4
The Supply-side: Industrial Training

Introduction

This chapter is concerned with the first element of the growth policy framework ushered in after 1961 – the adoption of an interventionist microeconomic policy on the supply-side of the economy that aimed to improve the operation of the British economy and so contribute to higher economic growth. Of course, the desire radically to improve the supply-side of the British economy was not a particular feature of the five years after 1961. It was, however, made much more urgent by the adoption of an explicit target for higher growth in 1962. This revision of economic goals produced a plethora of institutional changes such as the creation of the National Economic Development Council in 1962, the creation by Labour after its election in 1964 of a new Department of Economic Affairs tasked with drawing up a ‘national plan’, and the setting up by Labour of the Industrial Reorganisation Corporation in 1966. All sought to restructure and refocus industrial investment on higher growth and higher productivity.

The failure of the NEDC, its associated office and plethora of industry level EDCs to attain the growth objectives it set for itself in 1963 has been widely discussed (for overviews and history of its operation see Middlemas 1983 and, more recently, Wood 1997 and 2000). Explanations for its failure to raise growth have tended to focus on the government’s failure to put its relations with industry on a more constructive footing and the consequent missed opportunity to create a ‘developmental state’ in Britain that would allow it to halt its relative economic decline (Leruez 1975; Shanks 1977; Budd 1978; Middlemas 1986; Tomlinson 1997). Recently, however, attention has shifted towards deeper institutional failings: particularly residual suspicions in industry peak associations of government intentions; the resistance of individual firms to revisionist vanguard elites in those peak associations that were prepared to embrace radical new policies on growth; and the constraints placed upon the development of the NEDC, and the coordination problems it encountered as a result of, the fragmentation of both British government and its
industrial institutions (Boswell and Peters 1997; Lowe and Rollings 2000; Ringe and Rollings 2000a; Wood 2000). For Ringe and Rollings, the failure of the NEDC was not a failure of government, it was instead a failure produced by the phenomenon of ‘governance’ discussed in Chapter 2. If this was true of the NEDC, how true was it of other elements of the supply-side reforms of the 1960s?

The chapter examines another element of the new supply-side interventionism, the attempt to improve the quality and quantity of industrial training via the 1964 Industrial Training Act (ITA). This has been seen as a ‘revolutionary’ scheme which introduced a tripartite approach and effectively overturned a tradition of non-intervention in the labour market by introducing compulsory training cost sharing in industry (Perry 1976: 100-1; Beverstock 1969: 1).

The chapter begins by examining how new ideas on industrial training penetrated the core executive and caused it to conclude that policy had radically to be changed if the quantity and quality of British industrial training demanded by the new growth objective was to be realised. It concludes that the shift to interventionism in industrial training in 1964 was a product both of negative policy feedback from training policy in the 1950s and of the pronounced change, promoted by the growth advocacy network, that took place between 1960 and 1962 in the intellectual framework within which economic policy was made. It argues, however, that this third order learning in industrial training policy was poorly institutionalised and that, as a result, third order learning failed to produce third order change.

The process of learning

Attitudes to training in the 1950s

The 1964 Industrial Training Act has generally been seen as an important turning point which reversed many years of government inaction on industrial training (Perry 1976: xix; D. King 1995: 128; King and Wickham-Jones 1998). This, of course, ignores the important role that government played in the two world wars, but in each case this role proved short lived and was followed by a reversion to the conviction that, in the vast majority of cases, training was rightly the preserve of the individual firm (Sheldrake and Vickerstaff 1987: 7-10, 24-5). Consequently, during the 1950s government training ‘receded to the margins of the labour market – the young, the disabled, the hard to place – [and] training policy fulfilled social welfare rather than economic aims or functions’ (Sheldrake and Vickerstaff 1987: 28-30; Ziderman 1978: 77-