

# The 1964 Industrial Training Act: a failed revolution

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A paper presented in the new researchers section of the conference of the Economic History Society, Bristol, 30 March 2001.

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## Introduction

Poor training has often been identified as an important cause of Britain's relatively lacklustre post-war economic performance.<sup>1</sup> Fears that Britain's training was inadequate arose as early as the 1950s and led the government to implement the Industrial Training Act in 1964. The act had three objectives: 'to enable decisions on the scale of training to be better related to economic needs and technological developments'; to improve the overall quality of industrial training and to establish minimum standards; and to spread the cost more fairly.<sup>2</sup>

The 1964 act gave the Minister of Labour statutory powers to set up industrial training boards (ITBs) containing representatives from both sides of industry. Each was responsible for overseeing training in its industry, setting standards and providing advice to firms. Most importantly, each paid allowances to trainees that were financed via a compulsory levy on firms in its industry. This levy / grant system was designed to remedy the failure of the labour market to deliver sufficient skilled workers and to end the 'poaching'.<sup>3</sup>

The ITB system prevailed until the 1980s.<sup>4</sup> Yet the persistent failure of the subsequent neo-liberal approach to deliver a sufficient quantity of skilled workers led Prais in 1995 to call

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<sup>1</sup> Finegold and Soskice, 'The failure of training'; Broadberry, 'Unemployment'; King, *Actively seeking*; Prais, *Productivity*; Bean and Crafts, 'British economic growth'.

<sup>2</sup> Ministry of Labour, Cmnd.1892, paras. 6-7.

<sup>3</sup> The market failure argument assumes that a trained workforce (except in training of the most task-specific type) represents a collective good. There is an incentive for firms to poach trained workers from other employers rather than invest in training themselves (see Worswick, *Education*; King and Wickham-Jones, 'Training without the state'; and Blundell et al, *Determinants and effects*). Elliott and Mendham, Industrial Training Boards contested the assumption.

<sup>4</sup> King, 'The Conservatives', pp. 214-235. The ITB system has survived in the construction industry.

for the re-adoption of levy / grant.<sup>5</sup> The present Labour government has not answered this call and a return to the system seems unlikely.<sup>6</sup> An important factor in this reluctance is undoubtedly the apparent failure of the 1964 act to revolutionise training.<sup>7</sup> King concluded that the 1964 initiative failed to disturb significantly prevailing attitudes towards training or reform the apprenticeship system.<sup>8</sup>

This paper considers the reason for this failure. It starts by examining the lesson that the Conservatives learned from the failure of industry to provide the required quantity or quality skilled workers during the 1950s - that government intervention was required. It then considers why the Conservatives failed to translate this lesson into a real shift in industrial training policy.

## Learning the lessons of the 1950s

The 1964 act was a politically neutral measure<sup>9</sup> which largely sprang from a process of technocratic policy learning. This learning had three dimensions. The first took place within a relatively diffuse industrial training policy network centred on the Ministry of Labour and embracing employers and unions. Towards the end of the 1950s, the perception grew in this network that the post-war return to *laissez faire* in the labour market had produced a decline in training and a shortage of skilled labour. Many firms were not training at all, 'poaching' seemed rampant, and the apprenticeship system did not seem to be delivering the skills required by industry.<sup>10</sup> It was also clear that the training problem could only become more acute when the children of the post-war baby boom left school in the early-1960s.

On its own, however, the learning of this lesson was not enough to precipitate a fundamental reappraisal of policy. In 1958, the Carr Committee proposed dealing with the 'bulge' by concentrating additional resources on building technical colleges rather than on vocational training.<sup>11</sup> It urged unions and employers to make apprenticeships shorter and more relevant to the needs of industry. Fundamentally, therefore, Carr remained committed to non-intervention.<sup>12</sup> Its exhortations led to the creation of a tripartite Industrial Training Council (ITC) in July 1958, but this was effectively powerless.<sup>13</sup> Industry paid lip service to the idea of

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<sup>5</sup> Prais, *Productivity*, pp. 106-107.

<sup>6</sup> The present Labour government has eschewed its former support for such a state intervention in training in favour of the Individual Learning Accounts approach.

<sup>7</sup> The ITB system soon drew criticisms from academic economists who argued that it was 'monolithic [and] coercive' and did 'not fit the commercial realities of a rapidly changing economy' (Lees and Chiplin, 'Economics of industrial training', pp. 29-41). Prais *Productivity*, pp. 106-107 acknowledged that bureaucratic complexity was a key failing of the 1964 scheme.

<sup>8</sup> King, *Actively seeking*, pp. 161-162.

<sup>9</sup> Page, *Industrial Training Act*, p. 72; Perry, *Evolution*.

<sup>10</sup> Perry, *Evolution*, p. 56.

<sup>11</sup> NJAC, *Carr Report*.

<sup>12</sup> *BACIE Journal*, vol.12, no.1, June 1958.

<sup>13</sup> Page, *Industrial Training Act*, pp. 37-43; and Perry, *Evolution*, p. 76.

expanding training but little was achieved.<sup>14</sup> Employers acknowledged the failure, but were adamant that government intervention was not the answer.<sup>15</sup> Similarly, although the TUC consistently advocated greater government involvement during the 1950s, such calls were restricted to the provision of day-release training in technical colleges.<sup>16</sup> It did not advocate government intervention in industry, largely because of craft unions' reluctance to countenance changes to the apprenticeship system for fear of eroding the skilled wage premium it produced.<sup>17</sup>

The second lesson concerned the failure of the Carr approach adequately to address the problem of the 'bulge'. This learning took place within a far more developed network of professional trainers and academics that was based in the Ministry of Labour and the membership of the British Association for Commercial and Industrial Education (BACIE).<sup>18</sup> Within two years of the creation of the ITC, there was a growing feeling in the Ministry of Labour that pressure would have to be applied on industry if the quantity of training was to be increased and its quality improved.<sup>19</sup> At the end of 1960 John Hare, its new Minister, told the BACIE that the response of employers to the 'bulge' was unsatisfactory.<sup>20</sup> Privately, he thought it too late to change the apprenticeship system if results were to be achieved in 1960-61 (the peak years of the 'bulge').<sup>21</sup> In the long-run, however, Hare was convinced that the government might have to consider stimulating training by imposing a levy on firms (a concept floated by the academic Gertrude Williams in her 1959 Fabian pamphlet *Training for Skill* and already under review in the BACIE).<sup>22</sup> A number of senior (non-craft) trade unionists agreed with Hare. As Tom Williamson of the National Union of General and Municipal Workers (speaking on behalf of the TUC General Council at an ITC conference in November 1960) put

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<sup>14</sup> A confidential BEC questionnaire in 1959 revealed that only 20 per cent of firms actually proposed to do anything about it (MRC: MSS.200/C/3/EDU/1/27, 16 July 1959, N.Y. Cobb (Deputy Secretary, BEC) to Lord McCorquodale).

<sup>15</sup> MRC: MSS.200/F/4/76/7, 26 September 1960, 'Invest in the Future', a report of a conference organised by the FBI, 26-28 September 1960.

<sup>16</sup> See, for example, *Report of proceedings at the 90th Annual Trades Union Congress, Bournemouth, September 1 to 5 1958*, pp. 182-188.

<sup>17</sup> Elbaum, 'Why apprenticeship persisted'; and Broadberry and Wagner, 'Human capital and productivity', p. 245. The Ministry of Labour saw the influence of the craft unions as pernicious and a barrier to improvements in training (PRO: LAB 18/729, 18/12/61, Rossetti to Secretary, Ministry of Labour).

<sup>18</sup> One of the positive aspects of the Carr Report had been to re-invigorate the BACIE. Its regular conferences, which were attended by professional trainers, journalists from the relevant technical journals, trade unionists and officials from the Ministry of Labour, were particularly important. They helped to publicise the training problem and provided a forum within which new ideas could be discussed (see Perry, *Evolution*, pp. 71-87 for more details).

<sup>19</sup> PRO: LAB 43/339, note of discussions held at Chequers on 23 and 24 January 1960.

<sup>20</sup> BACIE, *Policy in perspective*, pp. 18-22.

<sup>21</sup> PRO: LAB 19/602, 10 November 1960, 'Points to be raised by the Minister of Labour at a meeting with the Minister of Education on 10 November 1960'.

<sup>22</sup> PRO: LAB 19/602, 10 November 1960, note of an informal meeting between the Ministers of Education and Labour.

it, someone had to arrange training, and if industry could not do it then the Ministry of Labour might have to do it for it.<sup>23</sup>

This new attitude on the part of the general unions, and the preparedness of Hare to consider intervention, was symptomatic of the widespread change in the climate of opinion on training that began to gain ground from late-1959 onwards.<sup>24</sup> This was the third dimension of learning. It was not until the industrial training community was penetrated by the ideas for raising economic growth that were being promoted by an increasingly influential network of academics, pressure groups and financial journalists as a response to heightened fears of relative decline, and became subject to the public pressure for change that this produced, that policy was altered.<sup>25</sup> In particular, once the Treasury had embraced both growth as an economic objective, and government intervention to achieve it, a new policy on training was its natural corollary.<sup>26</sup> Consequently, the Treasury began to promote a more activist approach to industrial training and Treasury officials in favour of the new policy began to involve themselves in the relevant inter-departmental committees.<sup>27</sup>

A later briefing note for Macmillan made clear the relationship between this new preparedness to intervene in training and growing fears of relative decline when it commented that the contrast with American and West European training practice was 'humiliating and dangerous'.<sup>28</sup> As public concern about relative decline mounted, employers found themselves attacked in the press for their failure to provide enough (or in some cases, any) training.<sup>29</sup> A number of employers, particularly larger firms, began to reconsider their position. At the FBI conference in 1960 there was a strong emphasis on training and re-training and calls for shorter and more relevant apprenticeships.<sup>30</sup> This led to the creation of a joint FBI/BEC committee to advise on matters of education and training.<sup>31</sup> In January 1961, the tripartite Economic Planning Board began to discuss Treasury ideas about how training might help

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<sup>23</sup> ITC, *Second Report*.

<sup>24</sup> Entwistle, *Industrial training* concluded that the shift towards intervention by Hare in 1960 owed less to organised pressure than to the more widespread feeling of economic malaise.

<sup>25</sup> Publications emerging from this network included Shonfield, *British Economic Policy*; Shanks, *Stagnant society*; Anthony, *Anatomy*, and Macrae, *Sunshades*. For more details of this network see Pemberton, 'Policy networks'. Entwistle, *Industrial training* (pp. 218-222) and Andrew Shonfield, *Modern capitalism* (Oxford: Oxford University Press, 1965) p. 118 support the conclusion that the shift to intervention in training was a product of the changed climate of opinion produced by such writers.

<sup>26</sup> Pemberton, 'Policy learning', p. 786.

<sup>27</sup> See PRO: T 227/1576-8, Training within industry: inter-departmental working party on training levy schemes, 1961-1962.

<sup>28</sup> PRO: PREM 11/3873, 26 November 1962, briefing note for the Prime Minister by Michael Cary. The link was also present in BACIE, *Continental comparisons*.

<sup>29</sup> See, for example: *Daily Telegraph* editorial, 'Shortage of skill', 13 February 1961; John Wellens, 'The battle is joined' in *Technical Education*, October 1960; and *The Times*, 'Challenge of the bulge to industry', 21 November 1960.

<sup>30</sup> MRC: MSS.200/F/4/75/19, 26 November 1960, Conference on 'The next five years', report of Group 3 - 'Economic Growth in Britain'.

<sup>31</sup> MRC: MSS.200/C/3/EDU/1/35, correspondence between Sir Norman Kipping (Director General of the Federation of British Industries) and Sir George Pollock (British Employers' Confederation).

growth.<sup>32</sup> At the same time, the subject was also under discussion in the National Production Advisory Council on Industry.<sup>33</sup> Thus by early 1961 there appeared to be extensive support for a radical new approach to training.

## **The failure to translate learning into real change**

In February 1961, the Cabinet's economic policy committee (EPC) invited the Ministry of Labour to consider the extent to which growth was being held back by a lack of trained workers.<sup>34</sup> A party of officials, had already been despatched to France by Hare and Eccles (the Minister of Education) to examine its levy system. It was impressed and strongly recommended adopting a similar scheme.<sup>35</sup> Yet Hare found it extremely difficult to make progress during the year that followed. There were several obstructions. First, the reservations of his permanent secretary (Sir Lawrence Helsby) about the length of time that it would take to negotiate such a change with employers and unions.<sup>36</sup> Second, and, more significantly, there was considerable opposition from within government. The Inland Revenue opposed the levy because they saw it as a hypothecated tax and deprecated the administrative effort required to collect a tax only to hand it back.<sup>37</sup> In addition, both the Inland Revenue and the supply side of the Treasury were extremely wary of the levy after having their fingers badly burned by Treasury's botched attempt to implement a payroll tax in 1961. The Ministry of Education was also obstructive - arguing that technical colleges should provide any additional training.<sup>38</sup> This lack of unanimity impeded progress and led Hare to draw back from intervention and to hope that the problem could be addressed by providing more training facilities in government training centres (GTCs) and technical colleges.<sup>39</sup>

Two factors produced a breakthrough. The first was the Treasury's adoption of an interventionist growth policy. This led to the triumph of the economic side of the Treasury over its supply side. Subsequently, the Treasury actively supported the levy and began to oppose the Ministry of Education.<sup>40</sup> The second factor was Macmillan's 'new approach' in July 1962.<sup>41</sup>

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<sup>32</sup> PRO: CAB 134/1816, 3 January 1961, EPB(60)35 - 'Economic Growth: note by the Treasury'.

<sup>33</sup> PRO: T 298/147. The NJAC was particularly concerned that, although the number of apprentices had increased, it had fallen as a proportion of school leavers.

<sup>34</sup> PRO: CAB 134/1689, 15 February 1961, EA(61) 2nd meeting.

<sup>35</sup> PRO: LAB 18/729, 6 February 1961, J.G. Stewart to Rossetti.

<sup>36</sup> PRO: LAB 18/729, 17 February 1961, Helsby to Hare.

<sup>37</sup> PRO: LAB 18/729, 5 May 1961, Alec Johnston to Helsby.

<sup>38</sup> PRO: LAB 8/2928, 13 April 1961, Minister of Education to Minister of Labour.

<sup>39</sup> PRO: LAB 18/729, 12 January 1962, Rossetti to members of the inter-departmental working party on training levy schemes; PRO: CAB 134/1694, 22 February 1962, EA(62)23, 'Shortages of trained manpower: question of a levy rebate system: Memorandum by the Minister of Labour'.

<sup>40</sup> Ministry of Education objections were rebutted by a Treasury memorandum prepared for Macmillan (PRO: PREM 11/4169, 9 May 1962, Bligh to Macmillan). Peter Vinter, author of the Treasury's July 1961 report on growth (PRO: CAB 129/105, July 1961, 'Economic growth and national efficiency') became its representative on the inter-departmental working party on the levy and was very supportive of the Ministry of Labour's ideas (PRO: LAB 18/759, *passim*).

Training was an essential part of this package of social and economic measures, which sought to obtain union support for a voluntary incomes policy and thus pave the way for higher growth without inflation.

Because of this breakthrough, Hare abandoned his hitherto cautious approach to the levy scheme.<sup>42</sup> In December 1962, the government published its white paper on industrial training.<sup>43</sup> The fact that the BACIE found its three objectives, and the proposed means of achieving them, to be surprisingly radical confirms that the Ministry of Labour was driving change.<sup>44</sup> Yet the white paper plainly built on ideas circulating in the industrial training network, particularly the industry-by-industry scheme advocated by Lady Williams at the 1962 BACIE conference.<sup>45</sup> The attraction for the Ministry of Labour of this approach was that, by making industry responsible for both the collection of the levy and the administration of the rebate, it removed the Inland Revenue from the scene.

At a BACIE conference held in January 1963 to discuss the white paper, Hare described its proposals as 'both evolutionary and revolutionary'.<sup>46</sup> They were, he claimed, evolutionary in that they built on the existing system with training continuing to be organised at industry level, but revolutionary in that they introduced 'compulsion where none existed before' and spread the cost of training more evenly between firms. Hare emphasised that they gave 'stronger recognition to the interests and responsibility which the central government has in this field' and ascribed the change to the 'changed climate of opinion' that had been brought about by BACIE and others.

Yet, delegating authority for the levy / rebate to the ITBs was an indicator that the intervention claimed by Hare was not as great as it appeared. Privately, Hare acknowledged the danger that the boards might be too timid. He feared, however, that to take powers over them 'would run counter to the philosophy underlying the proposals, that of co-operation between government and the two sides of industry' and would risk the loss of their support.<sup>47</sup> Both Butler and Macmillan were worried that Hare's proposals were too weak.<sup>48</sup> Officials on

<sup>41</sup> For details of the construction of the 'new approach' see PRO: CAB 130/186 GEN 766 'Cabinet Committee: Incomes Policy: The New Approach (1962)' and CAB 130/187 GEN 771 'Cabinet Committee: Incomes Policy (1962)'. See *Hansard*, 26 July 1962, cols.1766-1777 for Macmillan's emphasis on the essential importance of education and training to the policy package.

<sup>42</sup> As a Ministry of Labour official noted, it heralded a significant shift for the Ministry of Labour (PRO: LAB 10/1788, 10 August 1962, 'Notes on a meeting held to discuss action to be taken by IR4 concerning measures outlined in the Prime Minister's speech'). Entwistle, *Industrial training* (p. 182) also cites an interview with Hare's former assistant private secretary dating the change to a meeting at Chequers in July 62 on the 'new approach'.

<sup>43</sup> Cmnd.1892.

<sup>44</sup> Page, *Industrial Training Act*, pp. 56-60.

<sup>45</sup> BACIE, *Industrial training*, pp. 1-11. The debt is acknowledged by PRO: LAB 19/714, 18 June 1962, H.W. Evans to J.G. Stewart.

<sup>46</sup> BACIE, *Cmnd. 1892*, pp. 5-10.

<sup>47</sup> PRO: CAB 134/1994, 26 February 1963, HA(63)21, 'Industrial Training: Government Proposals: memorandum by the Minister of Labour'.

<sup>48</sup> PRO: T 311/003, 10 December 1962, R.A. Butler to the Prime Minister; PRO: PREM 11/4412, 26 December 1962, Macmillan to officials; PRO: PREM 11/4202, 21 February 1963, 'Meeting at Chequers between the Prime Minister and the Chancellor: Note for the Record'.

the economic side of the Treasury warned the chancellor that they amounted to only 'a tiny start' in addressing restrictive practices.<sup>49</sup>

Despite the change in general opinion towards training and growth, there were still marked differences between the views of the employers, the unions and the government about the details. The general secretary of the TGWU, Frank Cousins, speaking at a BACIE conference, supported Hare's proposals but complained that they would not succeed against 'vested interests' because they were 'insufficiently compulsive'.<sup>50</sup> To correct this, the TUC (and a number of influential commentators) called for a strong central body.<sup>51</sup> The BEC endorsed Hare's proposals as 'basically sound' but strongly opposed to a central body.<sup>52</sup> Nevertheless, a Central Training Council was the major concession made between the white paper and the January 1964 bill - although the CTC was not to be allowed to oversee the levy / grant system or to administer the government's grant.<sup>53</sup>

Thus, the March 1964 ITA aimed to improve both the quantity and quality of training to help achieve the new growth objective. Technocrats, operating within the extensive policy network that had built up in response to Britain's relative decline, had altered both a goal and instrument of economic policy. This had all the makings of a policy paradigm shift.<sup>54</sup> However, for several reasons, this did not occur. Despite the wish of the Ministry of Labour to bring its influence to bear on training policy, there was no government representation on the new ITBs, the apprenticeship system remained essentially unchanged, and the weak CTC and industry-based system was ill-suited to ensuring that decisions on training were made with a view to the wider needs of the economy.<sup>55</sup>

The most important factors in the failure were the inability of the Ministry of Labour to prevail over the fragmented institutions of the labour market, the inter-dependence of these

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<sup>49</sup> PRO: T 230/582, 7 February 1963, 'Economic Policy After Brussels'.

<sup>50</sup> BACIE, *Cmnd. 1892*, p. 26. His comments were in accord with the thinking of General Council representatives on the NJAC (MRC: MSS.292B/132.14/1, 22 January 1963, NJAC(GC) 3/3, 'Trades Union Congress: White Paper on Industrial Training').

<sup>51</sup> MRC: MSS.292B/132.14/1, 4 February 1963, Internal memorandum from R. Boyfield (secretary of the Organisation department) to G. Woodcock; MRC: MSS.292B/132.14/1, 28 February 1963, Woodcock to the Minister of Education. For adverse comment from journalists and training experts see: J. Boyden, 'Industrial training: an over-all planning board?', *Technical Education and Industrial Training*, vol.5, no.3 (March 1963), pp. 126-127; J. Wellens, 'The government proposals', *Technical Education and Industrial Training*, vol.5, no.1 (Jan. 1963), pp. 8-9; Williams, *Apprenticeship*; and *BACIE Memoranda*, April 1963.

<sup>52</sup> MRC: MSS.200/C/3/EDU/24/5, 14 February 1963, 'White Paper on industrial training: Central body under the Training Act'; MRC: MSS.200/C/3/EDU/1/35, 1 April 1963, JC 22, 'Joint BEC/FBI Education and Training Committee: White Paper on Industrial Training: note by the BEC'. Despite the endorsement of Hare's proposals, there were forthright complaints from a number of employers - see MRC: MSS.200/C/3/EDU/1/38, 13 February 1963, minutes of the Grand Council of the FBI and MRC: MSS.200/C/3/EDU/24/5 passim.

<sup>53</sup> The fact that the CTC had no 'executive responsibilities' was much criticised by BACIE (*BACIE Journal*, vol.18, no.2 (June 1964), p. 60). Its functions, which were accepted by the TUC in November 1963, were to keep training under review, to advise the Minister of Labour how it might be improved, to consider proposals for ITBs and to make recommendations to the minister (MRC: MSS.292B/132.14/1, 15 November 1963, TUC briefing note for Ray Gunter on the Industrial Training Bill).

<sup>54</sup> Hall, 'Policy Paradigms'.

<sup>55</sup> Sheldrake and Vickerstaff (1987: 35-26) concluded that the autonomy of the ITBs was a significant factor in the overall failure of the 1964 Act to solve the training problem.

institutions and the barrier to change formed by the preference of many employers and unions to retain their autonomy in training.<sup>56</sup>

This is not to say that the unions were a monolithic barrier to change. The September 1964 TUC conference, for example, passed a motion, moved by Frank Cousins of the TGWU, which emphasised the necessity of improved training for the continuance of full employment.<sup>57</sup> It called for levies high enough to stimulate more training, for shorter apprenticeships and for additional government finance to fund an expansion of training in GTCs. However, there were internal divisions within the TUC between craft and general unions.<sup>58</sup> These divisions were institutionalised within its structure. The general council was far more prepared for intervention in industrial training than its education committee (which was dominated by craft unions and tended to focus on day release as a panacea). The general council attempted to sideline this committee during discussions on the white paper but ultimately the influence of the craft unions led it to accept a weak CTC.<sup>59</sup>

Employers were convinced that union restrictive practices were a significant barrier to progress on training, yet they were also guilty of retrograde attitudes.<sup>60</sup> As employers' representatives on the NEDC acknowledged, many employers resisted shortening apprenticeships because it would increase wage costs and worsen industrial relations.<sup>61</sup> As with the unions, there was a divergence of views between the leaders and members of peak associations. The joint BEC/FBI Education and Training Committee was prepared to accept intervention, but its freedom of manoeuvre was constrained by the prospect of desertions by disgruntled members of the respective organisations.<sup>62</sup>

The fierce resistance of some trade unionists and employers to interference by the government in training meant that, the Ministry of Labour hesitated to push ahead too aggressively for fear of spoiling its relations with industry.<sup>63</sup> Consequently, it backed away from setting standards for training and reforming apprenticeships. There was no attempt to use the government grant to exercise leadership and the setting of the levy remained a matter

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<sup>56</sup> Shonfield, *Modern capitalism*, pp. 117-118; Finegold and Soskice, 'The failure of training', pp. 25-26; King, *Actively seeking*, p. 211.

<sup>57</sup> *Report of proceedings at the 96th Annual Trades Union Congress, Blackpool, September 7 to 11 1964*, pp. 399-402.

<sup>58</sup> King, *Actively seeking*, pp. 207-209; and Kirby, 'Institutional rigidities'.

<sup>59</sup> MRC: MSS.292B/132.14/1: 7 Mar. 1963, D. Winnard to G. Woodcock; and 23 July 1963, D. Winnard to Ray Boyfield. In the end, the TUC privately advised the shadow minister of labour that 'On the whole training is a matter where the initiative must lie with the employer.' (MRC: MSS.292B/132.14/1, 15 November 1963, TUC briefing note for Ray Gunter on the Industrial Training Bill).

<sup>60</sup> MRC: MSS.200/B/3/3/201.6, January 1965, BEC 65/27, 'Obstacles to inefficiency: the joint statement of intent on productivity, prices and incomes'; MRC: MSS.200/F/3/S2/10/12, 22 January 1965, 'Conclusions of Group 4: problems of labour'.

<sup>61</sup> MRC: MSS.200/B/3/3/201.5, 1 July 1964, Summarised verbatim minutes of NEDC meeting.

<sup>62</sup> MRC: MSS.200/C/3/EDU/1/38, 13 February 1963, Minutes of meeting of the Grand Council of the FBI; MRC: MSS.200/C/3/EDU/24/5, *passim*. Finegold and Soskice 'The failure of training', pp. 29-30 and Morgan, *The politics of industrial training* highlight the problem of the lack of power exercised by employers associations and the TUC over their members.

<sup>63</sup> Brittan *Treasury*, p. 328-329.



for industry.<sup>64</sup> In effect, the ITA was 'a gamekeepers' charter'.<sup>65</sup> Despite widespread support for a radical re-shaping of the apprentice system, the ITBs 'simply consolidated extant training practices, particularly in apprenticeships, rather than becoming an opportunity to expand training into new areas and to broaden the apprenticeship system'.<sup>66</sup>

## Conclusions

Thus, despite Britain's centralised state, the government proved unable to dictate change. The fragmentation of labour market institutions was a formidable block to effective action on industrial training in Britain.<sup>67</sup> Yet, as was the case with other elements of the new economic policies of the 1960s (the subject of my PhD thesis), Britain also lacked the institutional structure that would allow the creation of an 'active consensus' that could unite these fragmented yet inter-dependent institutions, or at least unite enough of them to defeat those who opposed change.<sup>68</sup>

This institutional deficiency manifested itself in several ways in industrial training. Firstly, the subject excited little interest amongst politicians. Labour was content to take over the ITA without change - with its ambitious planning proposals it could not afford the luxury of re-inventing the act.<sup>69</sup> Yet, the lack of a political mandate for reform made it difficult for politicians to take on vested interests and surmount Britain's long-standing tradition of non-intervention in the private sector.

Secondly, the Ministry of Labour found it difficult actively to involve other departments formulating the new policy. Most notably, the ITA failed to bridge the gap between industrial training and technical education.<sup>70</sup> Similarly, the wider education reforms of the 1960s largely ignored vocational education. This was a serious weakness.<sup>71</sup> There was also a substantial amount of policy drift between 1961 and 1962 as the various departments fought each other over the direction of policy.<sup>72</sup> This drift, which was not halted until the intervention of Macmillan in the summer of 1962, indicates a serious problem in policy co-ordination within government.

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<sup>64</sup> PRO: LAB 9/378, 2 January 1963, 'Government proposals for industrial training: note of a meeting in the Secretary's office'.

<sup>65</sup> McCormick and Manley, 'Industrial Training Act'.

<sup>66</sup> King, *Actively seeking*, p. 209.

<sup>67</sup> Wilensky and Turner, *Democratic corporatism*, pp. 62-63 compared the state structure and corporatist bargaining arrangements of eight major industrialised countries and ranked the UK last in its capacity to execute manpower policy. The weakness of the central bureaucracy is also emphasised by Crafts, *Economic growth*, p. 283.

<sup>68</sup> Shonfield, *Modern capitalism*, pp. 199-200. See also Morgan, *Politics*, pp. 249-250.

<sup>69</sup> LPA: RD 772, 'Manpower policies in a changing society', Home Policy Committee, May 1964.

<sup>70</sup> Page, *Industrial Training Act*, pp. 69-70; N.F.R. Crafts, 'Economic growth', p. 283.

<sup>71</sup> Finegold and Soskice, 'The failure of training', (pp. 25-26).

<sup>72</sup> To some extent the ability of the Ministry of Labour to pursue its industrial training agenda may have been weakened by a degree of 'overstretch' as it became increasingly involved in the administration of incomes policy.

Nor, despite a superficial commitment to tripartism, was the government willing to rise above a tradition of secretive policy-formulation and executive decision-making and involve non-governmental institutions in policy-making. In its formulation of the white paper, and in the subsequent negotiations on the bill, the Ministry of Labour conducted bilateral talks with employers and unions. In doing so, it betrayed the low opinion that the ministry held for the opinions of both, and incidentally, the marked lack of trust it had in its own ability to identify those unionists and employers who were supportive of change, mobilise them effectively and so secure wider support for its own point of view. Whilst the ITA structure looked innovative it really only amounted to a 'quasi-corporatism'.<sup>73</sup>

Consequently, the ITA involved no compulsion and no incentive for developing or enforcing new approaches to training, despite the absence of a consensus for change. There was no fundamental reform of British industrial training. The apprenticeship system remained basically unchanged and initiatives on training were limited to a lowest common denominator. The ITA was an 'ingenious compromise' which left control in the hands of those directly concerned, was largely self-financing, and avoided direct central intervention.<sup>74</sup> This is not to say that there was no progress at all. One of the objectives of the 1962 white paper was met - the cost of training being spread more evenly. However, there was little progress in solving the more fundamental problems identified by Cmnd. 1892. The quality of training remained inadequate and decisions on training continued to be poorly related to economic needs and technological developments. These fundamental problems continued.

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<sup>73</sup> King, *Actively seeking*, pp. 130-13.

<sup>74</sup> Perry, *Evolution*, p. 311.

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