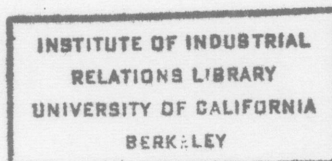


UNEMPLOYMENT AND THE AMERICAN ECONOMY

A Program of Research and Policy Evaluation



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UNEMPLOYMENT AND THE AMERICAN ECONOMY

I. Introduction

Throughout the period since the end of World War II, business recessions in the United States have tended to be relatively mild and short-lived, as compared with some of the more severe and prolonged downswings experienced in the latter part of the 19th century and the first four decades of the present century. Nevertheless, since the end of the Korean conflict, and particularly during the last four years, the behavior of unemployment has given rise to increasing concern.

Since 1953, the average annual unemployment rate, though fluctuating with changes in business activity, has displayed a disturbing upward trend. Furthermore, the unemployment rate prevailing at both the peaks and troughs of business activity has shown a tendency to rise.

Another disturbing aspect of the situation has been the increase in the relative importance of long-term unemployment. Whereas the long-term unemployment rate--defined by the Department of Labor as the number of persons out of work 15 weeks or longer as a percentage of total unemployment--averaged about 20 per cent during the 1954-1957 business upswing, it maintained a substantially higher level throughout most of the 1958-1960 upswing, and during 1961 the long-term unemployed accounted for nearly a third of total unemployment.

Although the unemployment rate declined somewhat in 1962, it has continued to exceed five per cent throughout 1962 and the first half of 1963. The chances of achieving a reasonably satisfactory average rate of unemployment over the next decade or so are not encouraging. Even if, as a result of a major tax cut and other developments, the unemployment rate should fall below, say, four per cent within the next few years, there is no assurance that the problem of a disturbingly high rate might not recur at a later point.

The reasons for concern over the prospects for the next decade or so are familiar. On the demand side of the labor market, automation and other technological developments have made possible impressive production gains with a stable or even a declining work force in a good many industries, conspicuously in the mass production industries. Product substitution, plant relocations, intensified foreign competition, and other developments have also reduced employment in particular areas or industries. Unskilled and semi-skilled blue-collar workers, who have been particularly affected by these developments, are typically ill-equipped to shift into expanding white-collar occupations.

Meanwhile, on the supply side of the labor market, the young people who were born in the high birth rate years of World War II are swelling the ranks of new entrants to the labor force. For a good many years to come, the number of youthful entrants to the labor force will

be far higher than it was in the early 1950's, when the supply of 18-year olds was abnormally low as a result of the sharp drop in the birth rate during the Great Depression. Can jobs be provided for this avalanche of newcomers, as well as for those more mature persons who will be seeking work during the next decade?

This combination of developments poses a serious challenge for the American economy and has given rise to heightened debate over the policy issues involved. Congress and the Administration have recently taken a number of steps to extend additional aid to the unemployed and their families, to encourage economic readjustment in depressed areas, to stimulate recovery through increased public spending of various types, and to encourage the retraining of unemployed workers.

Meanwhile, there is continued disagreement over whether the problem of persistent unemployment is primarily aggregative or structural in nature and over the vigor with which a full employment policy should be pursued. Those who believe the problem to be primarily structural would rely chiefly on measures designed to increase labor mobility and encourage retraining of displaced workers. Those who consider the problem to be predominantly aggregative would, while recognizing the value of retraining programs and the like, place greater emphasis on the need for more vigorous application of monetary and fiscal policies aimed at full employment.

This project is based in large part on the premise that the problem of persistent unemployment is leading to policy approaches, both public and private, with which there has been little previous experience in this country. Government officials who are responsible for carrying out the new programs need, as they themselves are well aware, more adequate information on labor force and occupational trends if they are to guide the movement of workers from one area to another and the retraining of workers for different occupations. They also need to know more about the factors which have made for success or failure in training or retraining programs that have been conducted in various parts of the country and in other countries. Management and labor groups that are devising new collective bargaining approaches to deal with the labor adjustment problems required by automation need the benefit of careful evaluations of experience in the industries that have been pioneering with such programs.

To meet these needs, we are conducting a coordinated group of studies designed both to provide better guidelines for the development of policy in these relatively unfamiliar areas and to undertake critical evaluation of the policies as they develop during the course of the next three or four years. The project also includes certain closely related studies designed to provide the basis for clearer formulation of what our employment goals should be and for more accurate prediction of labor market trends in the next decade or so.

The studies are being conducted by economists and sociologists on the Berkeley campus of the University of California, by doctoral candidates, and by several labor economists in eastern universities who have become associated with the project since the original plans were developed. In addition to the individuals whose projects are described below, we are conducting discussions with several other eastern economists, including Professor Frank Pierson of Swarthmore College and Professor George H. Hildebrand of Cornell, who are interested in undertaking studies under this program. Our aim is to carry out an over-all project which will include a well-rounded group of individual studies whose results will be valuable for their own sake, but which will also provide the basis for a final report evaluating and interpreting the results of the project as a whole. We have omitted certain studies which would fit into our general scheme but which are being carried out elsewhere, e.g., studies of the public employment service and of depressed economic areas.

We are maintaining close contact with government agencies, in order to make certain that our studies are coordinated with plans that are being developed in Washington and at the state level for expanded research and action programs, particularly on automation and associated labor market adjustment problems. We are also maintaining contact with those conducting related research at other universities.

Our plans also call for holding an annual conference on unemployment, which will bring together key people concerned with research and policy formulation on unemployment and related problems, each year during the four-year period of the project. The first of these conferences was held at the Claremont Hotel, Berkeley, April 18-20, 1963. Conferees included about 75 scholars, government officials, and representatives of management, labor, and community organizations from various parts of the country. In addition, several hundred persons attended the morning sessions, which were open to the public, as well as the dinner on April 19, which was addressed by Governor Edmund G. Brown of California. A limited number of copies of the conference proceedings is available from the Institute of Industrial Relations at \$1 each, and we expect that the proceedings will later be published in book form.

Those conducting research in connection with the project on the Berkeley campus meet about once a month to discuss research plans and appraise results as they develop. In the individual project descriptions which are included below, those who are already at work on their studies have commented on their progress during 1962-1963.

Co-directors of the entire project are Arthur M. Ross, Professor of Industrial Relations and Research Economist, Institute of Industrial Relations, and R. A. Gordon, Professor of Economics. Professor Ross served as Director of the Institute of Industrial Relations from 1954 to 1963. Professor Gordon served as Chairman of the Department of Economics from 1959 to 1963. Ross and Gordon will continue to serve as co-directors of the project, which is administered through the Institute of Industrial Relations.

II. The Problem of Full Employment

The Employment Act of 1946 was adopted at a time when most industrialized countries were formally inaugurating policies aimed at full employment. Under these policies, governments pledged themselves to carry out measures designed to provide jobs for all those who were able to work and available for work. From the beginning, however, there was recognition on the part of economists that under peacetime conditions it was unrealistic to interpret the full employment goal as continuous employment of 100 per cent of the labor force. There would always be some frictional unemployment--estimated at perhaps three per cent in the United States--associated with voluntary job shifting and with the involuntary job separations that occurred in a dynamic economy as some industries contracted while other industries expanded. More recently, in this country, as R. A. Gordon points out in his individual project proposal, there has been a tendency to speak of an unemployment rate of four per cent or more as the lowest rate we are likely to succeed in attaining without encouraging serious inflation. In the last few years, moreover, there has been evidence of substantial disagreement among various segments of public opinion over employment goals.

The controversy has been complicated by differences of opinion over problems of definition and measurement of unemployment. The controversy has been less intense since the publication of the Report of the President's Committee to Appraise Employment and Unemployment Statistics (the Gordon Committee) in the fall of 1962, but has not altogether died down. There will be a continuing need for studies in this area, e.g., on methods of collecting and using job vacancy statistics, on the interpretation of differences between unemployment rates in the United States and western European countries, and so on.

In addition, we need to know more about how employment goals have been interpreted in the implementation of the Employment Act of 1946 and how our full employment policies have compared with those carried out in countries of Western Europe. Is there evidence that the employment goal in the U. S. has been modified along with the upward drift in the unemployment rate? What has been the relationship between the unemployment rate and wage changes? Can we devise effective ways of restraining price and wage increases, short of mandatory controls? To what extent is our failure to pursue more vigorous full employment policies attributable to the attitude of suspicion that pervades the relationship between business and government in this country, and are there ways in which a more constructive relationship could be developed?

The projects which are being carried out in this part of the study are as follows:

1. A study of employment goals for the United States, by R. A. Gordon, Professor of Economics, University of California, Berkeley

2. A study of wage policy, inflation, and full employment, by Joseph W. Garbarino, Professor of Business Administration, Director of the Institute of Business and Economic Research, and Research Economist, Institute of Industrial Relations, University of California, Berkeley
3. The dialogue between business and government, by Arthur M. Ross, Professor of Industrial Relations and Research Economist, Institute of Industrial Relations, University of California, Berkeley

III. What is the Outlook for Labor Demand and Labor Supply?

Although civilian employment increased, on the average, by about 760,000 persons a year from 1950 to 1957, it rose by only about 570,000 a year from 1957 to 1962. Meanwhile, approximately 780,000 persons a year were added to the civilian labor force, on the average, between 1957 and 1962, as compared with about 760,000 in the earlier part of the decade. It is clear that the number of employed persons will have to increase much more rapidly in future years to achieve a reduction in the unemployment rate and absorb net additions to the labor force, particularly since it is anticipated that annual increases in the labor force will be larger in the 1960's than in the 1950's.

What are the prospects of an increase in the rate of expansion of employment opportunities? This depends on various factors influencing the behavior of aggregate demand, particularly prospective changes in private investment and public expenditures. It also depends on whether, as a result of shifts in production methods and in the composition of demand, increases of shifts in production methods and in the composition of demand, increases in GNP may be expected to generate larger or smaller increases in employment than in earlier periods.¹

Between 1957 and 1962, gross private domestic investment increased at a substantially lower rate than in the period from 1953 to 1957. It also rose considerably less (in terms of 1962 dollars) than GNP, reversing the relationship that had prevailed between 1953 and 1957.

What factors have been responsible for the slowing down in the rate of expansion of investment? This question needs to be analyzed in both

¹ In recent upswings of the business cycle, increases in GNP have been associated with smaller increases in employment than in the earlier part of the postwar period. See R. C. Wilcock and W. H. Franke, "Will Economic Growth Solve the Problem of Unemployment?", paper presented at a joint meeting of the American Economic Association and the Industrial Relations Research Association, December, 1961.

aggregative and disaggregative terms. The behavior of the various components of public spending, at all levels of government, also needs to be analyzed, with particular reference to developments in the recent past and probable developments in the 1960's. And the impact of these changes on the demand for labor requires further investigation.

Are shifts in the occupational and industrial structure of the economy creating a need for adjustments in the characteristics of the labor force that cannot easily be accomplished in the short run, particularly in view of the difficulty of converting a blue-collar worker into a white-collar worker? Is there evidence that technological changes are imposing more serious problems of adjustment on the economy than formerly? To what extent does the present period resemble earlier periods when technological changes were occurring at an unusually rapid rate?

On the labor supply side, are the current forecasts of accelerated increases in the 1960's reliable? Granted that projections of labor force participation rates based on average rates of change in recent decades may be appropriate for very long-range projections, are they equally appropriate for short-range or middle-range forecasts, given the evidence that changes in the labor force participation rates of particular age and sex groups display decade-to-decade and possibly shorter-run fluctuations? To what extent does interaction between labor demand and labor supply explain these fluctuations, and, if so, what are the implications for changes in the 1960's?

Individual projects in this part of the study include:

1. An analysis of the outlook for aggregate demand--both for GNP and for labor--during the next decade
2. Automation, economic dislocation, and unemployment, by Tibor Scitovsky, Professor of Economics, University of California, Berkeley
3. Underemployment in the U. S. economy: concepts, measures, and some causes, by William G. Bowen, Associate Professor of Economics and Faculty Associate, Industrial Relations Section, Princeton University
4. A case study of structural unemployment in the mining industry, by Bernard Saffran, Assistant Professor of Economics, University of California, Berkeley
5. Short-run changes in labor force participation, 1940-1962, by Margaret S. Gordon, Associate Director, Institute of Industrial Relations, and Lecturer, School of Social Welfare, University of California, Berkeley
6. The convertibility of the labor force, by Hyman P. Minsky, Associate Professor of Economics, University of California, Berkeley

7. Changes in the behavior of employment by major functional categories, by Stanley Lebergott, Professor of Economics, Wesleyan University
8. Postwar relationships between unemployment and economic growth in Canada, by David C. Smith, Assistant Professor of Economics, Queen's University, Kingston, Ontario

IV. Labor Market and Worker Adjustment Policies

The largest section of the project will be devoted to intensive study and appraisal of labor market policies in the United States, in close collaboration with the private groups and public authorities responsible for the operation of such policies.

Labor market policies include all the mechanisms and techniques for adjusting the supply of human resources with the demand. In the nature of the situation most of the adjustments must be effected on the supply side, but there are some attempts to influence the pattern of industrial location so as to bring work where workers are available. Labor market policies also include programs of income maintenance in the face of shifting or fluctuating labor demand.

There are numerous reasons why thorough-going scrutiny of labor market policies is essential at this time. Up until recently, the American labor force has always been considered extraordinarily mobile and adaptable. The consensus of professional judgment has been that if work is available, workers will learn about it, seek it out and obtain the necessary training by hook or crook. This was our experience during World War II; but in retrospect we must note that the increased manpower needs were concentrated, to a considerable extent, in traditional fields of construction and manufacturing employment.

Today it can no longer be said that manpower supply will adjust itself to demand with a minimum of friction. The pace of technological change, the rapid restructuring of industrial and occupational "mix"; the accelerated movement of industrial activity to the suburbs, to smaller areas, and to southern and western regions have changed all this. Although deficiency of demand and retardation of economic growth are important components of our persistent unemployment problem, it seems clear that there is an equally important structural component. In the belief that labor supply would take care of itself, labor market policies have received relatively little attention in the United States. We have had a series of poorly related programs, some private and some public. The private endeavors have been distributed rather haphazardly among employers, trade unions, and joint labor-management instrumentalities created by collective agreements. Similarly, the public programs have been dispersed among state and federal labor departments, employment offices and educational institutions. Thus we have had no method of assuring that

apprenticeship programs are based on accurate precasts of manpower needs; or that workers receiving unemployment insurance are making any effort to adapt themselves to labor-market changes; or that young people have a realistic view of their prospects when deciding whether to drop out of school. Certainly we have never had anything which could be called an integrated labor-market program such as the Swedish.

During the past three years, as already suggested, we have seen important new developments. A federal program for depressed areas has been launched. About a dozen states are encouraging workers to undertake retraining while receiving unemployment compensation. A federal program providing for retraining and relocation allowances was inaugurated in 1962. There has been great resistance, however, to the proposal that workers be given financial assistance in making geographical relocations. Employers and unions have negotiated some highly publicized worker-adjustment programs. In addition, numerous lesser-known endeavors have been carried on in private industry with varying degrees of success. At the same time problems of work rules and "job protection," reflecting the desire to piece out shrunken employment opportunity, have come to a head in railroad, steel, airline, maritime, longshore, and other industries. These problems have proven impervious to ordinary collective bargaining processes, and various tripartite commissions and panels have been established to handle them.

These new developments give rise to a host of questions. In a country in which the great majority of workers have always found their jobs through channels other than the public employment service, can the public employment offices successfully perform the central role contemplated for them in connection with these new developments? In retraining workers, what is the most advantageous division of labor between private industry and the government? How much capacity to absorb training should be expected? Should one attempt to retrain unemployed workers directly for the shortage occupations, or should indirect and intermediate strategies be contemplated? Can we develop a practical program to rescue and rehabilitate the "school drop-outs," whose outlook is extremely poor?

How much do we really know about the pattern of manpower requirements ten or twenty years from now? Can we develop more refined techniques of occupational forecasting? If so, how can we translate long-range projections into detailed occupational-outlook materials for the use of school counsellors, employment service advisers, training directors, and apprenticeship agencies?

Are negotiated worker-adjustment programs, as in the longshore and meatpacking industries, making a constructive contribution? If so, what techniques are most successful? What has been the role of neutral participants? If the essence of these programs is to facilitate the transition to a lower level of blue-collar employment, do they mitigate the conflict between productive efficiency and job protectionism in declining industries? Under what circumstances should accelerated retirement and shorter working hours be adopted as the most practical expedient for reconciling labor supply with a lower level of demand?

Must the purpose of unemployment insurance be redefined? Will unemployment compensation be less frequently a device to hold the worker in place pending the revival of employment opportunity in his customary firm, area and industry; and more frequently an instrument for increasing labor mobility and effecting occupational and geographic transfers? What can be learned from the experience of European countries in coordinating programs of unemployment insurance, occupational training, industrial location and worker mobility? What changes are needed in our other income maintenance programs so that their contribution toward promoting the development and use of human resources can be made more effective? What light can be shed on these needs through a study of the impact of unemployment on the unemployed and their families?

The individual projects in this section are as follows:

1. National manpower planning in a free society, by Richard A. Lester, Chairman, Department of Economics, and Faculty Associate, Industrial Relations Section, Princeton University
2. Studies of the impact of technological change on training and worker adjustment within the firm, by George Strauss, Professor of Business Administration and Research Economist, Institute of Industrial Relations, University of California, Berkeley
3. Selected problems connected with job protection programs, by Lloyd Ulman, Professor of Economics and Industrial Relations, and Director, Institute of Industrial Relations, University of California, Berkeley
4. The displaced worker: a study of the impact of unemployment on the unemployed and their families, by Paul Jacobs, Staff Specialist, Institute of Industrial Relations, University of California, Berkeley
5. Training and retraining programs: analysis and appraisal, by Ida R. Hoos, Assistant Research Sociologist, University of California, Berkeley
6. Youth and unemployment: a community research and action project-Part A, by David Matza, Assistant Professor of Sociology, and Part B, by Ida R. Hoos, Assistant Research Sociologist, University of California, Berkeley
7. Education and labor force adjustment, by Albert Fishlow, Assistant Professor of Economics, University of California, Berkeley
8. The role of unemployment compensation in a program of labor market adjustment, by Martin P. Oettinger, Assistant Professor of Economics, University of California, Davis

9. A. A critical evaluation of European experience in retraining the unemployed, and B. Social security and human resources, by Margaret S. Gordon, Associate Director, Institute of Industrial Relations, and Lecturer, School of Social Welfare, University of California, Berkeley
10. Union work rules and technological unemployment in the flat glass industry, by Trevor Bain, doctoral candidate in economics, University of California, Berkeley
11. Policies to combat postwar unemployment in West Germany, by Guenter Wittich, doctoral candidate in economics, University of California, Berkeley

Individual Project Descriptions

(Roman numerals refer to sections in the general
description of the project)

II. 1. EMPLOYMENT GOALS FOR THE U.S.

R. A. Gordon

I propose to review the way in which the policy goal of a high and stable level of employment has been interpreted and implemented in the United States and to compare such interpretation and implementation with the experience of some of the leading countries in Western Europe. The proposed study starts with the following assumptions:

1. Neither economists nor the Administration (under Truman, Eisenhower, or Kennedy) have been able to reach clear agreement as to how much unemployment is consistent with a satisfactorily high level of employment.
2. There has been some tendency for the employment goal to be interpreted more loosely over the last 15 years. A tendency in the late 1940's to equate "full employment" with no more than three per cent unemployment seems to have been replaced by the belief that an unemployment rate of four per cent is satisfactory, and in some business circles it is being suggested that we shall have to put up with a rate higher than four per cent.
3. Uncertainty as to an appropriate employment objective has resulted from several factors: confusion as to how to interpret the official statistics on unemployment, fear of inflation, and concern that the recent high unemployment rates imply structural difficulties that are not amenable to the normal instruments of monetary and fiscal policy.

The proposed study would attempt to do the following:

1. Review the evidence on how the employment goal has been interpreted by economists and successive Administrations since 1946.
2. Assess the extent to which the fear of inflation has led to a tacit redefinition of the employment objective.
3. In the light of the latest re-evaluation of the official statistics on employment and unemployment, attempt to reformulate the goal of full employment in terms of both the aggregate unemployment rate and a breakdown of that rate by significant categories.
4. Compare American experience--and my proposals in (3) above--with the experience in selected European countries--probably the United Kingdom, Sweden, and Holland, and possibly also France and West Germany.

Schedule

Work on this project was started in the fall of 1962, and I plan to spend the summer and fall of 1963 in Europe, both on this project and

related research. The full study, including the international aspects, could then be completed by, say, September 1964. The final results would take the form of several articles, possibly also a monograph incorporating the articles and additional material, and almost certainly one or more statements presented to the Joint Economic Committee.

In addition to the publications for which I would be directly responsible, I should like to initiate and supervise one or more doctoral dissertations that would deal more intensively with some of the questions raised above. It would not be wise to say in advance what specific topics these dissertations would deal with, since students' interests must be consulted, but they would be concerned with some aspect of the problem of defining and implementing an employment policy in the United States.

Progress report for 1962-1963

With the help of Guenter Wittich, the year has been spent in accumulating essential background. Research has been primarily in three directions:

1. The development of governmental concern regarding the level of unemployment in the United States in the twentieth century, with primary attention being paid to the period since 1929. Among topics reviewed were: the transfer of responsibility from the states to the federal government, developments leading up to the Employment Act of 1946, and the manner in which the Act has been interpreted and administered.

2. Considerable time has been spent on "the numbers game." How and when did the 4 per cent figure evolve as a policy goal? We have found this particular figure used as early as 1932 in the United States. We have also studied the pressures that have developed since the war to raise and to lower this quantitative objective. Preliminary work has begun, also, on the study of differential unemployment rates--by industry, occupation, color, sex, and age. This is related, of course, to the current debate as to the significance of so-called "structural" unemployment.

3. Considerable time has been spent on the international aspects of the problem. A good deal of work has been done on German materials, and recently we began systematically to examine the publications of ECE, ILO, and OECD. We have been looking at the experience of other countries in two respects in particular: (1) evidence of an officially stated employment policy and of how it is related to other policy goals, and (2) what level of unemployment is considered "full employment," and why.

Selected publications: Business Leadership in the Large Corporation (Brookings, 1945; reprinted with new introduction, 1961); Business Fluctuations (Harpers, 1952 and 1961); Higher Education for Business, with J. E. Howell (Columbia, 1959); Contributor to Explorations in Economics (1936), Conference on Business Cycles (1951), The Business Cycle in the Post-War World (1955), Policies to Combat Depressions (1956); Numerous papers and articles.

II. 2. WAGE POLICY, INFLATION, AND FULL EMPLOYMENT

Joseph W. Garbarino

From at least the date of the Beveridge report, Full Employment in a Free Society, the possibility that a national commitment to a full employment policy might pose an inflationary threat has been recognized. Although multiple sources of price pressure exist, wage behavior has been seen as a key variable in the problem. The classic formulation of the economic policy "dilemma" expressed the issue succinctly: Three goals of policy were identified, (1) full employment, (2) price stability, and (3) free markets. The dilemma arises from the possibility that the three goals are incompatible so that, at best, we must be satisfied with some combination of two of the three. Recently, a rapid rate of economic growth has been added as a goal.

Although it is possible that the economic policy makers might come to accept a compromise that simultaneously included more unemployment, less price stability and more government intervention in price and wage determination than formerly thought tolerable, this resolution of the problem does not seem viable as a long-term solution. The pressures generated by an unsatisfactory performance of the domestic economy, new and potentially drastic changes in the international economy, and the international political struggle call for positive policies aimed at achieving a high level of performance in the American economy.

The importance of the link between wage behavior and full employment policy suggests that a more comprehensive and systematic examination be undertaken to determine the characteristics of a wage or incomes policy for the American economy that would be compatible with high levels of employment and with adequate price stability. Some of the specific topics that ought to be included are:

1. The nature and dimensions of the problem. Many of the analyses of the wage facet of the policy dilemma rely on the use of aggregative data on unemployment and average hourly earnings. Would the usual conclusions be modified if industrial sectors were studied and if actual negotiated wage rate changes were used? Has the concentration of attention on the hourly wages of production workers been justified to the neglect of salary movements in a period when the structure of the labor force has been changing rapidly? Don't we need a wage and salary policy, i.e., a personal income policy? What does this imply for non-labor income?

2. Can any operational content be given to the generalization that increases in incomes should be confined to the limits set by increases in productivity if inflation is to be avoided? A major gap exists between the economists' propositions about desirable relations between aggregative measures at the national level and the wage negotiators and wage and salary administrators at the level of the company and the union. Pronouncements of the former group are of little relevance to the problems faced by the

latter group and there is no framework within which the micro decisions of the latter can be assessed as to their over-all impact.

3. Some analysts believe that the industrial relations systems of certain other industrialized countries are more amenable to combining full employment policies with a conscious wage policy. Is this view justified or is the greater emphasis on and greater apparent success in tying wage policy in with national economic policies in other countries an illusion? If it is not illusory, what implications are there for U. S. policy in their experience?

4. If a norm of desirable wage or incomes policy for the U. S. can be outlined, how has the past performance of the existing system of wage determination met this norm? What possibilities exist for extending social control of industrial relations to the results of collective bargaining? If an active full employment policy is incompatible with price stability within the current industrial relations structure, what implications are there for other sectors of economic life of an increase in intervention in this area?

The project would result in a book-length manuscript of 340-400 pages.

Progress report for 1962-1963

Attention has been directed during the current academic year to collecting income data for as broad a range of occupational groups as possible. Some preliminary conclusions that seem to emerge are that for a wide range of salaries, rates of increase have been at least equal and usually larger than rates of increase in hourly wages. This trend seems to have developed in the mid-fifties and to have persisted to the present time.

Selected publications: Health Plans and Collective Bargaining (University of California Press, 1960); Wage Policy and Long Term Contracts (Brookings Institution, 1962); Guaranteed Wages (Institute of Industrial Relations, University of California, Berkeley, 1954); Numerous papers and articles.

II. 3. THE DIALOGUE BETWEEN BUSINESS AND GOVERNMENT

Arthur M. Ross

When the initial plans for the Research Program on Unemployment were formulated, I proposed to conduct a study, called Labor Market Policy in the United States, analyzing the theories, instruments, and techniques of labor market policy viewed as an entity or integrated whole. Meanwhile it has become clear that several other labor economists are undertaking to develop the concept of a coordinated labor market policy, and that OECD is organizing its program of manpower research within the framework of this concept. Under these circumstances I have changed my research plans and have decided to do a study entitled The Dialogue Between Business and Government.

Several distinguished economists, including Gunnar Myrdal and Edward S. Mason, have expressed the opinion that the possibility of achieving full employment in the United States depends on political and ideological factors as well as economic constraints such as balance of payments and inflation. The same point was emphasized repeatedly at our recent conference on Unemployment and the American Economy.

Perhaps the most crucial political relationship, so far as economic policies are concerned, is between government and the business community. In the United States this relationship is not conducive to an effective full-employment program. Communication is carried on in rather primitive clichés which do not encourage a real confrontation of the policy issues. Business and government seem to operate with different systems of economic doctrine (while labor has yet a third); and although the United States undoubtedly has more economists per capita than any other country, it cannot be said that the educated public is sophisticated on economic issues. An administration which innovates boldly in the economic field creates a crisis of business confidence which tends to dry up the flow of private investment. A business-oriented administration pursues deflationary policies which tend to reduce production and employment as the price of retaining confidence. Attempts to develop more intimate consultation between government and business, or to engage in even the most informal "indicative" economic planning along western European lines, cannot succeed if the parties must deal at arms length in an atmosphere of suspicion.

This research project on The Dialogue Between Business and Government will endeavor to analyze these dilemmas and identify possible approaches to a more effective relationship. Among the specific areas of investigation will be the following: ideological background of the present relationship; the problem of business confidence; business and government in the Roosevelt, Eisenhower, and Kennedy Administrations; comparative analysis of business opinion (as expressed by leading business organizations and conservative parties) in the United States and Western Europe; the role of business executives speaking in their own right, and of

business economists; attempts to develop informed opinion such as CED and NPA; instruments of consultation between business and government, including the Business Advisory Council and the President's Labor-Management Advisory Committee; the Council of Economic Advisers, the Treasury Department, and the business community; recent indications of improvement in the relations; possible directions of further improvement.

Obviously, this will be a major project, and I expect that three years will be required to bring it to a conclusion.

Selected publications: Trade Union Wage Policy (University of California Press, 1948); Changing Patterns of Industrial Conflict, with Paul T. Hartman (Wiley, 1960); Industrial Conflict, co-editor with Arthur Kornhauser and Robert Dubin (McGraw-Hill, 1955); Numerous papers and articles.

III. 1. AN ANALYSIS OF THE OUTLOOK FOR AGGREGATE DEMAND--BOTH FOR
GNP AND FOR LABOR--DURING THE NEXT DECADE

One of the most disturbing aspects of recent American economic developments has been the noticeable retardation in the rate of growth of real aggregate demand, associated particularly with the unsatisfactory behavior of gross private capital formation. There is evidence, also, that in recent upswings of the business cycle, increases in GNP have been associated with smaller increases in employment than in the earlier part of the postwar period.

The purely aggregative aspects of these trends are important in themselves. But there have also been highly significant shifts in the composition of the demand for output (e.g., the shift toward services) and quite different rates of productivity change in different sectors. What does all this imply regarding the demand for labor--in aggregative terms and in different occupations and industries--during the middle and late 1960's?

We believe it is essential that more work be done on projecting the total demand for GNP, based on the best information available on the probable course of government expenditures, prospective changes in tax policy, the probable determinants of plant and equipment expenditures and of residential construction, etc. If an analysis is also made of probable productivity trends, these projections can then be converted into estimates of future total employment.

Background work which will be extremely useful for studies in this area has begun in the Bureau of Labor Statistics and the Office of Business Economics. Some of the results of the econometric model project now being carried on under the direction of Lawrence Klein and James Duesenberry for the SSRC Committee on Economic Stability may also be useful, although the SSRC project is essentially concerned with explaining and predicting short-run change. Another related study is the growth project recently undertaken by Professors James Tobin of Yale and Robert Solow of MIT.

The discussions which we have been having with Professors Frank C. Pierson of Swarthmore and George H. Hildebrand of Cornell will probably result in their undertaking a study which will fall under this general heading.

III. 2. AUTOMATION, ECONOMIC DISLOCATION, AND UNEMPLOYMENT

Tibor Scitovsky

Automation seems to change production methods as drastically and cut costs as greatly as did the introduction of mechanical power during the Industrial Revolution. It is likely, therefore, to lead to as great a dislocation in the labor market. This aspect of the Industrial Revolution has never been adequately analyzed; indeed, we have no satisfactory theory of unemployment other than Keynesian unemployment. The market seems to deal adequately with gradual changes and small dislocations; but when change is fast and dislocation great, market adjustment unaided by policy is likely to become too painful to be tolerated. Hence the need for economic analysis of the nature of these problems as a basis for policy.

One possible reason why these problems have attracted little attention so far may be the fact that they tend not to show up in aggregative data. Industry-wide data on output, on labor productivity, on production costs, etc., show, not the nature and magnitude of innovations, but only the resultant of their magnitude, of the rate at which they are being put into practice, and of the lack of dislocation caused by their adoption. It is likely, however, that the greater a technical improvement, the greater the dislocation that it brings about. There are indications, for example, that conversion to automated methods and equipment usually goes hand in hand with a great expansion of productive capacity but without much or any expansion of output. In such cases, the increase in the underutilization of capacity can largely offset the effects of the improved production methods on costs/unit and output/man; and in the absence of statistics of capacity, aggregative data need give no indication of what has happened.

I propose, therefore, to undertake a systematic theoretical study of the various types of dislocation and forms of unemployment likely to ensue as a result of rapid economic progress in general and automation in particular. Changes in the relative output potential of different industries and the consequent changes in their relative demand for labor, changes in the proportions in which different types and degrees of skill are required, changes in the structure of wages and prices, possible changes in the distribution of income, the possible failure of the aggregate demand for goods to keep step with the rise in real incomes--these are some of the problems that would have to be analyzed in detail. Much of the analysis would be theoretical, but empirical data would also have to be analyzed in order to determine the orders of magnitude involved, since so much depends on the size and speed of the changes created.

Selected publications: Economic Theory and Western European Integration (London: Allen and Unwin, 1958); Mobilizing Resources for War: The Economic Alternatives (New York: McGraw-Hill, 1951), with Edward Shaw and Lorie Tarshis; Welfare and Competition; The Economics of a Fully Employed Economy (Chicago: Irwin, 1951); Numerous papers and articles.

III. 3. UNDEREMPLOYMENT IN THE U.S. ECONOMY: CONCEPTS, MEASURES AND SOME CAUSES

William G. Bowen

The recent report of the President's Committee to Appraise Employment and Unemployment Statistics, the "Structural Transformation versus Inadequate Demand" study prepared for the Joint Economic Committee, and a number of other recent pieces, all serve to point up once again:

1. The variety of forms which underemployment, broadly conceived, may take--ranging from economically-induced withdrawals from the labor force, to ordinary unemployment, to partial (part-time) unemployment, to something called "disguised unemployment."

2. The need for more careful formulation of the concepts that are the essential first step towards identification and measurement of the above phenomena.

3. The related need for new types of data.

4. The importance of achieving a clearer understanding of the relationships between these various types of underemployment and (a) the level of aggregate demand, as opposed to (b) the "structural unemployment" hypothesis, which I prefer to think of in terms of a possible imbalance between (i) shifts in the demands for labor of different types, (ii) trends in the relative numbers of workers possessing different types of qualifications, and (iii) movements in relative wages.

It is to this broad range of tasks that I propose to devote my own research efforts over the next two or three years.

My first interest is in concept formulation, and I plan to do some hard thinking about such issues as the dividing line between the "unemployment" and the "not-in-the-labor-force" categories. To illustrate what I have in mind here, if we start from the premise that in deciding whether or not to work a person is influenced by (a) available job opportunities (including associated salaries), (b) unemployment compensation and pension programs, and (c) his own income-leisure-type-of-work preferences, then we want to know not just whether this person says he is or is not seeking work, but under what conditions he would work and under what conditions he would elect not to work.

While we can move part way toward answering questions of this type by drawing inferences from available statistics, new kinds of data, obtained from a pilot survey of a segment of the labor force, would undoubtedly be very useful. And this is my second interest: trying to design a format for obtaining new information by survey research methods. It seems to me that it is only by a carefully devised survey research scheme that we can hope to find out such things as the minimum wage and type of job opening which would, in varying circumstances, attract

particular groups of people into the labor force. And, this type of approach should also be particularly helpful in identifying "disguised unemployment" (where we are certain to need good information concerning past jobs, qualifications, and job aspirations). Furthermore, in the process of collecting various pieces of information of this kind, we should learn more about the empirical relevance of the structural unemployment hypothesis.

In working on the survey research aspect of this project I am fortunate in being able to count on the active cooperation of Professor Frederick F. Stephan, who served on the President's Committee to Appraise Employment and Unemployment Statistics, and who is a recognized authority in the field of social statistics. It is also entirely possible that various government departments would be glad to help, and that some type of cooperative arrangement could be devised.

Finally, after having worked on the definitions of the concepts, on the analysis of existing data, and on the collection of new data, I would hope to be in a position to offer some quantitative guesses as to the over-all extent of underemployment of the U. S. labor force. Also, I would hope to be able to make some headway in relating the extent of underemployment (in each of its various forms) to the inadequate aggregate demand and structural unemployment hypotheses.

Parts of the project, especially the survey research parts, will be of the pilot study sort, designed to test the feasibility of more elaborate research of this kind and to suggest new hypotheses. I am hopeful that I shall receive assistance not only from Professor Stephan, but also from Assistant Professor of Economics T. A. Finegan (who is interested primarily in labor force participation rates) and from S. H. Masters (a graduate student in economics who is interested in "hard-core" unemployment and the structural unemployment controversy). The disguised unemployment aspect is particularly interesting to me personally, but I also of course plan to assume over-all responsibility for the project as a whole. As our research agenda becomes more explicit, it may also be possible to enlist the services of other faculty colleagues and graduate students.

Given all the uncertainties involved in a conceptual-empirical study of this scope, it is almost presumptuous even to speculate about publication plans. Our hope, however, is that some articles would come out of our early work. Then, if the results are sufficiently encouraging, I shall accept responsibility for putting the pieces together in book form.

Selected publications: The Wage-Price Issue: A Theoretical Analysis (Princeton University Press, 1960); Wage Behavior in the Postwar Period: An Empirical Analysis (Industrial Relations Section, Princeton University, 1960); Numerous papers and articles.

III. 4. A CASE STUDY OF STRUCTURAL UNEMPLOYMENT IN THE MINING INDUSTRY

Bernard Saffran

The mining industry represents an important example of a large industry which has been experiencing declining employment over a considerable period of years. It appears to be prototypic of industries subject to extensive structural unemployment. Moreover, a significant proportion of the depressed economic areas in the United States are mining areas.

Thus, a case study of the problem of adjusting to declining employment in the mining industry should prove to be of considerable value as an indication of the types of adjustment problems posed by structural unemployment. The industry has experienced automation, the rise of competing products, and the relative immobility of labor. There have been attempts to ameliorate the problem through tax incentives, tariffs, and subsidies. In addition, there is a wealth of largely unexplored data available from the U. S. Bureau of Mines.

The major objective of this study would be to quantify and test statistically the relative importance of the factors mentioned above in explaining the growth of structural unemployment in the industry. The study should be significant, not merely for historical purposes, but as a means of developing techniques of analyzing and measuring the impact of various causes of unemployment in a small sector of the economy. In addition, an attempt would be made to develop methods for the measurement of lags in labor mobility. It is to be hoped that insights gained at the micro-level would shed some light on the unemployment problem as a whole.

I have had a longstanding interest in minerals and mining, especially in underdeveloped areas. My current research is concerned with an attempt to project world trade patterns, and minerals represent an important aspect of the problem. In the course of this research, it has been necessary to acquaint myself with the domestic mining industry, and the study of structural unemployment would permit me to continue my research in this area.

III. 5. SHORT-RUN CHANGES IN LABOR FORCE PARTICIPATION, 1940-1962

Margaret S. Gordon

One of the reasons for concern over the prospect of persistent unemployment is the expectation that the labor force will grow rapidly during the 1960's, particularly in the younger age brackets. Projections by the Department of Labor indicate a total increase of 12.6 million in the 1960's, as compared with 8.4 million in the 1950's. Can the unemployment rate be reduced appreciably in the face of this large increase in the supply of labor?

The answer may depend in part on the reliability of the estimate of the increase in the labor force. The forecasts have proved somewhat unreliable in the past, notably in their failure to predict the large increase in the labor force participation rate of women aged 35 and over in the early 1950's. Moreover, since 1956, the labor force has not been increasing as rapidly as earlier projections had indicated, and an interim revision of the projections has recently been published.

Future increases in the supply of labor depend (a) on the increase in the population in various age and sex brackets, and (b) on changes in labor force participation rates in these age and sex brackets. The population increases can be predicted with a relatively high degree of reliability over periods of a decade or more, since those who will be in the relevant adult age and sex brackets are already living, and it is merely a question of developing projections of age and sex cohorts which allow for expected mortality.

Relatively short-run projections of labor force participation rates tend to be considerably less reliable. The method used by the BLS involves the assumption that future changes will be in line with trends in the last few decades. This method may well be more appropriate for very long-range forecasts than for short-range or middle-range forecasts, since changes in labor force participation rates have displayed rather marked decade-to-decade fluctuations, as well as shorter-run variations.

My previous studies have led me to believe that decade-to-decade fluctuations have been strongly influenced by interaction between changes in labor demand and labor supply. A study being conducted by Easterlin indicates that they reflect the influence of secondary secular movements, but I am not certain that such movements have been shown to be self-generating or to display reasonably uniform periodicity.¹ The hypothesis that I am particularly interested in exploring is that any period of accelerated expansion of employment opportunities that extends over several

¹ Richard A. Easterlin, Long Swings in American Labor Force Growth, 1870-1950 (unpublished manuscript, National Bureau of Economic Research).

business cycles gives rise to an associated increase in the supply of labor--through increased immigration,² and increases in labor force participation rates. It also tends to stimulate an increase in the birth rate. A slowing down in the rate of expansion of employment opportunities also tends to be associated with a slowing down in the rate of expansion of the labor force, but there is likely to be a lag involved, and there are undoubtedly significant differences between the responses of the secondary labor force and the primary labor force.

I had originally contemplated undertaking an extensive historical study of labor force growth in the United States. However, it now appears that the study which Easterlin is conducting for the National Bureau may cover much of the ground that I had expected to include in such a long-run study.

For this reason, I have decided to engage for the time being in an intensive study of short-run changes in labor force participation from 1940 to 1962.

Progress report for 1962-1963

With the assistance of Ruth Fabricant, I have made considerable progress in assembling and analyzing quarterly seasonally adjusted data on changes in labor force participation, employment, and the unemployment rate for men and women and for particular male and female age groups (data by age are available only from the middle of 1947 on). We have also collected quarterly data on employment by occupation and have carried out some analyses of cross-sectional data from the 1950 and 1960 decennial censuses.

The analysis of this material will be completed after I return from Europe in early 1964, but the work we have done thus far tends to indicate why previous studies of short-run variations in labor force participation, which have been based largely on correlation analysis, have yielded such inconclusive results. The explanation appears to lie in the fact that cyclical fluctuations per se are important in inducing changes in labor force participation rates than are (a) sharp increases in employment and (b) prolonged periods of retardation of expansion of employment. In a short cyclical recession, there are conflicting cross-currents at work--some individuals leave the labor force or fail to enter because they are discouraged over the state of the labor market, while others enter because members of their families are unemployed (the "additional worker" hypothesis). Moreover, departure from the labor force may be delayed until after unemployment benefits have been exhausted, and, if extended benefits

² Although immigration from foreign countries has been severely restricted since 1924, immigration from American territories has not been. Immigration from Puerto Rico, for example, has been significant in recent decades.

are available, as they have been in the two most recent recessions, an upswing may be under way by the time benefits are exhausted in a good many cases.

Unfortunately, the period for which adequate data are available is too short to permit completely satisfactory testing of the hypothesis stated above, but I believe that through judicious use of both cross-sectional and time-series analysis, it will be possible to build up substantial evidence in support of the hypothesis.

Selected publications: Barriers to World Trade: A Study of Recent Commercial Policy (Macmillan, 1941); Employment Expansion and Population Growth: The California Experience, 1900-1950 (University of California Press, 1954); The Economics of Welfare Policies (Columbia University Press, 1963); Occupational Disability and Public Policy, co-editor with Earl F. Cheit (Wiley, 1963); Unemployment Insurance, with Ralph W. Amerson (Institute of Industrial Relations, University of California, 1957); Numerous papers and articles.

III. 6. THE CONVERTIBILITY OF THE LABOR FORCE

Hyman P. Minsky

Structural changes--defined as changes in the industrial, occupational and locational characteristics of an economy--are inherent in economic growth. These changes, as well as the resultant rate of economic growth, depend not only on technical and institutional innovations but also on market behavior and government policies. An understanding of the impact of structural changes on the labor force is essential to an adequate understanding of changes in employment and unemployment.

The impact of structural changes on the labor force will vary with the extent to which they create a demand for skills that can be readily acquired by the existing labor force or skills that call for a new and different labor force. This difference will also affect the capital gains and losses to individuals resulting from structural change and, as a result, will have a bearing on the financial feasibility of policies designed to compensate those who experience capital losses resulting from structural change. It is these aspects of the problem that I propose to study.

The skills of the labor force represent a composite of innate attributes, acquired general (transferable) skills and specialized (nontransferable) training. During the course of economic growth, specialized skills, as well as capital equipment, become either redundant or scarce, so that capital losses and gains occur which affect members of the labor force as well as owners of capital.

Resistance to change can be understood as a result of attempts to protect particular groups from capital losses. Similarly, in those situations in which structural changes result in capital gains to groups with specialized skills that are in scarce supply, efforts to perpetuate these gains by preventing entry can also be interpreted as an attempt to forestall the capital losses that would be associated with loss of this favored position.

Since the potential gains from economic growth tend to exceed the maximum losses to the losers and the holders of privileged positions, schemes designed to overcome resistance to structural changes by compensating the losers are financially feasible. However, measures of the capital gains and losses involved are essential for accurate estimates of the net costs of compensation schemes.

This study would be focused particularly on two aspects of the impact of structural change on the labor force. The first would be an attempt to identify and measure the losses to members of the labor force that occur as a result of these changes. The second would be an examination of the differential impact on the labor force of two "model" types

of technological changes: those which call for changes in skills that can be most economically achieved by upgrading the existing labor force and those which tend to require a new and different labor force.

The capital losses attributable to a given decline in employment in a specific industry over a specified period of time can be measured by (a) estimating the present value of income in lost jobs over the working life of the displaced workers as well as losses associated with periods of unemployment and (b) subtracting the estimated present value of income in alternative jobs.

The second part of the project would involve an attempt to classify observed technical changes in order to determine whether they created a demand for skills that could be met through upgrading the existing labor force or would require the substitution of an essentially new labor force. On the basis of this classification, an attempt would then be made to estimate net capital gains or losses to members of the labor force from these different types of technical changes. It may be conjectured that capital losses per affected worker tend to be greater when substitution occurs than when upgrading takes place. This conjecture is consistent with the observed opposition to and fear of automation within the labor force.

It is anticipated that the techniques of measurement of capital gains and losses developed in this project might be applicable to a wide variety of labor force adjustment problems. Not only would they be useful in connection with the estimation of the net cost of compensation schemes, but also in connection with benefit-cost analyses of programs designed to maintain and improve labor skills and to stimulate mobility and adaptability.

Selected publications: The Competitive Position of the Rhode Island Economy: Part II, Investment Activity and Capital Costs in Rhode Island, 1947-1952 (mimeographed, Brown University, 1956); Financial Crises, Financial Systems, and the Performance of the Economy, report prepared for the Commission on Money and Credit, 1960 (probably to be published by the Commission); Numerous articles and papers.

III. 7. EMPLOYMENT BY FUNCTION

Stanley Lebergott

Projections of employment by industry have been developed, and are now being developed, to help guide education and training programs. Typically such long-range projections flow from a projection of final demand, with industry totals then derived (either by an input-output translator or regression analysis) to estimate demand by industry. A further translation from output to employment is then required. In this process a wide variety of assumptions are made implicitly, with respect to constancy of relationships from one stage to another, and with respect to the neutrality of interactions. Hence even the most shrewdly precise projection of over-all GNP might yield less than tolerable industry employment projections.

To provide a basis for some alternative employment projections, and to provide data of inherent interest in studying the changing pattern of labor requirements, it is proposed to develop a new group of employment series. These would, for the period since 1900, portray employment distributed by function--decennially, and possibly annually. The advantage of having such series complementary to existing ones by industry is that different patterns of stability or relationship to underlying economic changes could be sought.

The usual industry employment series are necessarily affected by changing patterns of industrial organization. As market advantage and tax incentives change so, we must expect, will the pattern of industrial organization. But as that pattern changes associated changes in the industry employment series will occur, reflecting the changed organization of production. Yet the underlying real distribution of activity as between, say, manufacturing and service, government and transport, may change to a much lesser degree or even in a different direction. By developing some measures of employment by economic function we may find a different, meaningful pattern of change. Such a pattern should be considered in making projections, and is likely to be of value for the study of our past and present economic changes per se.

The initial stages of the work would be concerned with an attempt to set up a fairly solid classification of economic functions for which employment estimates could be made and to derive some trial estimates of employment in at least one of the major functional categories for 1929 through 1962 annually. It would also involve pursuing in some detail the problem of estimating the indirect, as well as the direct, employment effects associated with one of the final GNP categories, such as construction or inventories.

Since a primary use for the employment series that might finally be developed would be to provide a better basis for making projections of labor requirements, a longer time perspective than 1929-1962 would ultimately be desirable.

Publications: Articles and papers on wage structures, unemployment estimates, and income distribution.

III. 8. POSTWAR RELATIONSHIPS BETWEEN UNEMPLOYMENT AND GROWTH IN CANADA

David C. Smith

Postwar relationships between unemployment rates and economic growth rates in Canada will be studied both to provide a better understanding of some aspects of the period of economic stagnation in Canada after the mid-fifties and also to show more clearly some of the economic policy issues that will be important in the next few years. Similarities to, and differences from, U. S. problems will be pointed out.

H. G. Johnson in Canada in a Changing World Economy has argued that heavy unemployment and slow growth in productivity are both evidence of stagnation, that they represent stagnation of different types that call for different policy measures, and that Canada experienced in the fifties a slowing down of growth in productivity before it experienced a rising unemployment problem. He thus suggests Canada has experienced two rather independent problems that have tended to become confused. It appears, however, that in order to test these points more closely further theoretical and statistical work is necessary. Relationships between potential output, full employment output, and actual output will be examined in order to test these points.

Relationships between actual output and employment will then be studied more closely. G. Wilson in a study for the Canadian Department of Labour has questioned the existence of any very simple systematic relationship between employment and output. The Report of the Special Committee of the (Canadian) Senate on Manpower and Employment (1961) placed more emphasis on structural factors in explaining unemployment in Canada than did the U. S. Joint Economic Committee study of the same year. The increase of real GNP of 6.2 per cent in 1962 with only a minor drop in the unemployment rate is frequently referred to by those who feel the unemployment problem is mainly structural. A critical look at the arguments in the Canadian context would have important policy implications. There appears to be much confusion at present about what one would expect to be the relationship between aggregate output and employment, how this has been reflected empirically in recent Canadian experience, and what are the economic policy implications.

Publications: "Monetary-Fiscal Policy and Economic Growth in an Open Economy," Quarterly Journal of Economics, November, 1960; "The Outlook for Canadian Growth in the Early 1960's" (with R. H. Holton), California Management Review, Summer, 1960; "The Economic Policy Proposals of the Governor of the Bank of Canada" (with D. W. Slater), Queen's Quarterly, Spring, 1961; "Corporate Saving Behaviour," to be published in Canadian Journal of Economics and Political Science, August, 1963; Economic Planning: The Relevance of West European Experience for Canada (with L. A. Skeoch), to be published July, 1963.

IV. 1. NATIONAL MANPOWER PLANNING IN A FREE SOCIETY

Richard A. Lester

My study will consist of a critical examination of the principal governmental programs affecting labor supply--the development of a basis for determining their proper function and a program for integrating or coordinating them. Among the governmental programs treated would be: the public employment services, public education and vocational training, occupational information and guidance in the schools, old-age and unemployment insurance, and anti-discrimination legislation and programs. Also to be examined would be experience with forecasting patterns of manpower requirements and with programs for overcoming particular occupational shortages, and experience in this country with manpower planning during World War II and in recent years in selected European countries. In short, an attempt would be made to develop an economic philosophy of manpower planning based on past experience and to show how it could be used to delimit and to integrate present separate and uncoordinated programs in order to increase their effectiveness for national manpower purposes.

Obviously this would be something of a "think piece" but to be convincing and valid it would have to rest on well-developed notions about proper mobility, proper training, proper utilization, and the proper role of different governmental programs. It would need to examine critically governmental programs in terms of costs and benefits (personal, social, and tax). It would involve a fairly extensive analysis of the proper role of a public employment service in our type of economy and the extent to which government intervention in the labor market in one form or another is justified for manpower reasons--why wage differences and individual economic incentives cannot be completely relied upon for proper training allocation, and utilization.

As outlined above, the project is necessarily somewhat vague and indefinite at this stage. As I see it, such a study would involve some field work on the employment service in this general area, some knowledge of operations and research under the Manpower Development and Training Act, a term in Europe (England, Sweden, and Germany) studying their labor market policies and programs, and the opportunity to discuss ideas and perhaps the draft of some chapters with others.

Selected publications: Hiring Practices and Labor Competition (Princeton University Press, 1954); As Unions Mature (Princeton University Press, 1958); The Economics of Unemployment Compensation (Princeton University Press, 1962); Insights into Labor Issues, co-editor with Joseph A. Shister (Macmillan, 1948); Numerous papers and articles.

IV. 2. STUDIES OF THE IMPACT OF TECHNOLOGICAL CHANGE ON TRAINING AND WORKER ADJUSTMENT IN THE FIRM

George Strauss

The study which I originally planned to undertake was to be concerned with management measures to ameliorate the impact of declining demand for labor. However, I recognized from the start that there was a rapidly growing body of literature in this general area and that a number of other investigators were also undertaking related studies. Thus, when I began to work on the project in the fall of 1962, my first efforts were directed toward identifying aspects of the general subject matter area which were in need of investigation and developing more specific plans for my own study which would not duplicate the work of others.

The result was a plan for two somewhat interrelated studies, the first to be concerned with apprenticeship programs and the second with technological change in manufacturing and public utilities.

A. Apprenticeship Programs

The study is concerned primarily with the following questions:

1. Why is apprenticeship not more successful today? To what extent is the relatively small number of apprentices attributable to (a) employer or union attitudes and (b) an inadequate supply of qualified applicants for apprenticeship?
2. Given the generally unsatisfactory state of apprenticeship today, why does it survive at all? What is the "meaning" of apprenticeship to those involved? How and what does the apprentice learn?
3. What problems are involved with "related training" in the schools? How can this aspect of training be improved?
4. How realistic are reforms which have recently been proposed, such as shortening the length of the apprenticeship period?

The study has involved interviews with school, government, and union officials, employers, and apprentices themselves. It has also involved attending apprenticeship classes and joint apprenticeship committee meetings.

Preliminary findings suggest that apprenticeship in the typical craft industry (building trades, in particular, but also machine shops, auto repair shops, etc.)--where the employee is attached to the industry as a whole--involves very different problems from apprenticeship industries (such as manufacturing and utilities) which are characterized by large firms and life-time employee attachment to a single company.

The chief barrier to apprenticeship in craft industries is the employer's unwillingness to undergo the expense of a training program when the man he trains may easily quit him to work for another employer as soon as his training is over. In those trades in which "backdoor hiring" (without apprenticeship) is common, there is particularly little incentive for either the employee or the employer to go through the trouble of apprenticeship. In such trades union restraints on apprenticeship are meaningless.

Apprenticeship is the normal means of entry into only a few trades (electricians, plumbers, and sheetmetal, in particular). Here the evidence suggests that, while the union does give preference to relatives of present members or contractors, in practice the over-all impact of union policy does not materially reduce the number of apprentices.

The same factors influence the "quality" of the apprentice training program. In industries where "backdoor hiring" is common it is almost impossible to require employers to give their apprentices adequate training on the job and quite difficult to enforce proper attendance and work standards at school.

The quality of related training seems to vary substantially from one school to another, but chiefly with the ability of the instructor. In this field, teaching machines may be particularly appropriate.

B. Technological Change in Manufacturing and Public Utilities

The second study is concerned with the impact of technological changes on San Francisco Bay Area manufacturing firms and public utilities, with particular reference to (1) changes in distribution of skills, (2) hiring needs, (3) training programs, (4) union-management relations, and (5) policies towards displaced employees. The study is based largely on interviews with union and management officials.

The preliminary findings suggest a marked upgrading in skill requirements in almost all the companies surveyed. The number of unskilled jobs has been sharply reduced. Relatively few new job classifications have been created, but additional duties have been added to existing classifications. As a consequence, a significant number of people have been demoted (voluntarily or otherwise) for inability to handle their new job assignments: tests are being used increasingly for promotional purposes, and senior individuals are increasingly being by-passed. Formalized training programs are spreading rapidly, and these sometimes serve the function of weeding out the incompetent. As might be expected, both union and management representatives report a growing number of grievances concerned with demotion and disqualification for promotion.

Surprisingly, these changes seem not to have greatly disturbed union-management relations. Union officials seem to look upon them as inevitable and seek to cushion the blow rather than fight automation across the board.

Hiring standards have been tightened, practically eliminating job opportunities for high school drop-outs or for those who did poorly in high school (thus hurting members of minority groups most of all). As yet the impact of technological change has been felt chiefly through fewer hirings rather than actual displacement of presently employed workers. The displacement which has occurred has been chiefly in the form of compulsory early retirement on fairly liberal terms.

Selected publications: The Local Union, Its Place in the Industrial Plant, with Leonard R. Sayles (New York: Harpers, 1953); Personnel: The Human Problems of Management, with Leonard R. Sayles (Englewood Cliffs, N.J.: Prentice-Hall, 1960); Unions in the Building Trades, The University of Buffalo Studies, 1958; Numerous papers and articles.

IV. 3. SELECTED PROBLEMS CONNECTED WITH JOB PROTECTION PROGRAMS

Lloyd Ulman

This project is designed to extend research on union work rules and other job protection programs in two and possibly three areas: (1) the relationship of work rules to collective bargaining over other, so-called "economic," issues and to union structure; (2) the relationship of work rules to the investment plans and capabilities of enterprises; and possibly (3) the relationship of work rules, other income maintenance programs, and sharework proposals to wage structure.

Unemployment and technological change invariably are reflected in heightened tension over work rules, whether the unemployment in question is primarily structural or cyclical in character. Technological change, and the increased incidence or probability of structural unemployment which it entails, frequently generates makework rules because unionists fear that technological displacement will entail permanent separation or reduction in income. In periods of cyclical unemployment, on the other hand, management often seeks the removal of existing rules as a quid pro quo for negotiated increases in hourly employment costs because cyclical unemployment is associated with reduced profits. Since the period following 1957 has been associated with both significant technological change and depressed net profit margins, both sides have demonstrated increased concern in this area.

Work rules, bargaining, and union structure

One of the advantages of greater trade-off between increases in compensation and relaxation of work rules is the reduction of cost-push inflationary pressure which such trade-off would entail and, consequently, the setting of a lower and more ambitious unemployment target for fiscal-monetary policy. However, little progress has been made in this area, although some students of industrial relations have long been urging unions to pay for wage and benefit gains by helping management to increase efficiency. On the basis of conversation with management and union officials and my own research into union structure, it seems to me that one reason for lack of progress consists in a division of authority within many unions. In these unions, authority to negotiate over wages and other benefits is vested at the level of the International, while the locals retain autonomy in the area of work practices.

One object of my proposed research, therefore, is to test this hypothesis against the facts in specific bargaining situations and to assess the potentialities for change in this area of intra-union relationships. It is my present intention to approach this line of research by concentrating, at least initially, on industries in which various tripartite or bipartisan groups have been established under collective bargaining to study issues arising out of work rules and production standards.

Work rules and investment

Another object of this project will be to explore the relationships existing between collective bargaining over work rules and the capital requirements of the firm in question. It has been claimed that a relaxation of makework rules would result in substantial capital savings to the firms involved. On the other hand, it appears that in a substantial number of specific instances relaxation of work rules has been accompanied by--and even predicated on--expansion of investment in more capital-intensive processes by the firms in question. One hypothesis which might explain this phenomenon is that, in administered price industries, relaxation of work rules or tightening of production standards results in a reduction of the cost of funds to the firm as well as in a reduction in labor costs. In my own analysis of makework rules in The Rise of the National Trade Union, I assumed that relaxation of work rules would result in a reduction of labor costs relative to capital costs. In the proposed research, I shall attempt to re-examine this assumption and, more generally, to relate the work rules question to capital requirements and availability in specific instances.

Job protection and wage structure

Another possible area of research under this project consists in the relationship of job protection programs to the occupational and industrial wage structure. One object of such a study would be to ascertain the extent to which industries experiencing declining demand for labor are high-wage industries relative to industries experiencing increasing demand for labor of comparable skill, training, and educational levels. Another object would be to evaluate some of the principal proposals for cushioning the impact of rapid technological change on wage earners in the industries and occupations affected thereby. If it is true that we are confronted with the problem of shifting workers from high-wage to low-wage occupations in response to changing patterns of demand, then the problem involved in alleviating distress may require reformulation to a certain extent: it is not merely unemployment of displaced workers but, more generally, permanent loss of income due to the loss of capital assets in their old high-wage jobs. The feasibility of proposed solutions may require re-examination in this light. Moreover, the proposal to share work by reducing the length of standard work periods might possibly require re-evaluation.

Selected publications: The Rise of the National Trade Union (Cambridge, Mass.: Harvard University Press, 1955); The Government of the Steel Workers' Union (New York: Wiley, 1962); Numerous papers and articles.
In preparation: History of American Unionism, 1929-1934.

IV. 4. THE DISPLACED WORKER: THE IMPACT OF UNEMPLOYMENT ON THE UNEMPLOYED AND THEIR FAMILIES

Paul Jacobs

Among today's unemployed, a substantial proportion consists of persons who have been unemployed over a considerable period and whose prospects of re-employment are not promising. Although some organized attempts are now underway for the retraining and re-employment of displaced workers, it is not clear how effective these measures will be. The displaced worker may become the most important problem of American industrial relations.

I propose to describe and analyze the life experiences of the displaced worker. The unemployed of today appear to be quite different from the unemployed of the depression era. But, as yet, we do not know very much about how they differ and how their responses to being unemployed in a nondepression period vary from those of the unemployed workers in the thirties. Nor do we have a very clear picture of how their levels of living have been affected or of their sources of support. Through a combination of social reportage and sociological techniques, it will be possible to give a sense of the world in which today's unemployed live.

There seem to be striking differences between the unemployed in a society that believes itself to be affluent and in one that knows it is depressed. The unemployed Bakke described so well in his work believed they were victims of a social condition; the unemployed today manifest signs of shame about their status. I think a fruitful comparison can be made with Bakke's work in the present context.

Progress report for 1962-1963

The field research I have been doing divides roughly into three areas: (1) An attempt to corroborate or disprove my feeling that unemployment or the fear of unemployment is a major, basic concern of unskilled workers; so major and basic that it colors their attitude towards work and each other as well as forcing them to deal in some way with the problem even when they are employed. Workers may deal with this threat by refusing to accept its reality as well as by preparing for it through savings, etc. In any case, I am interested in seeing what differences exist, if any, between the attitudes of employed and unemployed workers, especially unskilled ones, towards unemployment and towards work. I am conducting this research by taking unskilled jobs for as long as is needed to get the information. Thus far, I have worked as a dishwasher and bus boy; this summer I expect to work in a cannery and on an assembly line.

(2) An attempt to construct a spectrum of unemployed lives in America. Obviously, this will not be a scientifically accurate reflection of the character of the unemployed for I don't know how that could

be done. Instead, I have selected types of unemployed and I will attempt to look at their lives and through their eyes and lives at the world in which they live. At present, I expect the sample to include an unemployed Negro in an urban area where unemployment is partial (South Philadelphia, perhaps); a displaced miner from the white Anglo-Saxon background found in the Appalachian area (Cabin Creek, West Virginia, to be precise); an agricultural laborer of Mexican descent (from either Stockton or San Jose, California); a displaced semi-skilled worker in a small town badly hit by unemployment (Olean, New York); an unemployed mother with children but no husband (Alameda County, California); a skilled worker displaced by automation (perhaps a packinghouse worker in Oklahoma City); a prematurely retired worker, now on a pension (the oilworkers now living in northern California may fit this category); a young boy who has never worked (someplace in the South); a displaced worker who has been retrained and is now working (anywhere I can find him); and perhaps one or two more categories, including the college graduate who is only unemployed for a few days. I have already collected the data and done the interviews for the miner in West Virginia and the semi-skilled worker in Olean. I expect to do the agricultural worker and perhaps the mother this summer.

{3) An attempt to become part of the routine life of the unemployed. To do this, I am moving to a furnished room in a district of San Francisco with a heavy concentration of unemployed. I will try to become part of the life there to see if any community of unemployed exists or whether they are completely hidden by their absorption into daytime television.

The research into materials has been a good deal less structured. With the assistance of Susan Genzburg, my research assistant, I have been seeing what the current literature has to say about the life of the unemployed today; what social agencies have contact with the unemployed and what picture these agencies have of the unemployed; how the retraining program operates; where the unemployed live; how tightly-knit communities such as the Mormons handle their unemployed; what the Congress has considered important enough to study and a variety of other areas, including some which have turned out to be either foolish or of so little interest that I have already blocked them out of my mind.

Selected publications: Dead Horse and the Featherbird, monograph published by the Fund for the Republic, Santa Barbara, California, 1962; Old Age and Political Behavior, with Frank Pinner and Philip Selznick (Berkeley: University of California Press, 1959); Labor in a Free Society, edited by Michael Harrington and Paul Jacobs (Berkeley: University of California Press, 1959); Numerous articles.

IV. 5. TRAINING AND RETRAINING PROGRAMS: ANALYSIS AND APPRAISAL

Ida R. Hoos

As background for this study of retraining, an inquiry has been made into the policies of representative Bay Area firms in major industries on hiring practices, inservice training, and measures for preparing their employees for changing requirements due to technological advances. Investigation has also been made of union efforts to retrain their membership for adjustment to such changes. A survey has been made to ascertain what training facilities are in existence, who is eligible to use them, what is their role in preparing the work force by upgrading and updating existent skills or acquiring new ones. The curricula of trade schools, evening vocational schools, and junior colleges in the Bay Area have been scrutinized.

From the various ongoing programs, I have selected several for concentrated study because they are differentially initiated and place in sharp relief some of the factors and problems germane to the retraining process. Briefly, the objectives of this research are: (1) to analyze the major features of these programs; (2) to determine how they operate in terms of trainee selection, financing, and teaching-learning; (3) to determine the results of the programs vis-a-vis job-placement effectiveness (with special focus here on such characteristics of the individuals as ethnic background, education, previous work experience, etc.); (4) to develop some bases and criteria by which to evaluate public policy as regards retraining; (5) comparative analysis of these and MDT-sponsored programs.

The research approaches and procedures being used are as follows: (1) review and analysis of certain federal and state legislation on training and retraining programs; (2) review of retraining efforts in other parts of the country; (3) survey of industry- and union-sponsored training programs, as well as those offered in local trade schools and junior colleges; (4) selection of certain training programs for special study, with particular emphasis on those which include the hard-core unemployed--unskilled persons and those of minority status; (5) case studies, involving full information on such pertinent factors as labor-market need, industry-State Employment Service-school cooperative planning, etc., in the planning of the project; then, inquiry into screening procedures, scrutiny of each trainee's status, educational and occupational history; interviews, questionnaires, contact in person, by letter or telephone to ascertain reasons for taking the training, reactions to it, and outcome as regards job-placement.

The case studies now completed in a preliminary way are: one for instrument mechanics at a government air station, one by a private company for tracer lathe operators, and one for welders at a local trade school. In progress is one in electronics assembly for a group of women production workers unemployed because of a plant's move. Still to be

initiated are studies of MDT programs for typist-stenographers, chemists' assistants, hospital orderlies, and gardeners.

I expect to have the retraining phase of my project completed and a full report ready for publication in November 1963, at which time my research will be concentrated on "Youth and the Economy," as described in another section of this report.

Selected publications: "When the Computer Takes Over the Office," Harvard Business Review, July-August, 1960; "The Impact of Office Automation on Workers," International Labour Review, October, 1960; "The Sociological Impact of Automation in the Office," Management Technology, Vol. I, No. 2, 1960; "L'automazione negli uffici," Mercurio, July, 1961 (their translation into Italian); Automation in the Office (Public Affairs Press, 1961).

IV. 6. YOUTH AND UNEMPLOYMENT:
 A COMMUNITY RESEARCH AND ACTION PROJECT

Changes that are occurring in the occupational structure, as well as the accelerated increase in the youthful population, suggest the possibility that employment opportunities will be particularly poor in the next decade for young people who do not acquire professional or semi-professional training or specialized skills. As a result, problems of juvenile delinquency or other forms of deviant behavior may be intensified. Concern over this prospect has led to proposals for federal legislation aimed specifically at improving employment opportunities for young people. Expanded activity at the state level can also be expected.

Although the federal government and the state governments can stimulate a more concentrated attack on the employment problems of youth through the formulation of new programs and the appropriation of funds for their implementation, the programs will have to be largely implemented in local communities. Their success will depend to a considerable extent on the effectiveness with which community resources can be mobilized, particularly in the larger metropolitan areas. The public schools and junior colleges, local offices of the public employment service, private employment agencies, employers, labor unions, social agencies, the Urban League, and numerous other organizations have a role to play.

Thus we believe that there is a need for a project conducted in an appropriate local community which would be designed to shed light on the character and dimensions of the employment problems of youth and on the adequacy of community resources affecting the preparation of youth for the labor market and their entry into the labor market. Particular emphasis would be placed on the problems of young people who do not proceed from high school to a four-year college or who drop out of high school.

Our plans call for carrying out this project in the adjacent city of Oakland, which is a particularly appropriate community for a number of reasons. As one of the two central cities of the San Francisco-Oakland metropolitan area, with a diversified industrial structure, and a heterogeneous population of about 375,000, with a substantial representation of Negroes and other minority groups, it has its share of under-privileged youth, but it has the advantage of diversified employment opportunities and favorable prospects for continued development of industry. It also has, so far as we can judge, a relatively enlightened school administration and, like other California cities, more highly developed services of various kinds than would be likely to be found in similar communities in some of the less progressive states.

Furthermore, Oakland has recently received a large grant from the Ford Foundation for a multi-agency community project aimed at testing and demonstrating new methods of attacking the social problems of a metropolitan central city. We expect to establish and maintain contact with

the individuals and agencies responsible for administering that program and to coordinate our research efforts, to the extent that seems feasible, with this broader program. Thus, although our youth employment project will place considerable emphasis on research, as befits a program conducted by a university group, there seems to be an unusually good prospect that our research findings, as they develop, may influence the broader Oakland project. Furthermore, our research program (particularly Part B, as outlined below) will necessarily be concerned to some extent, especially in its later phases, with an evaluation of activities developed under the broader Oakland project as they impinge on the employment problems of Oakland youth.

Our project will consist of two parts. Part A, conducted by David Matza, Assistant Professor of Sociology, will be based primarily on a sample survey of junior high and high school students and school drop-outs in Oakland. Part B, for which responsibility will be assumed by Dr. Ida R. Hoos, will be concerned with the activities and policies of the agencies that bear a relationship to the training and employment of youth.

YOUTH AND UNEMPLOYMENT:
PART A

David Matza

The employment of youth is a persistent problem in industrial society. To some extent this is unavoidable since there can be no perfect fit between the talents of youth as they enter the labor force and the demands inherent in the occupational structure. Greater coordination between these talents and the demands of a changing labor market can be facilitated by careful study. It is to that end that this research is directed.

The opportunities awaiting youth depend on the over-all state of the economy and perhaps more importantly on the relative growth and decline of various sectors of the economy. Whatever the state of the economy and its sectors, however, many non-economic factors are operative in limiting the effective demand for youth. Discrimination against minority groups, restrictions based on age, sex or family ties, and the institution of seniority may curtail the capacity of youth to obtain and maintain employment. Not all difficulties, however, are to be found in the nature of the demand for youth. Some originate in the supply side--in the characteristics of youthful cohorts as they enter the labor force. The size of cohorts, their preparation in the school system, their aspirations and diversions are among the factors influencing the ease or difficulty of access to employment.

The study will review previous findings and attempt to explore further hypotheses. This year has been spent largely in the exploration

of census data and official labor force bulletins in order to assess the volume, characteristics, and trend of national youth unemployment. Moreover, we have been concerned with the viewpoints of official spokesmen and other experts on the values and costs of school completion. Thus, we expect by the end of the semester to have completed rough drafts of introductory chapters summarizing "ideologies of youth employment" and an analysis of "national and local youth unemployment" in recent years.

In the next two years the study will focus on the local scene (in Oakland) in order to obtain more detailed information on youth unemployment than is available in national data. Through the cooperation of the Oakland school system and their files we hope to obtain access to the relevant student population. Moreover, the use of school files will provide us with background information on the school population. Through the use of school records, we intend to locate and interview a sample of students who have left school in the last two years through graduation or drop out. These youth will be interviewed regarding their experiences during the time they have been out of school. We will also interview a sample of adolescents still in school, presumably those in the 7th to 10th grades. The pre-testing for the survey of youth out of school will be conducted this summer. The pre-testing of those still in school will take place later in the fall.

In addition to the survey, we hope to engage in some highly focused and intensive field work with groups of youngsters currently unemployed. We are particularly interested in direct field work with enclaves of youth who have failed to register any intent to work and are thus not part of the labor force. The direct field work will hopefully yield the kind of concrete descriptive material difficult to obtain in broad surveys.

Selected publications: Numerous articles.

YOUTH AND THE ECONOMY:
PART B

Ida R. Hoos

My research into matters concerning youth and the economy will be divided into three broad areas: (1) vocational curricula in the schools (including work-experience programs), (2) vocational training for out-of-school youth (including the North Richmond Neighborhood House Job Upgrading Program and the projects that result from MDT and Youth Act funds), and (3) the role of the community colleges in educating young people for the world of work.

The proposed survey will provide the background for specific research into (1) a "traditional" vocational arts high school program and (2) one or more "integrated curriculum" plans, such as have been in

progress since September 1962 in Richmond, California and are now being introduced, under a Ford Foundation grant, into seven additional Bay Area school districts. I shall visit classes periodically, interview teachers and students, and follow up on the academic progress and eventual job-placement of the "traditional" and the "Richmond Plan" groups.

Some interesting research questions are suggested when one scrutinizes the work-study programs. Do they play a role in keeping students from dropping out of school? What marketable value does a gardening or maintenance job have? What kind of school-related work experiences support the educational and vocational program of youngsters? Can such experiences be supplied without special government financing?

Vocational training for out-of-school youth presents some interesting research possibilities, especially since the newly formed Alameda County Youth Opportunities Board is contemplating establishment of a Youth Camp, as suggested by Title I of the Youth Act. At present, I plan to make a study of the recent (unsuccessful) attempt in San Francisco to set up, under MDT funds, a course for telephone framemen. The fact that it was impossible to find enough eligible young men who qualified raises some rather serious questions about the calibre of our educational system. This inquiry will involve analysis of the criteria, interviews with appropriate State Employment Office personnel, scrutiny of the characteristics and tests results of applicants for the program, and interviews with any who may have met the requirements but refused the training.

Within the framework of training programs for undereducated and, possibly, poorly motivated members of minority groups, I plan to investigate the methods and achievements, as well as the difficulties, of the Neighborhood House Job Upgrading Program, which appears to be the only one of its kind in the United States. It may also be of interest to include in this category of training programs for minority groups some of those in which there seems to be a sizable representation of Indians. The welding course offered by the Berkeley Trade and Technical College is an example.

No investigation of vocational education would be complete without analysis of the role of the community (or junior) college. These have grown in number, size of enrollment, and scope and provide instruction at such varied levels as trade, technical, and pre-university. It is planned to study the student population taking advantage of this type of education, their scholastic performance, incidence of drop-out and failure, and record upon leaving or graduating. It may be that these colleges have a dual role--to serve as a bridge to institutions of higher learning or to stand as a planned termination point. How adequately the community colleges function in preparing young people for their future careers is a matter of critical importance.

Selected publications: See IV. 5, above.

IV. 7. EDUCATION AND LABOR FORCE ADJUSTMENT

Albert Fishlow

The interest in the influence of education upon labor force adjustment, like unemployment itself, has been subject to cyclical influences. Today the question is again very much with us, as represented by the proposals of the President in his State of the Union message for an attack upon adult illiteracy and expansion of retraining efforts. Another burst of enthusiasm for measures of a similar genre featured the New Freedom of Wilson, culminating in 1917 in the passage of the Smith-Hughes Act giving federal aid to state projects for vocational education.

Yet in spite of such recurrent interest, formal analysis has advanced little beyond Paul Douglas' expectation that were the worker better trained, "once unemployed, he would find it easier to secure work because his general training would fit him for positions which otherwise he would find it difficult, if not impossible, to fill" (American Apprenticeship and Industrial Education, p. 313). Indeed, few studies beyond this pioneer effort have sought to test such hypotheses or to consider still other influences of education affecting labor force adjustment, such as effects upon geographical mobility, work incentives, and the like. Most of the recent work upon the influences of education has been designed to evaluate the relationship between expected earnings and years of schooling without investigation of either variance of return due to unemployment or the fluidity of adjustment to different occupations. This extension lies at the heart of this project.

More than education in general is involved, moreover. One of the conundrums persistent in evaluating the economic effects of education is exactly what sort of education is best, and this is one of the central questions tackled by this study. Exactly because it is conceived as an historical inquiry, it will be possible to make use of the accumulated data generated by varying educational curricula as well as changing labor force demands. More recent experience in industrial training programs will be utilized as well.

The methodology underlying the study is a quantitative-historical one, in which history provides not only the data for statistical analysis but the institutional framework in which they were generated. In particular, it is believed that individual census returns may provide continuing information on the occupational status, geographic location, etc., of sample groups of different educational experience, and hence to test some of the hypotheses suggested above. Unfortunately, the discreteness of such surveys prevents the accumulation of the very relevant data on unemployment experience, and other and more recent sources will be required for this. It is hoped, however, that the abundant information stored away in state documents may yield equivalent data for earlier periods. This source has not received the attention it rightfully deserves. In every instance, the ultimate intention is to frame the alternative hypotheses in testable form with reference to data availability, and this departure from previous institutional studies is to be strongly emphasized.

Selected publications: "Trustee Savings Banks, 1817-1861," Journal of Economic History, March, 1961; "Resource Allocation in an Imperfect Market Setting," Journal of Political Economy, December, 1961 (with Paul A. David); "Trends in the American Economy in the Nineteenth Century--A Review Article," Journal of Economic History, March, 1962.

IV. 8. OLD AND NEW USES OF THE UNEMPLOYMENT COMPENSATION CONCEPT IN A PROGRAM OF LABOR MARKET ADJUSTMENT

Martin P. Oettinger

In its traditional form, unemployment compensation served the purpose of maintaining the individual's contact with the labor market and his standards. The economic purpose was to provide built-in stabilizers which would cushion the loss of earnings for the individual and the potentially precipitous drop in total consumer demand. Much of the recent criticism of our unemployment compensation system has emphasized this concern with compensating the unemployed worker for short-term wage loss without paying due attention to the problem of restoring the unemployed worker to new employment. A number of recently enacted pieces of legislation--ARA, MDTA, and the provision for adjustment assistance in the Trade Expansion Act of 1962--are likely to have an important impact on the prevailing, traditional concept of unemployment compensation. Unemployment compensation should not be regarded primarily as an income-maintenance payment, but should play an active role in re-orienting the unemployed worker to existing opportunities in the labor market. To the extent that this requires an increased mobility of the unemployed, the unemployment compensation program should include incentives to promote such mobility.

The basic importance of a study of our unemployment compensation system is brought home to us daily with the depressing recital of unemployment statistics and the warning that things are likely to get worse before they get better. This seems to be particularly true among the youthful categories of the unemployed. In approaching this study, it seems obvious that field work is essential. After an initial period in Washington, D. C., to discuss the administrative feasibility of some of the proposed policy approaches, it is the intention to examine some of the existing projects (possibly in West Virginia, Pennsylvania, New York, and Massachusetts) at the site of their operation. Because of the proximity of Davis to the State capital, I would expect to focus my attention also on the California programs under MDTA, through work with the Department of Employment. Because of the considerable range of new legislation recently passed, and since experience with these programs is only just beginning to accumulate, the detailed research will commence in the summer of 1964, with an estimated completion date in late 1965. Current work is primarily oriented towards familiarization with all of the work that has been done in this area.

In addition to the subject of keying unemployment compensation more directly to labor market policy and promoting labor mobility of the unemployed, the following subjects are also scheduled for inclusion in the project:

1. An evaluation of the monetary compensation granted under ARA, MDTA, and adjustment assistance. Of particular interest will be the

effect of variations in the statutory provisions for compensation, retraining, and relocation. Have such variations influenced decisions to enter or stay out of retraining programs? Likewise, the number of agencies which are administering manpower policies are multiplying. What variations have arisen in the administrative procedures and interpretations which put these programs into action and how meaningful is our manpower policy when responsibility is so decentralized?

2. What are the implications of these new programs on the existing federal-state relationship and existing federal standards? What revision in these standards, if any, is appropriate? Should the whole program be federalized?

3. The recent conference on unemployment stressed the need for a flexible labor force and the importance of at least a high school education. What are the problems involved in devising a program of "training allowances" to be provided to those students who "drop out" because of the need to contribute to the earnings of the family? Such training allowances might be made available, subject to certain standards and conditions, until high school graduation. Not only would such a program reduce short-run youth unemployment, but it would also raise the reservoir of a generally educated labor force.

4. At the recent conference, William Haber commented on the fact that home ownership is a significant deterrent to labor mobility from depressed areas, because of the real estate losses likely to be suffered. What are the implications of a federal "real estate loss compensation" program, whereby the federal government, as part of its relocation allowances, would compensate the home-owner for the difference between the sales price of his home and the FHA valuation (or VA valuation) placed on the home at the time of purchase?

5. What is the effect of private programs (of the SUB variety, as well as private pensions) negotiated for by the parties to a collective bargaining agreement, on labor mobility and labor market adjustment? Should such private arrangements "tie-in" in some fashion with the benefits financed through the federal-state system of unemployment compensation? Can such pension rights be vested in order to avoid losing all claims in case of a change of employment?

6. What can be done to achieve a greater differentiation in benefits for workers who are laid off after long and continuous service as distinguished from the benefits received by workers who work only the minimum period of time required to qualify for benefits, or whose record reveals frequent changes of employment?

No claim is made that this is an exhaustive listing of problem areas in a study of unemployment compensation. They do, however, represent some of the more important issues in this area.

Selected publications: "Public Policy and Labor--Selected Cases," University of California, Davis (mimeographed); Review of De Amerikaans--Arbeidsmarkt in Industrial and Labor Relations Review, 14 (July, 1961).

IV. 9.A. A CRITICAL EVALUATION OF EUROPEAN EXPERIENCE IN RETRAINING
THE UNEMPLOYED and B. SOCIAL SECURITY AND HUMAN RESOURCES

Margaret S. Gordon

A Critical Evaluation of European Experience in Retraining the
Unemployed

This project is primarily concerned with the lessons which can be drawn from European experience in developing and administering retraining programs for the unemployed. The analysis of the European experience will be related to American policies and problems in the retraining field. The study will definitely include Belgium, France, West Germany, Sweden, and the United Kingdom, but other countries which may be included, depending on availability of data, are Austria, Italy, The Netherlands, and Switzerland. Consideration will also be given to the roles of the Organization for Economic Cooperation and Development, the European Economic Community, and the European Coal and Steel Community in promoting retraining programs.

The study will concern itself chiefly with a critical evaluation of retraining programs, rather than mere description, and will consider such questions as the following:

1. The selection of occupations for which workers are to be retrained. Here there will be a good deal of emphasis on the manner in which each country handles the basic difficulty arising out of the fact that occupations in which there are demonstrable shortages of workers are likely to require aptitudes that the average unemployed worker, with his typically low educational level, does not possess. In dealing with this problem, consideration will be given to differences in occupational structure, occupational trends, and in the characteristics of the unemployed. Moreover, it will be important to consider to what extent retraining policies are influenced by the presence or absence of other policies to relieve unemployment--e.g., unemployment assistance for those who have exhausted unemployment insurance benefits, public works programs, work relief, sheltered workshops, etc. In Sweden, for example, I have the impression that unemployed workers who are selected for retraining programs are trained chiefly for skilled occupations and that extensive reliance is placed on countercyclical public works, work relief, etc., to provide work for unemployed workers who lack the aptitudes for these retraining programs.

2. The amount and duration of special retraining allowances or other provisions for income maintenance while the worker is being retrained. How are such allowances related to unemployment insurance benefits and unemployment assistance? When and under what conditions is a worker who refuses retraining denied unemployment benefits? Are unemployed workers likely to be referred to retraining programs only after a substantial period of unemployment or very soon after the onset of unemployment?

3. Provisions for encouraging the relocation of unemployed workers and their relationship to retraining programs. What types and amounts of relocation allowances are provided? What relationship prevails between the number of workers who are relocated and the number who are retrained? Is there evidence that the need for retraining is avoided in a substantial number of cases because workers are assisted in moving to other areas where job opportunities are available in their occupations? What proportion of retrained workers are also relocated? Are there any special studies or surveys that provide data on the impact of retraining allowances on labor mobility, or that shed light on attitudes of workers toward moving if relocation allowances are available?

4. Success in placing retrained workers. What proportion are placed in occupations for which they are trained (by age, sex, etc.)? In other occupations? Are there any data indicating employment status or occupation a year or two after retraining ends? What proportion are placed through public employment offices? What, in general, is the status of the public employment service and its role in placement? Are there any data indicating variations in rate of placement of retrained workers with changes in the unemployment rate?

5. Agencies responsible for retraining. What is the relationship between the employment service and agencies conducting retraining programs? Under whose auspices is retraining conducted--employer (on-the-job) training, labor unions technical schools, evening schools, etc.? Are there problems, frictions, complaints over failure of educational authorities to expand programs, etc.?

6. Relationship between retraining for the unemployed and retraining for the disabled. A good many European countries have highly developed programs for rehabilitating and retraining the disabled in connection with their invalidity and industrial accident insurance programs. These programs developed, in a number of countries, before there was very much emphasis on retraining the unemployed. Are programs for retraining the disabled and the unemployed closely related or quite separately administered? Are there differences in policies with respect to the occupations for which workers are retrained? Are there differences in provisions for income-maintenance during retraining? Are there any data available on relative experience in placing retrained unemployed workers as compared with retrained disabled workers?

During the last six months, with the help of two part-time research assistants, I have been doing extensive background reading in preparation for the interviews which I shall be carrying out from July 1963 through January 1964 in Europe. The report on the study will be written in the spring of 1964.

This project represents a part of a broader comparative study of social security programs on which I have been engaged for several years. The decision to center my attention on retraining programs and their relationship to other labor market adjustment policies in 1963-1964

resulted in part from the interest of the Office of Manpower, Automation, and Training of the U. S. Department of Labor in having me carry out this type of study under Title I of the Manpower Development and Training Act. As a result, this project is being conducted under a contract with OMAT, but the contract specifically recognizes that the study is being partially supported by the Institute of Industrial Relations under its Ford Foundation grant and stipulates that the published report will include specific acknowledgment of that support. It also grants permission to publish the material elsewhere as soon as the government report has appeared.

Social Security and Human Resources

After completing the retraining study and the labor force study described under III. 5, I expect to resume work on the broader comparative study of social security programs mentioned above, on which I have done a good deal of research during the last five years. A major purpose of this broader study will be to consider whether and in what ways American income-maintenance policies might be revised to perform more effectively their role of encouraging the adaptation of the labor force to economic changes. European countries, for example, frequently permit continued payment of social security benefits (including family allowances, which we do not have and are not very likely to adopt) beyond age 18 (in some instances, up to age 25) to young people who are pursuing higher education or training. How have such policies worked out, and how do they relate to national scholarship programs? Where rehabilitation and retraining have been emphasized for many decades in connection with income-maintenance programs, as in Germany, how has labor force participation been affected, particularly in the 45 and older brackets? Similar questions would be asked about the impact of income maintenance policies on the labor force participation of other groups, such as married women and the aged.

Selected publications: See III. 5, above.

IV. 10. UNION WORK RULES AND TECHNOLOGICAL UNEMPLOYMENT IN THE FLAT GLASS INDUSTRY

A Doctoral Dissertation Project

Trevor Bain

The purpose of the project is to study union work rules and technological unemployment in the flat glass industry, under the supervision of Professor Lloyd Ulman, chairman of my thesis committee. The industry may be characterized as oligopolistic with high barriers to entry. Two large firms, Pittsburgh Plate Glass and Libbey-Owens-Ford, known as Big Glass, produce approximately 40 per cent of total industry output. The remainder is manufactured by a large number of small firms, some of whom bargain together as Little Glass. The industry is small enough to be dealt with as a unit and a large part of its collective bargaining is conducted with a single union, the United Glass and Ceramic Workers, AFL-CIO.

Work on the study began in the fall of 1962. By May, 1963, I had completed the initial phase of the project, which consisted of a thorough study of the available published information, and was ready to leave on a field trip to eastern production centers. I expect to complete the thesis in the spring of 1964.

The background information which I have developed during the present academic year may be summarized as follows:

Technological Change and Unemployment. Technological change, in the Flat Glass Industry, from the 1930's until 1962, can be characterized as a series of engineering modifications.

From 1931 to the Korean conflict there was no significant change in skills or reduction of employment in the industry. However, in the 1950's there was a definite increase in the rate of technological change with the following results:

1. The cutting machine, which had been in limited use, was adopted universally, displacing the cutters, the last of the remaining craft groups in the industry.
2. The packing process changed radically, displacing the packers.
3. In 1955, the semiskilled, assembly line workers were affected by the placement of grinding machines on both sides of the ribbon of glass, eliminating the need to turn the glass.

These changes resulted in the virtual elimination of all skilled workers, reduction in the number of unskilled and semiskilled workers, and a significant decrease in total employment.

In 1961 the first major innovation, since the early 1900's, was developed in England. The "float process," licensed to the Pittsburgh Plate Glass Company in 1962, produces a high quality glass at considerably lower cost.

Conflict due to this process has already occurred between labor and management, even before the start of production. Pittsburgh Plate Glass sought changes in labor costs, through the elimination of incentive payments and work rules, as its price for locating the new process on an old company site. The local union refused and only acceded to company demands after construction had begun at a new site, when it was too late.

Collective Bargaining and Technological Change. From 1937 to 1958 Pittsburgh Plate Glass and Libbey-Owens-Ford bargained together on an industry-wide basis. They pursued different labor policies and were confronted with different labor costs. Libbey-Owens-Ford maintained a competitive edge, primarily due to uninterrupted production and a 100 per cent distributorship with General Motors.

In 1958 the two companies split in a dispute over changes in work rules. Libbey-Owens-Ford settled in two weeks and established a \$250,000 fund for settling unresolved grievances. Pittsburgh Plate Glass, however, maintained its position in favor of changes in existing work rules and "took" a 125 day strike. The strike was settled under the same terms as Libbey-Owens-Ford, after the union and P.P.G. had agreed to send unresolved work rules issues to an Arbitration Commission.

Libbey-Owens-Ford's competitive position has deteriorated since 1959. The company has been faced with increased labor costs and a "demoralized incentive system." Encouraged by the union, the company has sought to become more competitive by modernizing older plants while maintaining a large part of its labor force. In 1962, L-O-F lost its first G.M. contract in thirty years to its chief competitor.

Pittsburgh Plate Glass has improved its competitive position since 1959. The company prefers to build new plants on new sites, eliminating incentive payments, work rules and a sizable number of its work force.

Outside arbitration in the Flat Glass Industry, as used by P.P.G., has not solved the work rules problems arising from technological change. In spite of the Arbitration Commission's careful attempts to stay within the bounds of the contract terms, many grievances developed from the Commission's decisions. What has emerged is "arbitration of the arbitration," with increased employment for the impartial chairman, but no final settlement of the issues.

Work Rules and Union Attitudes. The Glass and Ceramic Workers Union has a large measure of internal democracy. International offices are hotly contested and the presidency has changed five times. During the post World War II period when the International was building its prestige, through increases in wages and fringe benefits, the locals dealt with work

rules problems. Now, with the International able to take a long-run view of changes in work rules, the locals have refused to accept any changes which would include the loss of jobs.

In the Flat Glass Industry, internal union democracy has contributed to resistance to change. It has also resulted in:

1. A long and costly strike. Major locals defeated the International's request to accept the company's offer.
2. Higher labor costs. Locals refuse to accept changes in work rules.
3. Loss of employment with the establishment of "automated" plants.

Industry Location. Production of flat glass continues to be located in the Eastern states, where it has centered since the 1880's. Markets have broadened and new plants are being located outside the traditional areas of Pittsburgh and Toledo. The first "automated" plant, built by Pittsburgh Plate Glass, in 1955, is located in Cumberland, Maryland. The establishment of an entirely new plant, on a new site, but within the same section of the country, appears to have been stimulated by a desire to eliminate high cost older plants and restrictive union practices.

American firms have been landlocked in this country. Foreign competitors had been able to compete, only along the coasts, because of high shipping costs of the finished product.

Since World War II, the variables of industry location have changed.

1. Foreign manufacturers, because of lower labor costs, have been able to compete successfully in inland markets in all grades of glass.
2. The automobile manufacturers have shifted their assembly operations away from the Great Lakes, closer to expanding population centers.

Capital expenditures of domestic manufacturers are being spent away from the traditional locations. In 1962, Libbey-Owens-Ford opened a plant in Fullerton, California.

IV. 11. POLICIES TO COMBAT POSTWAR UNEMPLOYMENT IN WEST GERMANY

A Doctoral Dissertation Project

Guenter Wittich

A. Background

In the decade following World War II Germany faced a number of difficult problems. A considerable part of her industrial capacity was destroyed. The country was divided into several parts; the division into East and West which was initially hoped to be temporary became permanent. This division of a previously integrated economy made the task of rebuilding more difficult in many ways. The suppressed inflation of the war years had rendered the price mechanism ineffective as allocator: prices no longer reflected true scarcities, nor were goods available at official prices. The "money economy" was partly replaced by a barter economy in which business enterprises as well as individuals could obtain essential machinery or commodities only in "compensating deals"--by paying in commodities in addition to money--which required much circuitry. There were no incentives to work "productively" as long as wages were controlled and pegged at a low level, and nothing could be bought with the resulting take-home pay.

And there were the refugees. A census in October 1946 showed that there were 5.9 million refugees and expellees in the western zones. One and one half million of these almost six million people had found their way to Lower Saxony, one of West Germany's eleven states. In terms of percentages the refugees were even more concentrated in Schleswig-Holstein which was less destroyed than other parts of Germany. Refugees and expellees constituted almost one-third of the population of Schleswig-Holstein in 1946.

The number of refugees continued to increase in the following years. By September 1950, when the next census took place, there were 9.6 million refugees in what had in the meantime become the Federal Republic of Germany. The total population amounted to 47.7 million: in other words, 20 per cent of the population were refugees. The concentration of refugees in a few states had not appreciably declined, they still formed 31 per cent of the population of Schleswig-Holstein, 27 per cent of that of Lower Saxony, and 21 per cent of that of Bavaria (1952).

The sine qua non of economic reconstruction was a monetary reform. The huge monetary overhang had to be reduced if the price mechanism was to function again. Reform plans were made as early as 1946, to be instituted in all four occupation zones simultaneously. These early plans faltered on Russian obstruction. Finally in June 1948 the three western zones put through a currency reform without the Russian Zone.

Advances in repairing productive capacity certainly were made before the currency reform. Industrial production had increased before

1948: but afterwards it grew by leaps and bounds. The reform strongly reduced currency in circulation; it also scaled down debts. New tax rates were introduced simultaneously (which were to become very important shortly, favoring saving and investment considerably), and many markets were freed from price and production controls. The latter measures were (much criticized) side measures rather than an integral part of the currency reform but played an important role in the subsequent expansion.

Goods that previously had been hoarded almost immediately appeared in the stores; money resumed its function as regulator of the system and as the medium of exchange, eliminating grey and black markets. The reappearance of consumer goods, combined with the scarcity of the "new" money, provided strong incentives to work. A form of previously "hidden underemployment" came out into the open as people started looking for work. Unemployment as a percentage of the labor force (seasonally unadjusted) rose from 3.2 per cent in June 1948 to 10 per cent in June 1950 (12.2 per cent in March 1950), and only slowly declined in the following years (yearly averages: 1951: 9.0%, 1952: 8.5%, 1953: 7.5%, 1954: 7.0%, 1955: 5.1%, 1956: 4.0%, 1957: 3.4%). It was concentrated in those areas which had absorbed the greatest number of refugees: at the end of June 1951, e.g., the over-all rate of unemployment in West Germany was 8.3 per cent while the rate prevailing in Schleswig-Holstein was 22 per cent, and that in Lower Saxony 15 per cent. As employment increased almost continually during those years, unemployment cannot have been caused by the lay-off of labor: to a large extent it resulted from the influx of refugees. The (seasonally adjusted) number of gainfully employed declined only for short periods in late 1949 and 1950.

The debate on economic policy which had flourished before the currency reform flared up again when unemployment assumed frightening proportions. The Social Democrats, who had previously favored the retention of controls and a more rigid direction of the economy, now advocated strongly expansionary fiscal and monetary policies to absorb the large number of unemployed. The Christian Democrats, on the other hand, led by Professor Erhard, opposed increased public and private investment financed by the central bank (as did, perhaps not surprisingly, the central bank itself). The government considered the avoidance of inflation the primary aim of economic policy, in order to forestall any demand for renewed extensive controls of the economy. Unemployment, the government argued, was to a large extent of the structural variety and could not be alleviated to any considerable extent without immediately also risking severe inflation.

Professor Erhard and the CDU, strongly influenced by the late Professor Eucken and the ORDO school, strove to establish a free market which should solve these problems by itself. If there had to be interference by the government in the economy, the measures taken should conform to the market (be "markt-konform"), and should be kept at a minimum. Notwithstanding its "hands-off" pronouncements, the government did undertake a considerable number of policy measures. Most of these measures were specific rather than general in nature, directed at certain crucial points in the economy.

My study will primarily be concerned with policies which aided the solution of the unemployment problem. It will be an attempt to assess the role played by the government in bringing the unemployed and employment opportunities together, or to assist the creation of such opportunities. It will discuss policies increasing or supporting labor mobility, whether or not this was the confessed aim of the policy. Thus it will have to deal with policies influencing capital formation, besides those aimed at retraining and resettlement of refugees. As a substantial part of the unemployed, namely large numbers of the refugees, were potentially highly mobile, policies supporting residential construction in the more industrialized regions with pronounced shortages of living accommodations in effect amounted to increasing labor mobility, and helped to reduce unemployment.

B. Proposed outline

1. Description of the problem German economic policy makers had to solve after World War II; specifically, of the problem of unemployment as it became apparent after the currency reform of 1948.

2. Collection and analysis of data on the labor force, on employment, on investment, and on production. The data should be as disaggregative as possible, broken down according to areas as well as according to broad groups of occupations or industries.

3. Description and discussion of government policies and policy measures which affected employment and aided the reabsorption of the unemployed in the economy. Many of these policies may not consciously or primarily have been aimed at the unemployment problem but may well have had strong effects on it.

4. Analysis of the effects of union policies and wage differentials. To what extent did union policies contribute to postwar growth and the solution of the unemployment problem? To what extent did union policy influence wage behavior? What was the influence of wage behavior on unemployment--did the general wage restraint accelerate increases in employment directly?

5. What conclusions can be drawn from German experience for other countries and situations?

The year 1962-1963 was spent working on background material. The year 1963-1964 will be spent in West Germany. I do not yet know where exactly I shall spend the time, but I expect to visit the following places: the Bundesanstalt fuer Arbeitsvermittlung und Arbeitslosenversicherung in Nuernberg, the Bundesarbeitsministerium in Stuttgart, and the Statistische Bundesamt in Wiesbaden. Probably I shall also visit the Weltwirtschaftliche Institut in Kiel. I expect to return to Berkeley in the summer of 1964 with the necessary data and the beginning of a first draft of my thesis. I should complete the thesis in fall or winter of 1964 in Berkeley.