

AUSTRIAN EXPERIENCE WITH RETRAINING TO MEET LABOR-MARKET NEEDS

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Current interest in training programs in connection with defense activities in the United States makes timely a review of Austrian experience with retraining. Although the industrial situation confronting Austria at the close of the last war was entirely different from that in this country at the present time, the experience outlined should be of value to persons interested in, or engaged in determining policies concerning, training programs in the United States.

THE RECONSTRUCTION ERA following the last World War led to substantial changes in the distribution of industry in Austria. The significant factors bringing about this shift were the disruption of economic relations with parts of the former Austro-Hungarian empire which were separated from the new Austria, and the prohibition, provided in the treaty of St. Germain, of the manufacture in Austria of certain products, such as airplanes, arms, and munitions. Many factories were closed because of these interdictions. The nationalistic drive for isolation and self-sufficiency led to the removal of other factories to one or the other of the successor states and to the erection of tariff barriers. For similar reasons, new factories were established in Austria, particularly in the sugar, glass, and porcelain industries.

Moreover, political and economic changes in Europe caused large-scale migrations of workers into and out of post-war Austria. Many clerical workers and government employees returned to Vienna, already overcrowded with clerical personnel who had been dismissed when many industrial concerns transferred their managerial offices to the capitals of the successor states in which their plants were situated. On the other hand, a number of indispensable skilled workers migrated to the new states in which their mother tongue was predominant.

There was thus an unsatisfied demand for skilled labor in certain occupations and a large army of unemployed persons who could not be placed. The generation of workers whose apprenticeship extended into the war period and

immediately thereafter lacked sufficient training for skilled occupations. Since basic raw materials were not available during the war, substitutes had to be used in the production of various articles, and there was little variety in production for private purposes. Furthermore, the concentration of industry in preparation of materials related to the war prevented training of apprentices in diversified lines of production. Their training was further hampered by the fact that most of the qualified teachers in the vocational schools as well as the workers who usually supervised the apprentices were drafted for military service.

Many of the demobilized soldiers had served in the Army for 5 or more years or even, in some instances, for a continuous period of more than 8 years.¹ Not only their skill but also their interest in their previous occupations was almost entirely lost because of their long absence from their regular jobs.

Death and disablement of the young skilled workers during the war forced industry to rely mostly on aged labor. The number of these experienced older workers, however, was diminished each year by natural causes, and the younger generation did not furnish proportionate replacements. The chief danger in this situation was the fact that the gradual loss of qualified labor might cause a shrinkage of production.

Austria had, over the period 1919-28, a population of about 6.5 million, of which roughly one-third was concentrated in Vienna and its environs. About 1 million workers were covered by the unemployment insurance system. During 1919 the number of beneficiaries reached 186,000.

*Bureau of Employment Security, Research and Statistics Division. This study is based on the experience of the Vienna district employment security agency, of which the author was formerly director. Some of the material has been obtained from Forchheimer, Karl, "Die Vorschriften über Arbeitslosenversicherung," *Die sozialpolitische Gesetzgebung in Oesterreich*, Vol. 6, 1932, and from the *Mitteilungen der Industriellen Bezirkskommission Wien*, a weekly bulletin published by the Vienna district agency.

¹ Three years of military service before the beginning of the war, 4 years of war service, and 1 year or more with the People's Army, which had been set up after the creation of post-war Austria.

This figure fell to 8,000 in 1921 as a result of the boom accompanying inflation. After this period of artificial prosperity, Austria entered a period of long-continued unemployment. The number of beneficiaries—the most reliable indicator of the relative volume of unemployment over the years following 1921—reached a peak in 1931, when 334,000 persons were in receipt of benefits at one time. While in the years immediately after 1918, two-thirds of all Austrian unemployed workers were centered in the district of Vienna, this proportion was reversed by 1928.

The Need for a Retraining Program

Vocational training for young people by means of apprenticeship and correlated school courses was a recognized part of the educational system of pre-war Austria. The Austrian Trade Regulations (*Oesterreichische Gewerbe-Ordnung*) provided for compulsory apprenticeship in all skilled trades for periods varying from 2 to 4 years. Employers were required to send their apprentices for a few hours each week to certain theoretical courses related to their trades. These courses were organized by the school authorities.

When the apprentice successfully passed his examination at the end of the apprenticeship period, he became a journeyman. Additional opportunities for training were afforded the latter by employers' institutions, such as the chamber of commerce, trade associations, and employees' unions. Fees were often charged for admission to these courses. Many of the training courses provided by the employers' organizations were designed to prepare journeymen for the examination prerequisite to establishing an independent enterprise as a master craftsman. Similar courses were introduced by the trade-unions, which were motivated to some extent by a desire to strengthen the bargaining power of their members as well as to improve their possibilities of promotion. During the pre-war period unemployed workers were admitted to these courses for employed workers, frequently with the advantage of scholarships or lower rates.

It soon became apparent, however, that existing training facilities could not meet the needs of Austria in the post-war period. The unemployment insurance law, which went into effect in May 1920, contained a provision authorizing the employment offices to assign unemployed workers to

a technical school, a suitable plant, or any other suitable institution for retraining purposes for not more than 30 weeks. This assignment was to be made when suitable employment could not be found for an unemployed worker because he lacked the knowledge and ability necessary to perform the duties required in his occupation or another suitable occupation. Refusal to accept this vocational training or willful failure to profit from such education, once started, constituted sufficient grounds to disqualify the individual from the receipt of benefits for 12 weeks (later reduced to 8 weeks).

Even these provisions failed to cope with the growing need for large-scale retraining. The various public and private technical schools were unable to adjust themselves to the special needs of unemployed workers. Furthermore, it was felt unwise to rely on retraining in factories. The Vienna district employment security agency (*Industrielle Bezirkskommission Wien*)² became convinced that the only satisfactory way of providing suitable retraining for the bulk of the unemployed workers was by establishing special retraining courses under its own jurisdiction. Such a program, however, required a substantial regular appropriation, and the unemployment insurance law of 1920 had failed to provide a method for obtaining such funds. Moreover, no funds were available in the budgets of the employment offices, which were administered at this time by municipalities, trade-unions, or employers' organizations.

In spite of these serious handicaps, the district agency rented barracks and initiated retraining courses for metal workers. The agency was aided by the employers' and workers' organizations in this trade, which voluntarily supplied both money and used equipment. When this venture proved successful, the Federal Ministry of Social Administration (*Ministerium für Soziale Verwaltung*) made a special grant for extending the retraining program to all occupations.

The success achieved by the program in meeting the demands for skilled workers resulted in an

² Similar to the State employment security agency in the United States. The agency was in charge of unemployment insurance, placement service, retraining of unemployed workers, vocational guidance, and other functions for its district, which included Vienna proper, with about 14 local offices, and Lower Austria, with about 10. It was administered jointly by representatives of employers' and workers' organizations appointed by the Federal Ministry for Social Administration, to which it was responsible.

amendment to the unemployment insurance act in 1923 whereby the general contribution levied a year earlier for the maintenance of the public employment offices could be used also for financing retraining and vocational guidance.

It is necessary to distinguish clearly between training, as performed in the course of regular education or work, and retraining. Generally speaking, training is a problem of vocational education for youth; retraining applies primarily to adults, i. e., to individuals who have already completed their customary schooling, insofar as the requirements of a particular occupation or trade are concerned, but who need additional training for one reason or another. This retraining may, in a narrow sense, be "refresher" training or additional training in the same type of skill; or, in a broader sense, it may mean training in a different field. The first type of retraining is useful when workers have lost their skill because of unemployment or employment in a different type of work. The second type becomes necessary when changes in the location and technological structure of industries have made certain occupations obsolete.

The Austrian Approach to Retraining

Many European countries have established retraining courses in order to educate adults, to provide relief, and to check abuses of the unemployment compensation systems. One of these objectives, or a combination of them, was more influential in the development of retraining programs than the desire to train workers for placement purposes.

Recognition of the need for specific retraining courses arose in Vienna, however, almost entirely in connection with the placement of workers. When openings could not be filled, an investigation was made to discover why there was a dearth of qualified applicants. Investigation frequently showed that candidates who claimed to be qualified for particular occupations lacked the technical knowledge required for referral. The immediate needs of the labor market were not, however, the only factors influencing the establishment of retraining courses. Many of the courses were set up in anticipation of a future demand for qualified workers—in occupations affected by anticipated style changes, for example.

Courses were also given to young workers who were dismissed after an apprenticeship in a small,

poorly equipped establishment.³ These workers needed further training before they could be referred to large factories, which set higher standards of skill. Failure to provide such retraining would have resulted in the permanent reduction of many of these persons to the status of unskilled workers. In addition to the economic waste inherent in such a situation, a future shortage of skilled workers would often have ensued, as older workers retired from the labor market. Steps were taken to eliminate the need for retraining courses by pointing out to the vocational authorities the deficiencies of basic training.

While the situation in the labor market justified the organization of retraining courses, the scope and design of the course depended upon the availability of a sufficient number of prospective trainees and some assurance of suitable openings in the trade after the training period. Finally, the training had to be limited to courses that could be completed within a comparatively short period, since the worker could not easily accept work while in attendance. For this reason the maximum period for such courses was generally limited to 6–12 weeks.

Although adult education is not concerned specifically with unemployed workers, it can be applied on a much larger scale to that group, particularly during periods of industrial depression.

Some of the adult education courses in Austria were of a vocational character. For instance, courses in languages proved of marked value to waiters,⁴ as did mathematics courses to mechanics. While it was hoped that placement would be facilitated in the long run by the higher educational standards of the unemployed workers, this particular type of training was not designed to meet an immediate demand for skilled labor.

The adult education courses were conducted under the auspices of those institutions whose functions were entirely educational and could thus be organized on a much larger scale and more inexpensively than the regular retraining courses. Nevertheless, the district agency, through its retraining department, cooperated actively by granting subsidies for certain courses or by extend-

³ According to the law, no apprentice was to be discharged, with certain exceptions, before the expiration of 3 months following the successful termination of apprenticeship. This provision was designed to prevent employers from dismissing apprentices upon completion of apprenticeship, when full wages become payable.

⁴ These courses must be distinguished from specific language courses for waiters (and other special groups) given by the retraining department.

ing to unemployed workers attending these courses the privileges enjoyed by students of regular retraining courses, such as exemption from weekly registration and the receipt of free streetcar tickets for transportation to and from the course. The district office was also interested in such courses because they kept unemployed workers off the streets.

When large numbers of workers became unemployed and it was impossible to predict the duration of their unemployment, many private organizations sought means of combating the physical and mental dangers of prolonged idleness. Demands were made of the retraining department of the district agency that training courses for unemployed workers be established as a relief measure. It was felt that such courses could provide recreational facilities and an outlet in an integrated program to reduce the dangers of idleness and of possible antisocial attitudes which prolonged unemployment might foster.

Two general proposals for organizing such courses were made, neither of which was accepted after some experimenting. One proposal was to organize the courses along occupational lines, so that skilled workers might practice their trades and at the same time render services to other unemployed workers. The other proposal was to set up general courses in which every unemployed worker at his volition could gain basic knowledge of certain trades, such as sewing, knitting, shoe repairing, or cooking, and thus perform for himself certain services for which he otherwise would have had to pay. Most of these courses required workshops, which would have made the courses somewhat resemble the retraining courses established for placement purposes.

The demand for the establishment of retraining courses as a relief measure was met to a certain extent when a law concerning voluntary labor service (*Freiwilliger Arbeitsdienst*) was enacted on August 18, 1932. This law was designed to promote the voluntary labor of unemployed workers at useful projects, if the projects were conducted by public authorities or nonprofit private organizations. Many of these projects were therefore somewhat in the nature of public works. The district office was authorized to continue benefit payments to unemployed workers who volunteered for such work. If it was necessary for the workers to live at the project, the benefit payments were

discontinued and the district agency granted lump sums to the organization in charge to be used for board and lodging. Among such courses in progress in 1933 were courses in sewing, clothes repairing, shoe repairing,⁵ nursing, and cooking. Some of these projects were organized to provide services to needy people; others to provide basic knowledge of several utilitarian skills in order to enable unemployed workers to perform these tasks for themselves.

Specific retraining courses as a means of checking abuses were organized in those seasonal industries where home work was customary and where availability for work and willingness to work could not be effectively checked either by the offer of a job or by individual investigation. For example, a millinery course was started each spring to which all those millinery workers who continued to receive benefits were assigned. If the course continued for more than a few weeks, it was attended only by a few of the old or physically handicapped millinery workers. Previously several hundreds of workers had continued to receive unemployment benefits over a long period, despite the seasonal upswing.

Organization of the Program

The central retraining department, established within the district agency, was in charge of the retraining of unemployed workers. The duties of the department included selection and supervision of courses; provision of buildings and equipment; selection of teachers; approval of course programs; cooperation with other organizations (educational institutions, employers' associations, and trade-unions) which were willing to sponsor retraining courses or offered special low rates to unemployed workers in their regular courses; recognition of courses conducted by other organizations as retraining courses in the meaning of the unemployment insurance law;⁶ examination of applicants in cooperation with the departments of placement, unemployment insurance, and psychotechnics;⁷ assignment of unemployed workers

⁵ Distinct from the shoe-repairing course given by the retraining department to meet the demand for well-trained shoe-repair workers.

⁶ Official recognition allowed certain privileges to unemployed participants, such as free streetcar fare and exemption from weekly registration at the employment office.

⁷ Psychotechnics was the term used in Austria for the science dealing with the application of psychological techniques in testing the aptitude of human beings for various occupations and the adaptability of machines to use by human beings.

to courses; purchase of equipment and material for retraining courses; calculation of prices for course products; issuance of certificates attesting to the degree of skill attained by those who attended the courses.

A workshop was attached to each occupational employment office⁸ in or near the same building whenever possible. The managers of these offices served also as the supervisors of the retraining workshops, subject, of course, to the general supervision of the retraining department. The distribution of supervisory functions between the retraining department and the manager varied among the offices according to the ability of the manager to initiate and develop appropriate retraining methods. The close attachment of the workshops to the employment offices had advantages for both placement and retraining. The knowledge and experience of the placement personnel could be utilized immediately in planning and establishing the necessary retraining courses. The employment offices could use the workshop equipment for testing the abilities of individual workers. Furthermore, workers who had been out of work for a long time, or well-qualified workers who needed a short "brushing up," could use the workshop to improve their speed and efficiency before being referred to an employer.

Retraining in courses was found to be preferable to retraining by employers. Exceptions to this principle will be discussed later in connection with retraining in plants. Organized training in classes conducted by experts was generally less expensive and more effective than individual retraining by employers.

The courses lasted from 1 to 12 weeks, with 12 as the generally accepted maximum duration. Courses covering a longer period were sometimes approved in depression periods, when the longer average duration of unemployment warranted the establishment of retraining courses which needed more than 12 weeks to cover the subject. These longer courses were frequently established for white-collar workers, among whom the average duration of unemployment was particularly long. There was general agreement among all exponents of retraining, however, that, with certain minor

⁸The employment offices in Vienna proper, which were the most important in the Vienna district, were broken down along industrial lines. Thus separate offices were established for metal workers, wood workers, shoe workers, clothing workers, et cetera.

exceptions, long-term courses should be handled by educational organizations as a part of their general program rather than by the retraining department itself.

The workers attended the courses 5 days a week for 5 hours a day. When placement opportunities were unusually good, the daily working time was occasionally extended to 8 hours, at the urgent request of those attending, in order to shorten the training period.

Admission to the various courses was usually on a voluntary basis, although the department could make compulsory assignments, mainly to check availability for or willingness to work. Compulsory assignments had to be made occasionally in the case of young unemployed workers whose apprenticeship training had been deficient. These workers often preferred various forms of recreation to training, an attitude adjudged tantamount to unwillingness to work, because the placement service could not place such workers in the skill for which they had registered unless they received specific retraining.

In spite of the voluntary nature of these courses, absence or misconduct connected with the course was likely to cause disqualification from receipt of benefits for a certain period.

The training courses were open to all unemployed workers regardless of their eligibility for benefits. Those who were eligible were allowed to receive benefits during any period of training which was approved by the proper authorities. None of these workers, however, received any additional allowance, although many of the courses required physically strenuous work. The only specific advantage offered was free transportation on the municipal streetcars to and from the workshops. In the tailoring and dressmaking courses the workers were often allowed to bring their own material and make garments for themselves.

Teachers, instructors, and foremen were appointed on a temporary basis and were selected generally from the rank and file of those actually engaged in the practical work of the plants. Only a few teachers of the basic theoretical courses had a more or less permanent tenure. Instructors for short courses dealing with the manufacture of products resulting from changes in fashion or similar causes were frequently borrowed from employers for short periods. The employer's co-

operation was motivated to a considerable extent by self-interest, since he was directly concerned with getting properly retrained workers before the beginning of the season.

During the early stages of the retraining program, available barracks left over from the war were adapted to the needs of the courses. Since no appropriations for equipment were available at this period, most of the necessary equipment was acquired through the donation of used machines and materials by friendly employers. Once it was no longer necessary to rely on these gifts, however, because of the compulsory contributions levied on employers and workers, the ultimate aim of a model workshop was more nearly approached.

The friendly reception of these courses by the general public brought about a further development. Many producers who were interested in the sale of new types of machines agreed to lend them to the retraining department, which in turn obligated itself to train particular groups of unemployed workers in their operation. Employers' organizations also contributed machinery.

Part of the needed equipment was produced in the courses themselves through cooperation among the various specialized workshops. Thus the woodworkers' workshop provided stools needed for the courses taken by white-collar workers, while students of accounting made the calculations necessary for the production of goods in other courses.

Advisory Committees

At least one advisory committee on training, which was allowed to use judgment independent of the district employment security agency, was set up for each industrial employment office in Vienna proper. In a few cases advisory committees for subdivision of occupations within the same office were established.

The advisory committees, consisting usually of two employers and two workers, passed on the need for new courses, program of new courses, selection of teachers, supply of equipment and material, and disposal of finished goods. In only a few instances did conflicts of interest between the representatives of the employers and of the workers appear. In most cases in which there were divergencies of opinion as to the need and direction of training, the delegate from the retraining de-

partment was able to reconcile the conflicting points of view.

Utilization of Products

For many courses the disposal of finished products constituted a rather serious problem. In a few cases the raw materials could be recovered for further use. Bricks necessary for teaching certain types of construction, for example, were easily recovered at the end of a particular project. When such conversion involved a serious loss of time and material, however, either of two alternatives could be followed: the goods could be considered worthless and sold at a loss, or an attempt could be made to recover the entire value of the material and overhead costs involved. Several courses used expensive material, such as leather and fine wood, and unless a substantial portion of the cost of the materials could be recovered, it would have been almost impossible to continue conducting such courses. It was necessary, in most cases, to avoid selling the products in the open market, since maintenance of good public relations precluded competition with employers.

When, however, the number of products to be sold was so small that the danger of employer opposition was slight, the retraining department was authorized to encourage orders from interested persons so that the disposal of the finished article might be assured at the beginning of the course. This device was used, for example, in the cabinetmaking course, where, in addition to preparing scrap wood, the applicant participated in constructing different types of furniture. The purchasers of this furniture were required to supply their own raw material and to pay a reasonable overhead charge. Although the purchaser would probably receive a fine piece of work performed under expert supervision, he was nevertheless running the risk of receiving an article with minor defects. He knew, furthermore, that the delivery of the order might be considerably delayed and that his actual saving for accepting these risks and inconveniences would be rather small.

Courses in which the regular training involved production of a large number of finished articles presented other problems. Although attempts were made to dispose of such products by selling them either to employees of the agency or to unemployed workers, attacks by the guilds led to

the disposal of these goods under the guidance of the occupational advisory committee.

The procedure established by these committees varied considerably. In some cases finished products were offered to the proper guild at a price which covered the cost of the raw material and the prorated overhead costs. In the case of leather goods, for example, the employers' organization, after paying a lump sum, assumed full responsibility for further disposal of the finished goods. The products of the millinery course, on the other hand, were usually sold to the employees of the district employment security office at prices which included cost of materials and production. This practice was accepted by the employer guild and the labor organizations because the output of this course was relatively small. A special method of eliminating the need for disposing of course products was used in the retraining course for shoe-repair workers. These workers practiced on shoes which unemployed workers were allowed to offer for repair. Special precautions were taken to prevent abuse of this repair service by restricting each unemployed worker to one repair during a given period. The repair was noted on his identification card as well as his claim card, and the total number of repair certificates which each local employment office should issue was limited.

Coverage and Cost of the Program

The accompanying table indicates the extent of the training program of the Vienna district agency from 1923 to 1928. After 1928 the courses attracted at least 5,000 to 6,000 unemployed workers annually. The annual average number of unemployed workers receiving benefits ranged from 80,000 to 120,000 over most of the period from 1923 to 1937.

The ratio of trainees to the total number of benefit recipients varied greatly from occupation to occupation; for example, it was many times greater for white-collar workers than for metal workers while cabinetmakers and leather workers occupied intermediate positions.

The large proportion of white-collar workers taking these courses was due to a number of factors. During this period white-collar workers were affected by technological changes to a greater extent than any of the other groups, because of the widespread introduction of machines for clerical work. Secondly, many were required to per-

Table 1.—Extent of the training program, Vienna district employment security agency, 1923–28

Year	Number of—		Total expenditures		Cost per trainee	
	Courses	Trainees	Schillings	Dollars ¹	Schillings	Dollars ¹
1923.....	34	700	(²)	(²)	(²)	(²)
1924 ³	110	3,360	19,035	2,740	5.8	0.82
1925.....	133	3,317	101,830	26,856	67.8	8.09
1926 ⁴	215	4,740	384,730	53,862	81.2	11.37
1927.....	253	5,467	200,000	40,000	63.0	7.42
1928 ⁵	164	2,800	135,000	18,000	47.2	6.61

¹ An Austrian schilling equaled about 14 cents during this period.

² Employer associations and trade-unions provided material and equipment; instructors were paid from various funds. After 1923 a special account was established for retraining.

³ In 1924 a large part of the costs (particularly rent and equipment) was borne by employers' and workers' organizations; no figures are readily available.

⁴ The comparatively high cost per trainee was due to the relatively greater expenditures for equipment.

⁵ First 6 months of the year only.

Source: *Die Industrielle Bezirkskommission Wien, Landesbehörde Für Arbeitsermittlung, Und Ihre Arbeitsämter, 1918–1928*, p. 52.

form only a limited type of work (for instance, filing) and lost their ability to perform other clerical tasks, such as bookkeeping or stenography. When such workers lost their jobs after a long spell of employment, it was almost impossible to place them unless they were retrained in several clerical skills. Furthermore, it was possible to provide a greater variety of courses for white-collar workers at a substantially lower cost. It is also possible that a desire to counteract the tendency among such workers to break away from the general unemployment compensation fund and pool their own risks may have been one of the factors responsible for making extensive retraining facilities available to them.

In 1923, 29.6 percent of all trainees were less than 20 years old; in 1928 this group constituted 43.9 percent. Those over 40 years of age decreased from 10.4 percent of the total in 1923 to 3.1 percent in 1928. The shift in age groups resulted from changed economic conditions in Austria during this period. In the first years after the World War, all age groups were almost equally affected by the extreme post-war dislocation. By 1928 the retirement of older workers, particularly in white-collar occupations, without replacement by younger workers was a major reason for the concentration of unemployment in the lower age brackets.

To give a more detailed picture of the activities of the retraining department of the district agency and an idea of the growth of the program, two reports, one for October 27, 1928, and the other for October 31, 1937, are summarized.

On October 27, 1928, 58 courses were in process, with an enrollment of 855 workers. Forty-two courses were operated by the retraining department, while 16 were conducted by various other organizations closely cooperating with the department. Eighteen of the 42 courses conducted by the retraining department were given for white-collar workers and covered such subjects as shorthand, typing, stenotypy, salesmanship, English for salespersons, English correspondence, operation of calculating machines, railroad freight routes and charges,⁹ cost estimates, clerical work, drafting, and business management. The enrollment in these 18 courses was 452. Other courses accommodated building workers, painters, tailors and dressmakers, feather workers (on hats), beauty-parlor operators, compositors, printers, printing-machine feeders, cabinetmakers, machinists, metal turners, makers of optical instruments and lenses, shoemakers and shoe-repair workers, block and die cutters (for shoes), fancy leather-goods workers, leather-pattern cutters, bag makers, leather-machine stitchers, gardeners, tricycle delivery drivers, cooks, and domestic service.

On October 31, 1937, 80 courses with an enrollment of 1,176 workers were in process. Thirty-three of these courses were operated by the retraining department and 39 were directed by other cooperating organizations; the remaining 8 were plant retraining courses and reported an enrollment of 83.¹⁰ Of the 1,176 trainees, 138 were placed before the expiration of the training period.

Specific Problems Encountered by the Retraining Department

Retraining in the plants.—Suggestions for retraining workers in industrial plants were approached cautiously by the retraining department, although some of the arguments advanced in favor of such courses were convincing. It was argued in favor of plant retraining that expenditures for room, equipment, and instructors could be avoided; there was more reason to expect subsequent employment of workers undergoing training in plants; the employer's interest in obtaining well-trained workers guaranteed satisfactory results; and employers would become more friendly

⁹ An important subject in Europe, because of the great number of countries with different tariffs. A well-qualified clerk was able to reduce the cost of freight tariffs by using the proper railroad lines.

¹⁰ In addition, there were 66 cases in which special individual arrangements had been made for training with private employers.

toward the unemployment insurance system, since they could see direct benefits for the contributions paid.

On the other hand, the retraining department felt that there was great danger that many employers would attempt to use plant retraining schemes to obtain unfair advantages over their competitors. Thus, if there were no genuine shortage of skilled labor in a given industry, retraining subsidies to a particular employer would enable him to expand his scale of operation and, consequently, reduce that of his competitors. A specific example may be cited: at the beginning of one winter season the owner of a coal company suggested that about 500 unemployed white-collar workers be trained as salesmen. He argued that these men could learn the job while working for him and also that the unemployment compensation fund would benefit, since he was willing to retain the most efficient at the termination of their training period. The period within which benefits were received was thus to be used to adjust the men to their new jobs. An investigation of the situation disclosed that all the other coal companies together did not employ as many as 500 salesmen. Approval of the plan by the retraining department would have enabled one employer to obtain a considerable competitive advantage over his rivals with no risk to him, since the training salary was being paid by the unemployment compensation fund. This and similar suggestions were turned down. The unemployment insurance fund would have taken a double loss had such projects been encouraged: benefits would have been paid not only to the workers who were being trained but also to the skilled workers of the other employers who would have lost their jobs when their employers' volume of production was reduced.

The retraining department also feared that some employers might frequently feign the need for retraining courses when they really wanted new workers, regardless of the workers' need for retraining beyond a short period of adjustment to the new job. Thus it was felt that, if the right of employers to set up retraining courses was recognized, there would always be danger that possible abuses might more than offset the economies claimed for plant retraining.

To avoid undesirable results, experience indicated that certain conditions should be fulfilled before retraining in a plant was approved, partic-

ularly if a canvass of the situation showed that the need for subsidized retraining was questionable. Before considering the establishment of a training course, the retraining department made certain that it was unable to supply from existing registers or to train without undue cost a sufficient number of qualified workers in the occupations in question; that the proposed program would cover a comparatively large number of workers; that the employer was unable to finance the retraining course himself; and that the resulting employment would not be offset by lay-offs of previously employed workers, either in the factory for which the retraining program was suggested or elsewhere. If these conditions were met, the employer then had to sign an agreement designed to protect the workers against unfair practices on the part of the employer. Such agreements included provisions stipulating the duration of training, the amount of benefits payable, the payment of wages by the employer, the wages to be paid at the termination of retraining, safeguards against dismissal for a specified period of time, and assurance that the regular labor force would not be decreased either during or after the training period.

Although the terms of the agreements signed by the employers varied from case to case, certain standards were developed. Thus, plant retraining was usually limited to a period of 6 weeks. A schedule was worked out for benefit payments as well as for wages, with benefits decreasing and wages increasing as the course progressed. For example, the full amount of weekly benefits might be required for the first 2 weeks, three-fourths of the full amount for the third week, one-half for the fourth week, and one-fourth for the fifth and sixth weeks. The wages paid by the employer in turn might start at one-fourth of the full-time weekly wages for that occupation in the given establishment, and increase to three-fourths of such full-time weekly wages for the last week of the training period. The scale of wages to be paid to the workers at the end of the retraining period was fixed at the customary wage level for the occupation in the given establishment. It was generally stipulated that the workers would not be laid off until at least 6 months following the end of the retraining period.

Frequently an individual worker would report to the retraining department that a certain employer was willing to give him a job if arrange-

ments were made to continue his benefits over a certain training period. In this case also, since such an employer was not necessarily acting out of humanitarian motives, the retraining department required that certain conditions must be met.

The more important of the conditions were: that a suitable retraining course was not currently being conducted or contemplated by either the retraining department or some other trustworthy organization; that when there was no lack of qualified applicants for the position, the prospective employer must give reliable assurance that a vacancy existed for the particular applicant only—a situation occurring frequently, since some employers sincerely wished to help particular workers who had been unemployed for a long time and who would not qualify for the job without a thorough retraining; that the worker would otherwise be likely to remain unemployed for an indefinite period; that he had the basic qualities necessary for the proposed retraining; that the retraining would probably lead to permanent employment in the new occupation; and that the retraining was not being used by the employer to promote unfair competition with other employers or to discharge members of his labor force. Since the conditions imposed were relatively stringent, few workers' applications were granted.

Retraining for agricultural work.—Retraining for agricultural work was handled by the agricultural employment branch of the district agency with the active support of the retraining department. This type of retraining was somewhat similar to retraining in the plant, since it was performed under the exclusive supervision of the employing farmer. The agreements concluded with individual farmers were similar to apprenticeship agreements. The worker was paid and treated by the farmer in the same way as any regular agricultural worker. For instructing and advising the worker the farmer received a cash premium of 90 Austrian schillings¹¹ at the end of the training period, which lasted about 3 months. If the apprenticeship was ended before the official expiration of the training period and if the farmer was not responsible for the termination, he received a proportionate part of the premium. As a result of this type of retraining in the plant, several thousands of industrial workers were transferred to agricultural employment.

Organized metal workers' opposition.—Retrain-

¹¹ About \$18 before devaluation of the dollar.

ing activities in the metal industry were severely handicapped because groups of metal workers of a specific skill opposed the training of metal workers of lesser or obsolete skills out of fear that bringing in new workers would cause a lowering of existing wage rates. These small groups were often so powerful in the union that many courses which were deemed necessary by the retraining department could not be undertaken. The opposition of the employed metal workers to the courses designed to retrain workers of one occupation for another type of metal work reached a peak at a time when, according to the district office, several hundreds of unemployed metal workers could have been placed immediately at the close of a retraining period. At this time more than 25 percent of the total number of workers engaged in this occupation were unemployed; yet no extension of the retraining program was possible.

Similar difficulties developed in other industries, but it was possible to convince those who feared overcrowding in their particular fields that in the long run a well-planned retraining program would be advantageous for the individual worker as well as for workers in general. It was argued that a controlled movement of unemployed workers to industries and occupations affected by labor shortages would be less likely to lead to overcrowding and lower wages than would an attempt to maintain an artificial labor scarcity. It was also held that such a scarcity of labor might result in the transfer of industrial units to locations where more skilled workers would be available. Furthermore, it was made clear that retraining courses might somewhat mitigate the effects of technological unemployment. Negotiations with

the typographical and lithographical workers' union were conducted along these lines because new machines were constantly being introduced in these industries.

The Place of Vocational Guidance in Retraining

The first year's experience with the retraining courses revealed that many workers did not have any special aptitude for the occupation in which they had completed their apprenticeship. Several of the training courses fell behind the prescribed schedule because students lacking the necessary aptitudes had been admitted.

Experimental examination showed that there was a rather large proportion of young people, particularly among the metal workers, who were better suited to occupations other than the trade they had learned. While the favorite ambition of many young boys was to become automobile mechanics, tests proved that a considerable number did not possess even the simplest manual ability. The retraining department therefore decided to require aptitude tests for all applicants before they were assigned to courses. Comparison of the results of preliminary tests with the observations of the course instructors during the period of training made it possible to develop tests for a large number of specific occupations. Subsequently, only those applicants were admitted to a retraining course who passed the prescribed tests. Those who did not pass were guided by placement officials into more suitable retraining courses.

The district agency later set up a separate department to take charge of this psychotechnical work, which played a continually increasing role in vocational guidance and retraining.