan, but they attract only a shrinking minority of Japanese students. Estates representation had even fewer traces in the U.S., which began as a set of colonies only after the estates system was already in decline in Europe.

Whatever the historical explanation, occupational education plays a much larger role in Europe than in Japan or the U.S. Ignoring for the moment several differences important for a finer-grained interpretation, one can say that every European country sends the majority of its secondary school students through occupational education and training.² The overall proportion of secondary school students passing through an occupational track in France is 53 percent, in Britain 58 percent, in Sweden 63 percent, in Italy 73 percent, and in Germany 78 percent (BMBF 1996, p. 440).

¹ The age for identifying these differences is that age at which pupils within a given country tend to make their first major choice between work and further schooling. In many developing countries today, this point is still at the conclusion of primary school, while in more advanced industrial countries, this point is reached only in the middle, or even at the conclusion, of secondary school.

² I intend the word “occupational” (other authors prefer the locution “technical and vocational”) to refer to the whole range of instruction and training oriented toward workplace knowledge, skills and practice. This includes, but is not limited to, such approaches as the German “dual system” of apprenticeships and school-based “vocational education” in the U.S.

In both Japan and the United States, by contrast, the majority of secondary school students are in general education programs.³ The Japanese proportions are almost the reverse of those in Germany: in 1994, 72 percent of Japanese secondary school students were in general education, while only 28 percent were in occupational education (BMBF 1996, p. 440). The United States—which has a lower proportion of high school age students in occupational education than does any other advanced industrial country—goes even further than Japan in emphasizing general education over occupational education. A mere 12 percent of U.S. secondary school students were in “vocational education” programs in 1993, while the overwhelming majority were either in general education (45 percent) or in college preparatory courses (43 percent) (NCES, p. 137, Table 135). The U.S. drift away from occupational education at the high school level had become so pronounced by 1999 that President Bill Clinton’s State of the Union address proclaimed, “we have opened the doors of college to all” (*New York Times*, Jan. 20, 1999, A22).⁴

The difference between predominantly general or occupational education affects not only what skills are acquired, but also what can be done with them. This is because countries where occupational education predominates, as in Europe, are also those that tend to offer certified and therefore “portable” skills. On the other hand, countries where general education predominates, as in Japan and the U.S., are also those less likely to offer broadly recognized certification while more likely to confine occupational training to skills that are not “portable” beyond a given organization. In short, educational systems where general education predominates do not tend to have well-developed occupational certification. Japan, for example, has “national skills tests” (Dore and Sako 1998), but these tests certify particular competencies, not overall occupations. Leading

³ The only European countries where the majority of secondary school students were in general education were Spain (59%), Greece (66%), Ireland (77%), Portugal (77%) (BMBF, *Grund- und Strukturdaten*, 1996/97, p. 440). General education predominates in these countries in part because dropout rates for young people aged sixteen to eighteen are extremely high -- as in Greece (34 percent) or Portugal (35 percent). In addition, an historical lack of attractive vocational education opportunities presses an unusually high proportion of those staying in school to choose general education, as is more the case in Spain and Ireland (European Commission, *Key Data*, p. 21).

⁴ Supporting his assertion, Clinton cited “more affordable student loans, more Pell grants and work-study jobs, education IRAs a lifetime learning tax credit for junior and senior and year of college, and the new Hope Scholarship tax cut that more than 5,000,000 Americans will receive this year” (*New York Times* 20 Jan. 99, A22).

Japanese firms not only face no external obligation or incentive to use the national skills tests, they often develop internal skills testing that supplants the national tests. The National Skills Standards Board in the U.S. aims for a similarly modular approach to skill development. No overall framework for defining and certifying occupations exists in either Japan or the U.S. In Europe, where occupational education predominates, certification of occupations is better developed and skills are more “portable” from one employer to another.

European countries show substantial variation in the proportion of youth that enter **neither** general nor occupational education. The proportion of secondary-school age youth leaving school immediately to seek full-time employment varies widely within Europe. Immediate employment seekers (“high school drop-outs”)—defined as those between sixteen and eighteen years of age not in education—constitute a substantial fraction in several European countries: Greece (34 percent), Portugal (35 percent), the United Kingdom (29 percent), Spain (27 percent), Ireland (22 percent), Austria (19 percent), and Denmark (18 percent) (European Commission 1997, p. 21). In the United States, the proportion of those aged sixteen to twenty-four who had left high school without finishing as of 1996 was 11 percent (NCES, p. 111, Table 103). Immediate employment seekers are those most likely to labor with little or no training whatsoever. Even when offered a “trainee” status, the employer’s objective may be less to provide training, than to facilitate the cost reductions possible through use of cheap and malleable trainee labor. Finally, any training actually received by laborers entering the workforce with only rudimentary prior education is likely to be oriented either toward remedial general education or only the most immediate, non-portable, skill requirements of relatively simple jobs. A large pool of early school leavers creates pressures in favor of low-skill strategies within the larger economy. In other European countries, by contrast, the proportion of early school leavers is almost negligibly low, and pressures for low-skill strategies are correspondingly reduced.

Beyond differences in the proportion of school leavers, European countries have different approaches to occupational education. Perhaps the primary institutional difference is the degree to which occupational education is school-based, workplace-

based, or some combination of the two (cf. Lynch 1994).⁵ Successfully addressing this difference has become a key issue for the future of training in Europe, so it is worthwhile to discuss this difference in greater detail.

School-based occupational training serves a bigger proportion of students than workplace-based training in most of Europe. Britain has 54 percent in purely school-based training, and the Netherlands has 65 percent predominantly in schools (unlike in Britain, 58 percent receive some workplace exposure). Italy, Ireland, and French-speaking Belgium all have roughly 66 percent of occupational trainees in purely school-based settings, Luxembourg has 77 percent, and France has 78 percent in predominantly school-based training. Countries with extremely high proportions of exclusively (or almost exclusively) school-based occupational education are Portugal (91 percent), Greece (92 percent), Spain (92 percent), and Finland (100 percent) (European Commission 1997, p. 69). Of course, given the substantial institutional differences within and across countries, these comparisons are at best approximate.⁶

The opposite extreme, occupational education that is almost exclusively **workplace-based**, is relatively rare in Europe.⁷ Britain and Italy, as already mentioned, have large proportions of trainees in almost purely school-based training, but they are, in addition, the only European countries where almost exclusively workplace-based training was most significant. Indeed, Italian training is especially notable for the degree to which it relies upon the extremes, taking place either almost exclusively in schools (68 percent) or exclusively in the workplace (26 percent, the highest proportion for any country within Europe). In contrast with Italy, Britain has been experimenting with a variety of

⁵ This distinction between school-based and workplace-based does not apply to general education, since in all countries general education is something that takes place in schools. However, although no such approach exists, a latter-day John Dewey could perhaps imagine a type of generalist education based on rotation through an extremely wide variety of workplaces and practical experiences.

⁶ In Italy, for example, although 45 percent of all secondary students are in school-based training at an *istituto tecnico*, where an occupational orientation is strong, another 20 percent receive school-based training at *istituti professionali*, where the occupational orientation is weaker, and from which many students are likely to continue on to university (Lauterbach 1996).

⁷ In part, the scarcity of countries in this category is merely an artifact of how the “almost exclusively” category is divorced from the “exclusively” category. Training taking place **exclusively** within firms—most common for youths of secondary school age in Spain, Italy, Luxembourg, the Netherlands, and the United Kingdom—is **not** covered by the standard Unesco/OECD/Eurostat (UOE) survey, so the overall proportions for workplace-based training, especially for these countries, should be somewhat higher (European Commission, *Key Data*, p. 26).

intermediate approaches that have grown in recent years to account for 34 percent of all training. Nonetheless, a relatively high 12 percent of occupational training in Britain still took place almost exclusively in the workplace in 1993-94 (European Commission 1997, p. 69).

Approaches that **combine school-based training with workplace-based training**, as in Germany, are increasingly common and have tended to draw the greatest scholarly praise (cf. Lynch 1994). Germany, Denmark, and the Flemish regions within Belgium offer the only European cases where most occupational education is predominantly workplace-based yet balanced with a substantial school component. Approaches that combine schools and workplaces can be subdivided into three groups.

- a) **Combinations strongly weighted toward schools.** Predominantly school-based training that nonetheless included some time at a workplace was characteristic of traineeships in Sweden (100 percent took this form in 1993-94), France (72 percent), the Netherlands (58 percent), and to a much lesser extent Belgium (35 percent), though in Belgium an additional 49 percent of traineeships took place in almost exclusively school-based settings.
- b) **Combinations strongly weighted toward the workplace.** Austria and the Netherlands are the strongest examples. In Austria 45 percent of training took place in workplaces with a modest school component (a bigger proportion—48 percent—takes place in almost exclusively school-based settings); in the Netherlands, the comparable figure was 28 percent.
- c) **Relatively equal combinations of workplace and school.** Denmark led with 91 percent of occupational trainees in a relatively balanced mix of time in both workplaces and schools, Germany was second with 65 percent, Britain had 34 percent, and France had 22 percent (European Commission 1997, p. 69).

Although Denmark's balanced approach to training most resembles that in Germany, Denmark is less solidaristic. Unlike in Germany, Danish firms are not compelled to join a chamber of commerce, and Danish youths are free to quit schooling at age sixteen, thereby allowing them to exit before any apprenticeship has begun. Germany, where (part-time) schooling is compulsory through age eighteen, has roughly two-thirds of occupational students in workplace-and-school training (i.e., "dual-system")

apprenticeships). The remaining one-third of the students that are in school-based occupational education in Germany often would have no place at all in the Danish system. In Denmark, where government-run occupational schooling has been virtually non-existent, most of those who do not find an apprenticeship place with a company have been simply abandoned.⁸ Major reforms of the Danish system taking effect in the year 2000 are intended, in part, to address these weaknesses (Shapiro 2000).

Only the Flemish regions of Belgium (where education is also compulsory until age eighteen) approximate the German proportions, with 64 percent in training that is relatively balanced between school and workplace. It might be noted, however, that Belgian apprenticeships serve a younger age bracket (fourteen to eighteen starting age) compared to Germany (sixteen to twenty-three starting age) and that the unemployment rate for young people aged fifteen to twenty-four is correspondingly much higher in Belgium than in Germany. Austria, another country whose overall occupational training profile is sometimes said to resemble that of Germany, nonetheless has 50 percent of students in predominantly school-based training (European Commission 1997, pp. 28, 68-69).

In Japan and the United States, as already noted, specialized occupational education plays a much less important role. Japanese training achieves some of the school plus work training synergies of a “dual system,” but the institutional configuration is typically sequential rather than simultaneous, i.e., exclusively school-based training is typically **followed** by exclusively workplace-based training. Only at Toyota and a small number of other elite companies is an approximation of the “dual system” in place. A relatively small number of Japanese companies run their own high schools—regulated by the Ministry of Labor, yet voluntarily following general education guidelines from the Ministry of Education. In addition to a general education curriculum much like those in an ordinary high school, there is also workplace training, initially in practice workshops (as in Sweden) and later on the shopfloor in nearby company factories (Tate, forthcoming). Perhaps similarly if belatedly, U.S. companies have begun to sponsor

⁸ Denmark’s two year government training program, “*Ehervervsflaglig grunduddannelse*” (EGU) attracts less than 1 percent of vocational trainees. Not surprisingly, the proportion of young people between ages sixteen and eighteen not in any sort of education was higher in Denmark (18 percent) than in Germany (8 percent) during 1994-95 (European Commission, *Key Data*, pp. 21, 39).

“charter schools,” although the precise implications of these sponsorships for training are not yet clear.

In short, training is shaped by two broad institutional factors. First, skills obtained during the course of training differ in whether or not they are certified in such a way that they are readily “portable” across workplaces. The European approach, speaking quite broadly, is to provide certified and portable skills. Skill portability, in turn, tends to be shaped by the last phase of universal education, which in Europe is predominantly occupational education, while in Japan and the U.S. it is predominantly general education. Second, occupational training itself varies according to the degree to which it is almost exclusively workplace-based (no overwhelming examples in Europe, but Italy and Britain come closest), school-based (as in France), or a combination of the two (as in Germany) that might be called **industry-based**. The intersection of these two broad institutional factors suggests six broad outcomes.

Table: Varieties of Occupational Training and Certification: Differing Outcomes

	Workplace-based training (most specialized)	Industry-based training: workplace and school (intermediate specialization)	School-based training (least specialized)
free-agent with “portable” skills (with certification)	Portfolios	Vocations	Professions
Organization-based skills not “portable” (no certification)	Jobs	Careers	Movements

Although examples for any of these categories might be found in any country, it can nonetheless be useful to use such categories when speaking of predominant patterns. In Germany, where training for most workers is a combination of workplace and school and leads to portable skills, workers acquire semi-specialized “vocations” (*Berufe*). In contrast, school-based occupational education, as the terminology used by several

countries where it is most prevalent suggests, aims at the formation of professionals.⁹ Although many of these “professions” tend to be more specialized than traditional professions such as law, the aim is nonetheless to create free-agent generalists whose school-based certification assures maximum adaptability within a given subject area. Both vocations and professions, it is rarely noted in the English-speaking literature, convey not only portable skills but also a portable identity (Baethge 1998). Portfolios, by contrast, although conveying portable skills, convey much less of a secure occupational identity (Gross 1997). A portfolio approach to portable skills tends to be most favored in Britain, Italy, and Switzerland and was the rationale behind the plan, apparently stillborn by the year 2000, of a European Personal Skills Card (PSC), first introduced in a Commission “White Paper” in 1995 (Bainbridge 2000). A more vocational approach, by contrast, underlies the “Europass,” a standardized document intended to summarize apprenticeship or practica training when it takes place across more than one country (SZ 2000).

JAPAN AND THE U.S.—TRAINING REVISITED

While European training approaches tend to support certified, portable skills, skills in the U.S. and Japan tend to be much less portable. Japanese training is based upon school-led preparation for non-portable yet generalist “careers” within single organizations. Japanese innovations in so-called “lean production” relied to an extraordinary degree upon intensely competitive school-based tracking for all pupils followed by intensive company-based training. Both school competition and company training operate in a context of “closed” labor markets, i.e., a context where schools are gatekeepers to virtually all employment opportunities and where skill-upgrading within any given company generally offers better prospects than lateral moves to somewhere else (Koike 1996; Koike and Inoki 1990). Although supported in various ways by public policy, and subsequently imitated in many other countries, many highly-regarded

⁹ Latin-based languages conceptualize training in terms of professional formation, e.g., “*formation professionnelle*,” “*formacion profesional*,” “*formazione professionale*,” and “*formacao profisional*.” In Swedish the linguistic emphasis is also on professions (*yrkes*), though it is more “preparatory” (*yrkesförberedande*; like German “*vorbereiten*”) than formative.

elements of Japanese skill formation—e.g., quality circles, job rotation, multi-functional work teams—were never effectively portable from one company to another.

In the United States, training for most people is not so much oriented toward portable skills or even career-based internal skill ladders: it is typically focused on non-portable skills for particular tasks in a particular workplace—what are commonly called “jobs.” Only a small, and shrinking, segment of the U.S. population continues to have occupational training that is school-based, generalist, and portable (“professions”).¹⁰ For the vast majority of U.S. workers, and even U.S. policymakers, the alternatives have less to do with vocational versus professional identity, and much more to do with the degree of skill involved in their jobs (“high-skill” vs. “low-skill”).

For decades, U.S. neglect of skill formation was pervasive, for familiar historical reasons. Until relatively recently, much of the U.S. economy was insulated from international competition. U.S. labor markets are among the most “open” in the world and make it difficult for employers to capture the gains from training. U.S. schools provide a relatively low level of general skills and do even less to facilitate occupational placement.

The historical weaknesses of U.S. skill development make it all the more remarkable that there are U.S. innovations in training that now pose a threat to training approaches in Europe. For many years, the highly decentralized character of U.S. education merely allowed for interesting ad hoc experiments, especially in areas where a single large employer takes a direct and sustained interest in a single high school or community college. Other “experiments” often amounted to no more than agreements obtained by especially dedicated school officials whereby local companies agree jointly to refrain from employing high-school drop-outs. For the most part, U.S. schools did not, and still do not, perform a gatekeeper or tracking function for the workforce. Occupational tracking by U.S. schools tends to be haphazard, aimed primarily at upper segments of the school population, and concentrated on increasingly fine-grained

¹⁰ Other institutional configurations exist elsewhere in the world. In Singapore and China it is common for workplace preparation to take place in school-run enterprises – essentially the inverse of company-run schools. Less developed countries such as Brazil have a “dual system” that combines training in technical centers (in place of general education in schools) with workplace training. The International Labor Organization has promoted a Modules of Employable Skills (MES) System that seems intermediate between the U.S. job model and the Japanese career model.

assessments of those who will receive further general education to the neglect of occupational placement.

Nonetheless, there have been U.S. innovations in training—coming, however, less from the education system than from large firms. Large U.S. firms had historically ‘contributed’ to the national training deficit, treating their institutional environment merely as a point of departure, whether by scattering nearly identical facilities across a variety of countries or—more recently—by linking specialized facilities into increasingly sophisticated cross-national production networks. Ironically, it has been the early multinationalization and transnationalization of U.S. companies that led the way back to the development of distinctly U.S.-rooted innovations in training—in the form of “corporate universities.”

Corporate universities from General Electric’s rustic campus in the Hudson River Valley of New York, to “Disney University” in Florida, to McDonald’s “Hamburger University” in Illinois have made it possible for U.S. firms to unify increasingly far-flung operations through standardized training on demand (“just-in-time” training). Public education and training obtained by U.S. students before entering the workforce had become so abysmal in the 1980s, that even high-tech companies such as Motorola initially used their corporate universities as little more than remedial programs for workers often lacking basic general skills (Wiggenhorn 1990). Nonetheless, during the 1990s, the number and quality of U.S. corporate universities increased dramatically, becoming an important source of competitive advantage for U.S.-based firms in a number of industries. The number of U.S. corporate universities—defined as centralized, in-house training and education departments for an entire corporation—rose from roughly 400 in 1988 to over 1,600 in 1999. A 1996 survey covering only 100 leading corporate universities reported an enrolment of 4.5 million, or roughly 45,000 employees per corporate university (Meister 1998, p. xi). At their current rate of expansion, corporate universities will soon become more numerous than the 3,600 traditional institutions of higher education in the United States.

Increasing emphasis on training has had competitive advantages, but centralization of training is scarcely the only viable firm-based strategy for increasing skills. The new corporate-based training approaches in the U.S. range from high-profile diffusion to

deliberate stealth. Cisco Systems, taking the high-profile route, has moved beyond a unitary corporate university to establish a global network of proprietary bricks-and-mortar facilities supporting distance learning along three distinct tracks: internal training, certification on Cisco products for outsiders, and courses that have no direct relation to Cisco employment or using Cisco products. By contrast, Dell Computer, a firm that experiences extraordinarily high employee turnover at all levels (40 percent of **managers** were new in 1998), is a leading example of “stealth training.” Dell is attempting to integrate all “Dell University” features so seamlessly within everyday work—via the company intranets—that the corporate university not only ceases to be a free-standing campus, but it also gets “to the point where it isn’t even a thing” (Kenyon 1999, p. 382). In this vision, the distinction between training and work has been abolished: learning on the job is no longer preparation for work, it has become an almost invisible component of the job itself. The U.S. boom in “temp-to-perm” hiring practices is partly a reflection of this endogenization of training within ordinary work.

INSTITUTIONAL CHOICE AS A EUROPEAN RESPONSE TO JAPAN AND THE U.S.

Both U.S. and Japanese training approaches pose severe challenges to the greater emphasis on certification of preparatory training favored in Europe. For the purpose of drawing broad distinctions, one can label national training approaches using Albert Hirschman’s discussion of exit, voice, and loyalty (Hirschman 1981). Although training in both Japan and the U.S. is typically company-based, in Japan training relies to a larger degree upon behavioral “loyalty” while in the U.S. training must adapt to an especially high degree of “exit.” The apparent success of these two contrasting forms of company-based training, in turn, has put Europe’s more broadly institutional (“voice”) approaches on the defensive.

Training in Europe has placed greater reliance upon a variety of “voice”-based institutions. German chambers of commerce, which supervise vocational training examinations, are compulsory for all firms. In France, Belgium, Denmark, and more recently Italy (1998), a parafiscal training tax is collected by the state and then turned over to business organizations to distribute as their members see fit. Neither as “open” as

in the U.S., nor as “closed” as in Japan, European labor markets tend to be structured by occupations. This is an acknowledged feature of training in Germany (cf. Lutz 1987), but in a more general sense it can be said that labor markets are occupationally-structured across most of Europe. The exceptions are all of the post-authoritarian states in southern Europe: Spain, Portugal, Greece, Romania, and Bulgaria. What varies in the rest of Europe is only the understanding of what constitutes an occupation: for example, in Britain occupations are seen more in terms of craft tasks, in France more in terms of organizational functions, and in Germany more in terms of vocations jointly defined by the social partners. With the partial exception of Britain, national approaches to training in Europe rely, in diverse ways, upon relatively well-developed institutions capable of channelling public authority on behalf of training and generating business coordination (“voice”) within a given national framework.

When one turns to the European level, another dimension is introduced. Although a suggestive starting point, Hirschman’s categories prove inadequate when one moves beyond “firms, organizations, and states” to the level of multi-firm, multi-organizational, and multinational frameworks. At this higher level, the familiar Hirschman alternatives need to be joined by a fourth that does not involve exiting the national framework, shaping it with voice, or remaining simply loyal. This is where institutional “**choice**”—as something more than deciding between “exit” and “voice”—can become relevant. Actors within meta-frameworks can face a choice among different subsystems (i.e., among firms, among organizations, or among nations) within the meta-framework. “Choice” in this sense therefore entails an element of participation contrary to exit, an element of silence contrary to voice, and an element of migration contrary to loyalty. Moreover, “choice” is the category most relevant not only to Europe’s multinational “Union,” but perhaps also to a global economy in which firms, organizations, and nations are increasingly networked with one another.

To see what role institutional “choice” might play in European training, consider the two areas where European-level policy-making has already advanced much further than in training—monetary union and harmonization of technical standards—and consider the contrasting lessons they suggest for the future of European training policy. On the one hand, European Monetary Union (EMU), wherein unification around a single

standard (the Euro) is taking place, would by analogy suggest that there might also be a single, uniform training policy for all European member states. Currency is completely fungible, so if an EMU analogy were appropriate, then knowledge and skills would also be completely fungible. However, a great deal of research into the importance of know-how and “tacit knowledge” (e.g., Kusterer 1978; Nonaka 1995; Polanyi 1967) suggests that such an analogy would be highly inappropriate.

Technical standards suggest a different analogy for the future of training in Europe. Technical standards range across thousands of diverse products and are coordinated, less by regulatory unification (which was initially attempted, but stalled), than by cooperative harmonization (the “New Approach” undertaken since 1984). Member states bring different strengths to technical standards – the British lead in the development of management standards such as EN-ISO 9000, the Germans lead in many categories of detailed product standards, and the French lead in utilizing the interface between state bureaucrats and voluntary standardization. Different approaches to standardization have different strengths, and rather than squash existing diversity, Europe’s technical standardizers have sought to exploit it. European harmonization of technical standards has resulted in an integrated meta-framework of originally national standards. This meta-framework offers firms within Europe a range of standards—e.g., management standards from Britain, agricultural standards from France, health and safety standards from Sweden, cell phone standards from a few large companies—accepted throughout the EU that would not have been generated within any single national economy (Tate 2000).

In EMU there is **reduction** to a single currency and **reduction** to a single central bank; in technical standards, there is a substantial yet incomplete reduction in the number of nationally distinct standards, and **harmonization** of national standards approaches. In occupational education and training, it is reasonable to place even less emphasis on reduction and even more on harmonization. As with technical standards, it makes sense to focus on harmonization (rather than reduction) of national **approaches**; unlike technical standards, it also makes sense – especially in light of articles 126 and 127 of the Maastricht Treaty—to focus on harmonization (rather than reduction) of training **outcomes**. The “geometry” of the coordination problems for each of the three areas is different. For EMU, coordination achieves a single point (the Euro); for technical

standards, coordination achieves a line, where each point on the “line” (i.e., each technical standard within the European set) can be achieved through a different mechanism. Occupational education and training is even more complicated, both for functional and political reasons: instead of harmonizing training outputs, a more useful goal is to harmonize the institutions that oversee training outputs. Harmonization of national approaches—by getting everyone “on the same page,” so to speak—would increase choice for individual workers and firms throughout Europe.

Analysts have suggested that monetary union and technical standards are areas where the expertise of an “administrative state” can reduce the need for mechanisms of democratic accountability (Majone 1994). Expertise can play a similarly critical role for education and training in defining and interpreting shared norms, yet expertise is unlikely to suffice. Instead, the harmonization of education and training in Europe requires institutions of democratic representation in addition to those supporting expertise; moreover, there is also a need for mechanisms to link representation with expertise.

Expertise can be embodied in various institutional forms. The most commonly accepted model for European-level expertise is that of independent regulatory agencies in the United States, constitutional courts, or independent central banks (Majone 1994). Even before the widespread discussion of Europe’s “democratic deficit,” such a high degree of independence probably would not have been politically or practically viable in the case of training and education. Instead, a model for European expertise that may be more appropriate for education and training is that of the government-convened advisory body. It should not be too hard for Europeans to apply Bodin’s old distinction between “office” and “commission” (Page 1995, pp. 19-20) to the more democratic circumstances of contemporary policy-making at the European level. Experts needn’t be “officials” in order to staff “commissions” and assemble useful recommendations about the best ways to harmonize—not merely reduce—the various training approaches in Europe. Political leaders would still be free to ignore expert recommendations, but they would at least be exposed to those recommendations in a relatively focused way. Moreover, in addition to expert input, commissions can also provide political cover for actions that would otherwise be avoided.

The issue of “mobility” is one issue in need of much more concentrated expert attention, as the current approach is too one-sided. Institutional choice need not be restricted to the relatively small minority of workers who are mobile and linguistically skilled enough to receive training in another country. Instead of taking workers to the training, policy could focus more on taking the training to the workers. Instead of focusing on worker mobility, the integration of European labor markets might be enhanced much more by focusing on institutional mobility. Almost half of large German firms in eastern Germany and a third in western Germany already offer apprenticeship training to company outsiders (FAZ 1999, p. 16). The step from training outsiders to training foreigners is not so enormous. What would German firms need in order to offer “dual system” initial training across the border in France? What would private French training companies need to offer their supplementary training services on a wider scale in Germany? The EU currently funds programs that emphasize individual mobility, yet the yield in terms of improved skills from improving the ‘mobility’ of institutional alternatives could be far greater.

What might a diverse, well-ordered menu of institutional alternatives for training in Europe include? The German vocational training system is again a good place to start. Since 1996, thirty-two new vocations in attractive fields such as information technology have been created, and another ninety-seven of the 356 government-recognized vocations have been redefined (Frischen 2000). German vocations are now broader and revised far more quickly than in the past, and certification is slowly ceasing to rely exclusively upon multiple-choice testing (Hartmann 1999). The German “dual system” is in a much better position than even five years ago to supply world class initial training for full-time workers, especially male full time workers. Nonetheless, the German approach to training continues to have many weaknesses in areas where other European countries have greater institutional strengths.

- 1) In France, where *formation professionnelle* does not even begin until after the age of 18, state and private training providers offer more systematic opportunities for further training than is available in Germany, where standardization is non-existent and the *Kammern* play little role.

- 2) Training for social work (which in Germany has come to rely heavily on the compulsory *Zivildienst*) as with training for most occupations where women predominate, is less successfully served by the German dual system than by the Swedish approach to training.
- 3) Temporary labor markets function more effectively in the Netherlands.
- 4) The Netherlands has also had more success than Germany in integrating dual training at the university level.
- 5) Radical reforms of vocational and technical training beginning in Denmark in the year 2000 suggest new ways of incorporating previous “losers” in dual system settings.
- 6) British universities, despite increased government monitoring during 1990s, may be more effective in training entrepreneurs than universities elsewhere.

The value of increased institutional choice is bounded by the value of the set of particular choices on offer. Europe could conceivably develop a diverse, well-ordered menu of institutional alternatives for training, each of which failed to be more than second-rate in global competition. There is no reason to assume that would be true, but it is possible. The harmonization of training institutions would enhance the quality of European integration, but that alone would not guarantee a sufficient response to competitive challenges from outside Europe. Increased institutional choice would achieve a more limited goal: Europe would become accessible to itself throughout Europe.

THE POLITICS OF TRAINING IN EUROPE

What, then, are the prospects for a more harmonized approach to training within Europe? How can the variety of national approaches fit together? A variety of national approaches to training exist within Europe, but the available alternatives for any given polity are likely to be built on the basis of, or in reaction against, existing institutions. Common institutions for education and training throughout Europe are not likely. Germany’s policy of compulsory membership in chambers of commerce, which is subjected to dozens of (unsuccessful) court challenges each year within Germany, is unlikely to be adopted by other countries within Europe.

Analysts have devoted a great deal of attention to the variety of existing welfare-state arrangements and their underlying political bargains (Esping-Andersen 1990). Education, and to a lesser extent training, have sometimes been honorary issues in the welfare-state discussions, but they have tended to draw far less attention. However, as the proportion of welfare in each state's overall budget slides below 50 percent, even as expenditures on education and training continue to rise, the "welfare state" label is becoming an anachronism. Whether one calls these new states "competition states" or something else, the arrangements for education and training are an increasingly central preoccupation.

Education and training have always had a place, albeit often marginal, in discussions of the welfare state, so it is not entirely surprising that the political settlements governing the "three worlds of welfare capitalism" have partial analogues in the worlds of education and training. Some have even hypothesized a "trade-off" between education and other social security policies (Flora and Heidenheimer 1981; Hecllo and others 1985), but that seems to mis-characterize the relationship in three important respects.

First, social democratic polities historically made relatively high per capita investments in **both** education and social security (Hega 2000, p. 32). For these polities, the notion of a trade-off was never accurate. Given that over two-thirds of national governments in Europe are controlled by social democrats or socialists, including those in Britain, France, and Germany, it seems likely that the dominant trend in Europe will be to try to maintain or increase spending levels for both welfare and education.

Second, although such a trade-off was observable in the U.S. under the "national liberalism" that some still yearn to revisit (Lind 1995), and in a more indirect form under international liberalism, education and welfare may have different places under global liberalism. At the beginning of the twentieth century as a national liberal polity, the U.S. led the world in the provision of broadly available public education. As an international liberal polity after the Second World War, the U.S. led the world in support for training in other countries, e.g., the wartime Training within Industry (TWI) program (Dooley 1945) appeared in Germany as the "*Vier-Stufen-Methode*." Under global liberalism, the

old trade-offs are being superceded. U.S. firms are turning to increasingly market-driven and proprietary approaches to education and training.

Leading U.S. companies increasingly withdraw support from community colleges and other public institutions in favor of corporate universities at home and *maquiladora*-style training in less developed countries. By transferring increasing portions of education and training to for-profit supervision scattered around the world, global liberal polities such as the U.S. can attempt to reduce public investments in **both** education and in social security.

Such a double reduction, pursued over time, might lead someone to argue that the relative collapse of publicly available training can be “traded” against greater investment in prisons. For example, there has been a 127 percent increase in the number of U.S. prisoners from 1986 to 1998, including a 374 percent increase in the number of juvenile incarcerations.¹¹ This would mean that a new “trade-off” under global liberalism, rather than between training and welfare, may be between training and incarceration. Such a trade-off, if it existed, would also be recursive since even the incarcerated can have consequences for national skill strategies. Given the huge sunk costs per prisoner, countries with high or rising incarceration rates would presumably face stronger temptations to exploit prison labor. Although prisoners are expensive, the marginal cost of providing them to employers is low, thereby setting an economic trap: a low-skill, yet high-“wage” employment strategy. Thus, global liberal states could conceivably attempt to compensate for deficiencies in initial education and training, not with welfare, but with increased expenditures for correctional facilities to monitor work by the least educated citizens. After all, even in the U.S., one-fifth of all adults lack basic literacy skills above a fourth grade level (NCES 1992). In large but less developed countries such as Indonesia, moreover, an increasingly liberal approach to training is going to combine explosively with an unprecedented “boom” of young adults who are unlikely to find jobs. Policymakers in Europe, facing different demographics, may remain reluctant to participate more fully in a global liberal approach to training.

Third, the notion of a trade-off **across** the three major types of welfare states obscures the important variation **within** each group, particularly within the so-called

¹¹ <http://www.ojp.usdoj.gov/bjs/glance/jailag.txt>

“conservative” countries, i.e., Austria, Belgium, France, Germany, and Italy. There is a spectrum within the conservative group of countries, with France on a liberal-conservative wing and Germany, at least until recently, on a socialist-conservative wing. (“Socialist-conservative” has an air of paradox, but it refers to a kind of class-based egalitarianism: classes are to be preserved, but each class is to be treated equally, so far as possible.)

Despite the absence of a general zero-sum “trade-off,” there are nonetheless some important parallels between the arrangements for social security and the arrangements for education. Esping-Andersen argued that welfare-state arrangements could be categorized as liberal, conservative, or social-democratic, and these categories have some bearing for a categorization of educational arrangements as well. The analogy is most straightforward for liberal polities. Applying Esping-Andersen’s categories, Gunther Hege finds that “liberal nations exhibit a strong positive association with general education and a strong negative association with vocational curriculums” [sic.] (Hege, p. 34). By favoring general education over occupational education, liberal polities demonstrate a strong commitment to middle-class professions (their core constituency) and a curriculum that broadens access to (and thereby deepens the legitimacy of) those professions as much as possible.

Arguably, no polity within Europe has been fully “liberal.” During the inter-war period, only Britain, Switzerland, and France were predominantly liberal polities (Luebbert 1991). A leading scholar of postwar welfare states placed only Switzerland and Britain (and Ireland) in the liberal category (Esping-Andersen 1990), and in a follow-up study the same scholar concluded that even Britain was too much a hybrid to be dealt with merely under the liberal label (Esping-Andersen and United Nations Research Institute for Social Development 1996). Britain’s “complexity” is the result of a unitary system of government captured in winner-take-all elections, with the result that drastic swings in interventionist policy occur that attempt to undo the institutional legacies of previous governments. Britain’s experiments with paternalistic (“nanny-state”) marketization both in training (Crouch, Finegold, and Sako 1999, pp. 126-133) and higher education (Shils 1994) are understandable iterations in Britain’s continuing

refusal, or inability, “to transform traditional ‘collectivist’ sentiment into a corporatist bargain” (Katzenstein 1985, p. 148).

Despite its liberal heritage, Switzerland—like other “small states” within Europe and unlike liberal states outside Europe—turned to an industrial peace agreement in 1937 that laid the foundation for a corporatist approach to training. Unlike other small European states, however, the corporatist training bargain was struck within what remained a predominantly liberal context. This unusual combination of liberalism with highly-skill occupational training was achieved by employing the highest proportion of foreign workers in Europe, both high end **and** low end. “Switzerland was one of the few countries in Europe to experience a massive ‘brain gain,’” while at the same time only one-third of unskilled workers in Switzerland were Swiss citizens (Katzenstein 1984, pp. 106, 104). Switzerland’s highly-regarded apprenticeship training flourished only in a few relatively privileged sectors. Meanwhile, the flexibility offered by foreign workers steadily declined over time, as the proportion staying at least ten years and achieving protection against deportation rose from 10 percent in 1959 to 70 percent by 1977 (Katzenstein 1984, p. 106).

Liberalism has even less of a secure grip in France, where the German occupation, the Vichy government, and the Resistance all espoused a form of “organized capitalism” (Lavigne 1995). Educational and training institutions remained on a somewhat aliberal trajectory into and beyond the Gaullist reforms of the postwar period. Perhaps the most liberal feature of occupational training in France is how little it is valued in comparison with general education. In a description reminiscent of conditions in the U.S., Crouch and coauthors declare that in France “being on a vocational course is usually the result of progressive elimination from the general system” (Crouch, Finegold, and Sako 1999, p. 113).

Military training is another area, often overlooked in general discussions of training, that historically tended to reinforce non-liberal approaches to training in Europe. Except for Britain, which abolished military conscription in 1960, compulsory military training was until recently an unavoidable feature of the school-to-work transition for many male youth throughout continental Europe. However, with the end of the cold war, compulsory military training has been giving way to professionalization, first in the

Netherlands and Belgium, then in France and Spain. Even in Germany discussions are underway for a drastic reduction of conscript training.

While compulsory military training is in decline, compulsory schooling is on the rise. Education (at least part-time) is already compulsory to age eighteen in several countries including Germany, France, and Sweden. In laggard countries, by contrast, even recent changes leave them substantially behind. Ireland raised the age to sixteen in 1998, Italy raised the age to fifteen in 1999, and Norway recently increased the number of required years of schooling from nine to ten (Bainbridge 2000, p. 46). This is also an issue in the post-authoritarian states of Spain, Portugal, and Greece. These countries have school-based occupational training and especially high dropout rates. Britain, more liberal than most, is another laggard in reducing drop-out rates.

Like planets governed by separate periodicities that sometimes come into alignment with one another, for a brief period during the late 1990s virtually every country in Europe had a left-of-center governing coalition in power. Labor is typically a core constituency for center-left governments, and training is a natural issue. One of Gerhard Schroeder's first moves as German chancellor was to signal that the pace of European enlargement might have to slow, even for those countries already put on the "fast track" during the Kohl era. This move could be interpreted not merely as protectionist, but also as calling for better institutions among existing Members before increasing the difficulties of future coordination that would be created by additional Members. The political context for some sort of initiative concerning training is therefore unusually propitious.

CREATING INSTITUTIONAL "CHOICE" IN EUROPEAN TRAINING

Efforts to promote a shared approach to training across Europe began with the 1957 Treaty of Rome. For thirty-five years, the shared approach aimed, albeit with great slowness at creating a "common" vocational training policy (Council 1963). The effort to create a "common" policy culminated in efforts to create a set of "comparable" occupations, when between 1985 to 1993, 219 occupations in nineteen sectors were described in all nine official EU languages.

The effort to create a “common” policy has since been abandoned. With hindsight afforded by the increasing pace of economic and technological innovation, it is not so hard to see why. The problems that any one country has maintaining up-to-date occupational categories are already severe, and those problems increase factorially as the number of countries attempting to harmonize pre-existing occupational descriptions increases. The earlier effort was criticized as too “top-down” (Bainbridge 2000) , and what perhaps made EU-level intervention especially objectionable was that it attempted to alter existing national standards post hoc. To be valuable in a fast-changing economy, “common” standards would need to be produced at the European level from the start (Bjørnåvold 1997).

Still, the future of training in Europe has been devolved to national institutions with little systematic conception of what role EU-level institutions and policies might play. The Maastricht Treaty of 1992 declared (Article 127) that the content and organization of vocational training were the responsibility of Member states and “the harmonization of laws and regulations was specifically ruled out” (Bainbridge 2000, p. 13). The so-called “community policy” that replaced the search for a “common policy” is in fact little more than an agreement to disagree. For years EU funding has supported an impressive number of gatherings and seed projects in an effort to support “bottom-up” innovations in training. These represent an enormous boon for comparative research and for the spread of knowledge and practices within Europe.

Such projects support the EU goals of increased “transparency.” To increase transparency, two strategies have been adopted, one cooperative, the other compulsory. The cooperative strategy involves the creation of a European Qualifications’ Transparency Network. The coercive strategy calls for member states to reach a set of binding agreements on training transparency. The creation of shared occupational training standards or institutional approaches was abandoned and convergence was reinterpreted to mean merely mutual “transparency.” Instead of requiring member states to adopt shared standards, or even merely shared procedures for arriving at standards, EU officials abandoned attempts to eliminate diversity and opted instead for transparent diversity (Bjørnåvold 1997).

Yet much more could be done that would not only be consistent with existing European approaches to training but that would build on their existing strengths. Failure to take stronger action in support of European training institutions merely encourages European firms to defect from coordinated approaches to proprietary training arrangements, as in Japan or the U.S. Such a policy would be likely to encounter several major obstacles. First, it is not consistent with the existing institutional strengths within Europe and might well depend upon a dismantling of several existing institutions. Second, it would attempt to imitate an institutional strategy already “occupied” by leading competitors. Third, it would ignore the weaknesses of the U.S. and Japanese approaches even within their respective countries. Japan has been stumbling over adjustment problems of its own for the past *decade*, and European countries may not be capable of tolerating the extraordinary increase in income inequality being generated by increasing marketization in the U.S.

An approach that builds on existing European institutions and strengths is likely to be more economically successful and politically palatable. Items for such an approach might include:

- 1) Alter tax codes to treat training expenses as capital expenditures rather than as current-account expenses. Both the U.S. and Japan, with their emphases on integrating training within work, are less likely to take this step, but it would be a logical outgrowth of the more institutional approaches to training already common within Europe. “Human capital,” like physical capital, requires periodic maintenance and upgrading.
- 2) Raise the age of compulsory schooling to more uniform levels across Europe. Denmark suffered in comparison with Germany precisely because it failed to keep everyone in part-time education or training past the age of sixteen. While education (at least part-time) is already compulsory to age eighteen in several countries including Germany, France, and Sweden, in laggard countries, even recent changes leave them substantially behind. Ireland set the age at sixteen in 1998, Italy set a minimum leaving age of only fifteen in 1999, and Norway recently increased the number of required years of schooling from nine to ten. High school drop-out rates in post-authoritarian southern Europe (Portugal,

Spain, and Greece) and quasi-liberal Britain present the biggest single obstacle to a more uniformly high-skill set of training strategies for all of Europe.

- 3) Create stronger institutional mechanisms for the formulation of an EU-level training policy (not just a “policy” that devolves everything to the Members). For example, CEDEFOP produces a steady stream of useful policy analyses for the European level, but most of CEDEFOP’s research expertise is sequestered in Thessaloniki, Greece, 2000 kilometers away from Brussels and most EU policymaking.
- 4) Avoid the dichotomy between “executive state” and “democratic deficit” by creating stronger institutional mechanisms for international harmonization of vocational training approaches. More effective linkages between EU policy analysis and EU-level policy formation would be sensible, but institutional mechanisms that bring existing national organizations—both governmental and non-governmental—into closer working relationships could be far more important. Even government bodies responsible for training currently lack any clear, institutional mechanism that would facilitate regular cooperation with one another. Germany’s BiBB, France’s CEREQ, the British Board of Trade and the other national bodies responsible for vocational training in Europe currently have only ad hoc and personal ties with one another. No systematic mechanism exists for national-level organizations to take even tiny steps toward coordinating their work with one another.
- 5) Create high-profile competitions (like the Deming prizes in Japan or the Baldrige awards in the U.S.) that aim to recognize the most outstanding training practices in Europe. European money has already funded over a decade of research programs and demonstration projects. Instead of allowing these preliminary efforts to succumb to the ever-present danger of uncovering useful information that is scarcely ever used (except by the researchers and project leaders themselves), the EU should use competitions to create focal points. With a steadily growing number of research directors and project leaders supported by EU training funds, there is clearly a pool of people who would be

in a position to begin more systematic evaluation, benchmarking and suggestions for improvement over a much broader set of firms.

- 6) Strengthen representation by the “social partners,” or at least by representatives of some sort from labor and business. Not all European countries have the institutional history to support German-style participation by social partners, to be sure, but training programs will not provide useful skills if the employers and employees who use them are not directly involved in the formulation of those programs.
- 7) Although no technological panacea, distance learning offers new ways to revisit the idea of harmonizing education and training within Europe that would remain within the spirit of the Maastricht Treaty’s subsidiarity concerns. Moreover, since any European distance-learning courseware would almost automatically be multilingual and multicultural, a broadly-supported distance learning program could accelerate the economic integration of new member states, and extend the influence of European training approaches beyond Europe. Just as ISO 9000 is an “international” management standard rooted in Europeans’ preference for an institutional certification of quality, similarly one might imagine “international” approaches to distance learning driven by Europeans’ greater preference for institutionally certified approaches to training. And if, as some in the U.S. believe, distance learning is itself poised to become a major twenty-first century industry, then greater investment in European distance learning would place Europe in a better position to assemble a sort of “airbus” capable of challenging the early U.S. lead. Learners everywhere could benefit from a wider array of training alternatives.

CONCLUSION

If Europe were simply the center of world economic innovation, European policymakers would probably have little incentive to care whether training in Europe remained little more than an ad hoc assemblage of diverse national approaches. Harmonization of training approaches could proceed as haltingly as required by the most recalcitrant member. However, this is not the case. European companies are struggling

with national institutions often inadequate to international competition. When they find no additional layer of choice and support from the European level, they are increasingly willing to seek ways to exit the European framework altogether in favor of the more proprietary approaches to training already dominant in Japan and the U.S.

The operative assumption in Europe for 35 years was that there would be a “common” education and vocational training policy. The fact that this assumption was abandoned by articles 126 and 127 of the Treaty of Maastricht in 1992 is not particularly regrettable. The “common” policy was misconceived—posthoc rather than anticipatory, inflexibly focused on reducing alternatives rather than harmonizing them—and it understandably collapsed under its own organizational weight and accompanying political baggage.

What is regrettable is that the collapse of the “common” policy has yet to lead to a more flexible approach shared throughout the EU. Current “bottom-up” approaches focused on sharing data and experiences (“transparency”) are widely regarded as inadequate, yet they could eventually generate sufficient expertise for “regulatory state” initiatives focused on participatory harmonization, not decree-driven reduction, of existing approaches. Harmonization can help assure maximum reach for whichever training approaches turn out to be most promising for each sector in the increasingly integrated European labor market. With so many left-of-center governments in power across Europe, the political preconditions for further efforts on behalf of training are relatively propitious.

Harmonized or not, European approaches to training may have considerable relevance beyond Europe, especially in less-developed countries. Many less-developed countries are about to face a population wave so unprecedented that it will dwarf the post World War II baby boom’s turbulent entry into labor markets during the 1960s. Almost two billion young people will near adulthood during the next fifteen years, many of them in countries that lack the institutional safeguards to sustain U.S. or Japanese-style reliance on proprietary training. Moreover, as in Europe, these are typically countries where strong institutions could help mitigate longstanding class and ethnic differences. European-style occupational training not only might offer a better way to divert portions of this youth cohort from alienated and destructive social movements, European firms

could develop a variety of cross-national production strategies that would make this youth “boom” complementary with Europe’s own shrinking youth demographics. In the absence of clear policies to support and extend training institutions, however, the default outcome may be little more than race-to-the-bottom sweatshop strategies.

For U.S. policymakers, training in Europe offers two reciprocal lessons. First, Europe is different because it has different institutions. If the U.S. wanted training outcomes more closely resembling those somewhere in Europe, as is the case whenever the German “dual system” comes up for discussion as a possible model for the U.S., then underlying institutions supporting those outcomes would also have to be supported. Second, and conversely, those who favor continuing, even radicalizing, the current U.S. trend toward more marketized and proprietary approaches to training should favor institutions capable of sustaining **that** strategy.

In the end, as in Europe, the most satisfactory answers in the U.S., both politically and institutionally, may be those that increase opportunities for institutional choice. The difference is that greater “choice” in the U.S. is far more likely to include, even feature, opportunities for marketized and proprietary training. A United States that offered increased institutional choice—a broad menu of alternatives that included but was not limited to marketized and proprietary training—would be more consistent with the institutional heterogeneity that has long been a feature of the U.S.’s most successful educational institutions, i.e. colleges and universities. Indeed, as with higher education, the most foresighted policy for the U.S. may be to buttress a broad range of U.S. institutions, thereby offering an especially broad menu of training alternatives. If not overly dominated by proprietary approaches, the U.S. could offer a menu of training approaches even more varied than those in Europe.

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