Collective Skill Formation in Liberal Market Economies?
The Politics of Vocational Education and Training in Australia, Ireland and the United Kingdom

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Paper prepared for presentation at the 4th ECPR Graduate Student Conference Jacobs University, Bremen: 4 - 6 July, 2012, Section 20: Public Policy, Panel 92: Education Policy
Abstract

This paper addresses two shortcomings of the Varieties of Capitalism (VoC)-framework by analyzing the politics of apprenticeship reforms within three Liberal Market Economies (LMEs), which attempted reforms towards the German model of collective skill formation.

First, it tackles the lack of sensibility for variation of skill formation within LMEs: Here, while the United Kingdom continuously failed in its reform attempts, Australia until the mid-90s and, more recently, Ireland display more successful apprenticeship reforms. Second, it goes beyond a functionalist approach to comparative institutional advantage by tracing the differences in the (non-)evolution of collective skill formation - from the 1980s until 2008 - from an actor-centered institutionalist and power resource perspective.

Two findings are presented to explain institutional diversity: First, the emergence of cross-class coalitions between capital and labor is necessary for the sustainability of collective solutions towards skill formation. In absence of such coalitions, policy reforms will not lead to institutional change and are bound to be continuously contested and prone to market failure. Second, in the course of economic restructuring governments used vocational training policies to influence the industrial relations between employers and unions more generally to move economic interactions towards their preferred model. While a collective approach towards vocational training by left governments strengthened the role of unions within industrial relations reforms and contributed to the emergence of cross-class coalitions, the curtailment of union influence in vocational training can be regarded as part of right governments project to decollectivize industrial relations, with the corollary that collective approaches towards apprenticeship ceased to be feasible in the reforms aftermath.

1. Introduction

In the last decade, the VoC-school (Hall/Soskice 2001) has brought systems of skill formation to the forefront of political economic approaches (Thelen, 2012). Nevertheless, the clear-cut distinction between coordinated market economies (CMEs) and LMEs has obscured substantial variation in the realm of skill formation within these ideal-types as recent studies point out (Busemeyer 2009, Busemeyer/Trampusch 2012, Iversen and Stephens 2008). Although LMEs are regularly classified as a rather homogenous country group in various typologies of comparative political science (Castles 1993; Esping-Andersen 1990), a closer assessment reveals more marked differences in their vocational education and training (VET)\(^1\)–systems than is u-

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\(^1\) Due to space restraints the paper focuses on apprenticeships as a prominent way of initial vocational training.
sually assumed. Here, scholars have shown that apprenticeships declined in the USA at the beginning of the last century, while its institutions remained more stable in the UK (Gospel 1994; Thelen 2004), although they have been prone to the problem of a “low-skills equilibrium” (Finegold/Soskice 1988). Compared to the UK, other findings point to the superior performance of apprenticeships in Australia (Gospel 1994; Smith 2010; Toner 2008) and Ireland (Nyhan 2010; O’Connor/Harvey 2001; Ryan 2000). Despite the ingenuity of these studies, unfortunately they fall short of a common research framework that can explain the observed differences.

Another criticism, leveled against the original VoC-framework is, that a functionalist approach to comparative institutional advantage leaves the question of institutional origin, genesis and change unresolved (Coates 2005; Deeg/Jackson 2007; Hall/Thelen 2009). While the VoC-propositions explain the persistence of two ideal-typical capitalisms by reference to differing institutional equilibria and hold that institutional reforms flow from shifts in coordinating mechanisms, Hall and Thelen (2009) propose to examine actor-constellations more closely, as continuous support is needed for the sustainability and reforms of institutional equilibria. Regarding institutional change more generally, there has been a move towards approaches that are more sensitive to influences of timing and sequencing on policy change (Hall 2003; Pierson 2004), incremental institutional change (Mahoney/Thelen 2010; Streck/Thelen 2005; Thelen 2009) and diverse actor-constellations between firms, workers, their intermediary organizations and governments (Culpepper/Thelen 2008; Hall/Thelen 2009; Thelen 2004). But apart from Thelens’ (2004) study of intermediate skill formation in the US and the UK, these theoretical innovations have been rarely applied to comparisons of skill formation among LMEs, where the political driving forces of apprenticeship reforms remain somewhat opaque.

This paper tries to remedy these research gaps by analyzing the political processes that underlie the variation of apprenticeships within three LMEs. It compares the development and political driving forces of apprenticeship reforms in the United Kingdom, Ireland and Australia from the 1980s until today, which followed different development paths since the 1980s in the aftermath of the two oil-price shocks and the related problem of stagflation. Primary evidence of the empirical puzzle why apprenticeships developed differently in the countries of interest, suggests a strong connection between the development of apprenticeships and industrial relations, which have followed parallel trajectories. Despite intense reform efforts, the UK did not succeed in building up a high quality collective apprenticeship system with joint governance and shared costs between employers, apprentices and the state (Finegold/Soskice
1988, Gospel 1995, Marsden/Ryan 1990, Rainbird 2010), which contrasts with developments in Ireland (Ryan 2000) and Australia (until the mid-1990s) (Toner 2008), which were more successful in their approximation towards the “German model” of dual apprenticeships. Regarding the industrial relations structure that apprenticeships are embedded in (Busemeyer/Trampusch 2012; Culpepper/Thelen 2008) we can identify similar developments. Here, the UK followed a unilateral, monetarist approach that strengthened market forces and minimized the political influence of unions (King 1993; Rhodes 2000), whereas the other two countries followed social partnership approaches towards macro-economic policies and industrial restructuring. In Australia, industrial relations were buttressed by Accords between unions and ALP-governments (Bray/Neilson 1996; Schwartz 2000), but a later turn gave way to market-friendlier approaches since the middle of the 1990s (Hampson 1997; Hampson/Morgan 1998), while since 1987 Irish industrial relations were governed by tripartite pacts between the social partners (O'Donnell et al. 2011; Teague/Donaghey 2009).

Against this background the study analyses these differences in tracing the evolution or “non-evolution” of advanced apprenticeship systems in the countries of interest by employing a combination of actor-centered institutionalist and power resource approaches. In solving the empirical puzzle of how to explain different apprenticeship trajectories in LMEs, the present study answers two questions. First, it will be shown which trajectories the countries followed in their reforms and which were the political driving forces behind these institutional developments. Here, in line with classical approaches of power-resource theories (PRT) (Esping-Andersen 1990; Hibbs 1977; Korpi 1983), it is argued, that the partisan composition of government and its relations with capital and labor matters heavily for the course of apprenticeship reforms and industrial relations. It is argued, that in the course of economic restructuring in the 1980s, partisan governments used vocational training policies to influence the industrial relations between employers and unions more generally to move economic interactions towards their preferred model. While a collective approach towards vocational training by left governments strengthened the role of unions within industrial relations reforms and contributed to the emergence of cross-class coalitions, a curtailment of union influence in vocational training can be regarded as part of right governments project to decollectivize industrial relations, with the corollary that collective approaches towards apprenticeship ceased to be feasible in the reforms aftermath.

Second, whereas the first question addresses the origins of and actor-constellations towards apprenticeship reforms, it is asked what explains the political sustainability or fragility of these reforms. Political sustainability can be understood as policies that effectively reform
the apprenticeship system, so that envisaged goals (cost-sharing, effective certification, high skill production, etc.) are reached. This includes that the central stakeholders (come to) follow the newly instituted rules – or, in the case of employers, are placed under “beneficial constraints” - and come to recognize the merits of the institutional reforms, so that they will actively support the institutional development direction, if they are confronted with newly looming changes. In this regard, the second central hypothesis is, that the development of cross-class coalitions is a necessary condition for a sustainable institutional development towards collective apprenticeship systems. In the absence of such cross-class compromises collective apprenticeship systems are bound to be fragile, continuously contested and prone to problems of collective action, credible commitment, market failure and ultimately subject to (endlessly recurring) new reforms.

This paper is structured as follows. The first section briefly describes recent research in the study of comparative political economy and vocational training. Subsequently, the main research questions, theoretical arguments and working hypotheses are presented. The next part briefly describes the institutional changes brought about by apprenticeship reforms in the UK, Ireland and Australia respectively, and is followed by three case studies on their political determinants. Finally, the concluding part summarizes the main finding and points at open questions for future research.

2. State of Research: Skill Formation and Vocational Training

Within the VoC-approach Germany is described as a prime example of a CME, thus a “typical case” in the sense of Gerring (2007). As regards skill formation, Germany has figured prominently in studies of VET, which regarded its system of dual apprenticeship as a role model for intermediate skill formation (Crouch et al. 2004; Culpepper 1999; Finegold/Soskice 1988; Green 2001; Soskice 1994). These studies have described the institutional infrastructure of the joint, multi-layered regulation of dual apprenticeships by social partners and governments as favorable to a high-quality training system. Likewise, contributions by Streeck (1989, 1991, 1998) and Soskice (1994) have elucidated institutional mechanisms that constitute beneficial constraints, which induce firms to train and solve problems of classical human capital theory (Becker 1993). For the present study, the existence of beneficial constraints as wage compression and skill certification\(^2\) is important in relation to the outcomes of apprenticeship reforms,

\(^2\) To exemplify, we can consider the beneficial effects of both mechanisms. Wage compression across firms and industries reduces the risk that non-training firms appropriate the skill investments of competitors by poaching their trainees, thus offering a buffer to foregone training investments. Similarly, it induces firms to up-skill their workforce and raise productivity, as low-skilled workers are comparatively expensive. When apprenticeship-wa-
but the main focus lies on the question how collective solutions towards apprenticeships and the emergence of beneficial constraints can be explained politically in the unlikely cases of LMEs. Here, the main question is, how the central stakeholders of apprenticeship systems politically influenced the development of apprenticeship institutions, which we also find in the role model of dual apprenticeship.

Current research has rightly pointed out that the dual apprenticeship model is just one system of skill formation among others and has identified manifest differences among skill formation in CMEs in regards of firm involvement in training and skill certification (Busemeyer 2009), different political partisan heritages (Iversen/Stephens 2008), or differences in employer coordination as well as state characteristics, union organization and the relationship between business and government (Busemeyer/Trampusch 2012). Typological differences apart, these studies are united by the aspect that they cannot account for the variation of apprenticeships in LMEs. More generally, research on VET in LMEs is dominated by single case studies that only offer limited comparability and generalizable specific explanations. Thelen (2004) offers a remarkable exception in her study of the institutional evolution of VET in Germany, Japan, the United Kingdom and the United States. Her theory-guided, historical institutionalist study traces differences in the systems of skill formation back to the settlement of early industrial conflicts along (USA, UK) or across (GER, J) the class divide. The insight that cross-class coalitions of employers and unions can be driving forces of institutional evolution and change in VET-systems, adds an important perspective to older theories of institutional change such as the PRT approach. Moreover, Thelen’s research shows that we cannot readily draw hypotheses on the formation of cross-class coalitions, as they are heavily dependent on specific institutional configurations of national political economies and historically contingent trajectories.

The notion of different political coalitions that drive institutional change is especially important in the light of younger research on institutional change (Hall/Thelen 2009; Streeck/Thelen 2005; Thelen 2004). As Hall and Thelen (2009: 12-13) argue, we should analyze “institutions as resources” for political actors to drive institutional change, as institutional stability is not a result of self-stabilizing equilibria, but

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3 Moreover, the scarcity of comparable data on wage compression, skill certification, and apprenticeship wages and so-forth seriously constrain attempts to measure the comparative strength of their effects.
“...depends on a stream of action that is political in the sense that it entails conflict designed to test the limits of cooperative arrangements and of the processes of mobilization that bring other actors in line with those arrangements”.

Thus “the achievement of coordination appears as a political problem” (ibid: 13) as actors have to invest continuous support to sustain institutions. Below it is argued that the institutional stability of apprenticeship reforms in LMEs heavily depends on the formation of cross-class coalitions between capital and labor, as they can minimize the frequency and intensity with which apprenticeship institutions are contested between their central stakeholders. However, the far more interesting question is how cross-class coalitions become instituted in the first place, and how their emergence is related to the politics of industrial relations.

To sum up, the analysis elucidates, which political actor constellations were influential, how cross-class coalitions were built and which effect their emergence or absence had on the institutional stability of collective skill formation in LMEs. This contribution aims to add to the state of research in four aspects. First, it addresses the lack of a comparative analytical perspective in case study centered contributions of intermediate skill formation in LMEs. Second, it contributes to a broadening of PRT-approaches, as it places a special focus on the incorporation of producer interests (labor and capital) by political parties within the politics of industrial relations and skill formation, which is often absent in classical PRT-contributions (Esping-Andersen 1990; Korpi 1983). Third, it adds to the study of institutional change as it focuses on actor-constellations as driving forces of institutional change and thus adds a genuinely political perspective. And fourth, but not last, it aims to provide an inroad into differences within LMEs, which remain opaque and scarcely researched up until today.

2. Research question and hypotheses

To comparatively analyze VET-politics in LMEs, the study consists of three theory-guided case studies that depict relevant different institutional developments and their political determinants in Australia, Ireland and the UK since the end of the 1970s. While apprenticeship faced a heavy decline in the UK, its institutions remained relatively stable in Australia until the mid-1990s and even grew in Ireland. These divergent developments are at odds with studies of skill formation that typically subsume these three countries under a common label (see above). Against this backdrop, this paper will address the politics that create and sustain collective institutions of apprenticeship reforms.

As a point of departure, the study contends that a proper analysis of apprenticeship reforms in the countries of interest needs to embed them in the larger context of industrial relations reforms. While the VoC-Literature has pointed to the strong complementarity between in-
Industrial relations and skill formation (Hall/Soskice 2001, Hall/Gingerich 2004), this is corroborated by recent studies on the German apprenticeship system, that point to the link between a lack of training slots and declining bargaining-coverage due to changed industrial relations patterns as well as weakening employer organizations (Busemeyer 2009b; 2011). To account for the different trajectories of apprenticeship two hypotheses are presented, which focus on the relationship between industrial relations and skill formation by apprenticeships. While the first addresses the sustainability of reforms, the second points to their political origins.

**H1: The development of cross-class coalitions is necessary if apprenticeship reforms towards the collective model are to be sustainable (i. e. policy change leads to institutional change).**

Countries that undertake skill formation mainly in dual apprenticeships display strong cooperative industrial relations conducive to mechanisms of beneficial constraints. The joint governance of dual apprenticeships by employers, unions and the state, and their embeddedness in the wider context of macroeconomic institutions make investments in specific and portable skills attractive to apprentices and training firms alike (Streeck 1989, Soskice 1994). But while the literature on the “German model” of skill formation (Busemeyer 2009b; Finegold/Soskice 1988; Soskice 1994; Streeck 1989) has pointed to the beneficial effects on macro-economic coordination, competitiveness, low youth employment and easier deployment of skilled labor from shrinking to growing sectors in the course of deindustrialization, it is likewise true that these systems rest on a delicate power balance between employers, unions and the state (Busemeyer/Trampusch 2012). Collective training systems are arguably amongst the most complex spheres to reform by governments, as compliance with and active development of (newly) institutionalized rules regarding training needs the support of the main stakeholders outside government (firms, employer associations, unions and individual workers).

Moreover, training systems have an extraordinarily high conflict potential between the interests of private and public actors. Busemeyer/Trampusch (2012: 5) specify these points of conflict as:

„the division of labor between the state, employers, their associations and individuals on the provision (who provides?) and financing (who pays?) of vocational education and training (VET), the relationship between firm autonomy and public oversight in the provision of training (who controls?), and the linkages between VET and the general education system“. 

For the effects of training reforms need time to materialize – as only new cohorts of trainees are educated according to the new standards – it is important that underpinning coalitions,
which have agreed on the contentious aspects above, are formed at the beginning of the reform process and sustained throughout the phase of implementation.

Before we move on to the next hypothesis, a point of caution needs to be emphasized. As training systems are embedded in the wider institutional context of the economy, the formation of cross-class coalitions cannot be assumed to be a sufficient condition for the sustainability of collective training systems. For example, the decentralization of bargaining can lead to the weakening of unions at the plant level and reduce their control over training contents, which can in turn contribute to the decline of the on-the-job training component towards narrow, immediate firm-specific skill needs. At the same time it might lead to a decoupling of occupational status/skill and wages and reduce the incentives of firms to train, because the poaching of skilled employees of competitors might become a viable option. Under this conditions, it seems plausible that cross-class coalitions that support collective forms of apprenticeships will only be durable if they are backed up by cooperative industrial relations, which exhibit features of beneficial constraints (Streeck 1989; 1998).

**H2: If partisan governments want to change the power distribution between capital and labor in industrial relations they will use apprenticeship reforms to strengthen the role of their strategic partners in vocational training politics. While conservative and liberal parties are expected to favor market-oriented solutions, left parties are expected to enact policies that shore up the power of organized labor.**

This hypothesis starts from the fact that generally, while the beneficial effects of cooperative industrial relations on the quality and scope of apprenticeships have been frequently pointed out, much less is known about the opposite causal direction of how apprenticeships underpin and may change industrial relations. But for apprenticeship reforms and especially for partisan governments that want to enact them it matters crucially how well the present institutional structure of apprenticeships fits into the preferred structure of industrial relations and economic reforms. This is not so much due to the fact that well functioning apprenticeship systems can have a positive effect on economic competitiveness as would be suggested by VoC-propositions, but rather a consequence of the given that apprenticeships constitute an important source of trade unions’ political and bargaining power (i. e. in respect of skill certification, acc-

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4 Similar threats are the influence of tertiarization and changes in the financial market as current profitability accounting and short-term capital investment. While the former pressures apprenticeships to adapt to service occupations, which mostly compete over prices and not the quality of services, the latter can induce firms to focus on short-term competition strategies and reduce their willingness to make long term-investments in human capital.
cess to occupational labor markets, union membership, etc.). As regards the partisan composition this source of labor power represents a vice for conservative and liberal political parties that want to pursue politics which emphasize free markets, while it is a virtue for left and catholic parties that want to foster cooperative industrial relations.

Regarding policy change and its initiation, the study builds on the classical PRT perspective that the partisan composition of government matters substantially for the explanation of different policy agendas (Hibbs 1977; Schmidt 1982). Here, while secular conservative and liberal parties are assumed to be politically inclined to favor the upper classes and free-market policies, social-democratic parties and Christian-democratic parties can be assumed to employ social and educational politics that economically favor the working and the middle classes (Iversen/Stephens 2008). As described above, the effects of partisan politics are far from clear in the politics of collective skill formation and research has to account for different cross-class coalitions, as the social partner involvement is a central characteristic of collective skill formation as exemplified by the case of German “dual apprenticeships”. As Busemeyer and Trampusch (2012: 34) point out, here

“[R]esponsibilities are…shared between the relevant stakeholders. This regularly leads to conflictual renegotiations and transformations of institutional arrangements – processes that are only partly controllable by state authorities because labor market actors and their associations play an important role in the administration and reform of collective skill formation systems”

The study builds on this insight and argues, that partisan governments cannot only directly structure vocational education, but also define the “rules of the game” under which industrial relations and conflict between capital and labor take place. Conversely, it is true that vocational education policies of partisan governments have feedback-effects on the organizational and bargaining capacities of the social partners in industrial relations. (The same is obviously true for other policies: public sector employment, unemployment policies, privatization, etc.) Thus, it is argued that studies of institutional change in vocational training have to take this 

*indirect state influence on industrial relations* into account to understand its implications for a change in the politics of institutional change. Depending on the political affiliations of governments the rule setting for apprenticeships can be expected to differ in line with its ambitions for industrial relations reform more generally. The take-away for the present study is, that we have to analyze how governments influence VET policies to (re-)structure industrial relations and to which organized actors they grant privileged access to policy-making.

At this point a qualification seems appropriate, as the hypotheses above have to be placed in the historical context to understand how much scope for political action and which

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5 Thanks are due to Marius Busemeyer for pointing this out to me.
actor-constellations political legacies have left. Independent of the partisan composition of government, it can be assumed, that the governmental policy-scope will be largely determined not only by institutional veto-points of the national polity, but also by political legacies of the past (Rose/Davies 1994) and path-dependent developments (Pierson 2004).

Before the empirical analysis, aspects of case-selection and time-period are dealt with. As regards country selection, Australia, Ireland and the UK are usually treated as members of the same country-cluster in comparative political studies, where they are defined as liberal welfare states (Castles 2010; Esping-Andersen 1990), as belonging to the Anglo-Saxon family of nations (Castles 1993), as exemplifications of a liberal skill-formation regime (Iversen/Stephens 2008) or liberal market economies (Hall/Soskice 2001, Hall/Gingerich 2004). Moreover these countries share a common history in the early development and institutional design of their VET-systems (Gospel 1994) and all had serious experiences with high unemployment during the research period which extends from the 1980s to 2008 and thus covers the phenomena of economic globalization, deindustrialization and financial austerity.

Apart from experiences with unemployment, the US, Canada and New Zealand would also fit in this study as country cases, so a brief comment on their omission is in order. The main reason to exclude these countries is that they display a low reform-intensity and under-developed apprenticeship systems. In the US, lacking any institutional mechanism of the development of a joint VET-system, employers tried to adapt their production strategies to minimize the reliance on skilled labor (Gospel 1994, Thelen 2004). In summarizing the early decline of apprenticeships in the US, Gospel (1994: 510-512) offers further explanations: American employers could make use of skilled immigrant labor from European countries with strong apprenticeship systems; the mass production systems of large companies did in most parts not require high craft-skills but could be operated by semi-skilled and unskilled workers; unions were much weaker than in Europe and could not enforce apprenticeship rules; and coordination between employers was weak and mostly based on direct competition.

The main method used in the analysis of the case studies, which consist in the individual reforms in the three countries, will be process tracing (Hall 2003) of the political constellations that underpinned reforms. As we can assume that the politics of apprenticeship reforms involved not only strategic interaction between a multiple actors, but were also dependent on political decisions in the past, this method seems adequate. Furthermore it is in line with the contention that the behavior of key actors at “critical junctures” sets countries on different paths of development (Pierson 2004; Thelen 2004). In applying this framework, the study tries to address demands that point out the need for a more refined analysis of how ac-
tors shape and sustain institutions (Deeg/Jackson 2007; Hall/Thelen 2009), while at the same time exploring diversity within the Liberal Market Economies.

3. Case studies: The politics of apprenticeship reforms and feedback on industrial relations in the United Kingdom, Ireland and Australia (1980-2008)

The following sections are devoted to the description of apprenticeship reforms and their connection to the development of industrial relations. First, a cursory overview about the main reforms is given, before the subsequent parts deal with the political driving forces behind reforms and their impact on the emergence of cross-class coalitions and the role of the social partners in industrial relations. To preview the main directions of reforms: The Thatcher government in Great Britain can be seen as a clear exemplification of neo-liberal policy-making that gave clear priorities to market-based solutions concerning vocational training, macro-economic and fiscal policy making while at the same time dismantling the organizational capacities of British unions (Rhodes 2000). Contrarily, the Irish governments actively encouraged social partnership that underpinned not only apprenticeship reforms but also industrial relations more generally (Teague/Donaghey 2009) and recent attempts to liberalize the Australian economy did neither dismantle the apprenticeship system nor fully destroy social corporatist policy-making solutions (Toner 2008), which clearly contradicts VoC-assumptions that further deregulation in LMEs in the advent of globalization and increased competition (Hall/Soskice 2001, 57-58).

3. 1. Reform results in a nutshell

The following overview is by necessity selective and focuses on the main structural reforms in apprenticeship regulations and governance, which represent “within-case studies” in the countries of interest, before the subsequent sections analyze the political coalitions that underpinned reforms or were influenced by them.

As a research template for apprenticeships this paper follows the definition of Busemeyer and Trampusch (2012: 14-15) for collective skill formation systems, which they distinguish by the central characteristic of “a strong commitment of both the state and firms to invest in the formation of vocational skills” (ibid: 14, emphasis added). Building on this insight, they identify four characteristics of the collective system: a high involvement of firms in the provision and administration of vocational training; an important role for intermediary associ-
atations such as employers’ associations and trade unions in the administration and reform of collective training systems; the provision of portable, certified occupational skills that are standardized and fully recognized on national labor markets; vocational training takes place not only in schools, but also in companies, usually in the form of dual training or apprenticeship schemes (ibid: 23-24). The three first items of the definition given above will serve as an outline for the following description of how far the three countries have moved towards collective solutions in skill formation.

An important historical commonality of the three cases is that, time-served and not standards-based, apprenticeships were the main inroad into skilled manual occupations. They were, in contrast to the jointly governed German “dual apprenticeship” model, mostly based on voluntarist agreements between unions and employers and frequently lacked the collective standard setting and joint regulation characteristic for the German System.

(\textit{Table 1 about here})

The reforms selected for within-case studies in the UK\textsuperscript{6} are the introduction of the Youth Training Scheme (YTS)\textsuperscript{7} in 1983 as well as the creation of Training and Enterprise Councils (TECs) in 1989 under the conservative Thatcher administration and the introduction of the Modern Apprenticeship (MA) Scheme\textsuperscript{8} under the successive conservative Major government. The former two reforms, which severely curtailed union influence, were chosen as examples of the impact of apprenticeship reforms on the power distribution in industrial relations, while the latter reform indicates the instability of apprenticeship reforms that are not based on cross-class coalitions. Conversely, in Ireland the foundation of Foras Áiseanna Saothair (FÁS/Training and Employment Authority) as a tripartite body for the regulation of apprenticeships under a Fine Gael-Labour Coalition in 1987, preceded social partnership in industrial relations and the introduction of Standards-based Apprenticeships (SBA) in 1993 under the subsequent Fianna Fail government. Finally, for Australia the introduction of the Australian Traineeship System (ATS) in 1985 under a Labour government and the creation of the New Apprenticeship System (Australian Apprenticeships – AA) in 1998 by a liberal administration were chosen as within-case studies. While the former illuminates a tacit cross-

\textsuperscript{6} Under devolution, different institutions have emerged in England, Scotland, Wales and Northern Ireland. In what follows, it is only referred to the English case.

\textsuperscript{7} Renamed \textit{Youth Training (YT)} in 1988.

\textsuperscript{8} Later renamed apprenticeships under the Blair administration.
class alliance in the restructuring of apprenticeships and industrial relations, the latter parallels the industrial relations deregulation and weakening of unions under Thatcher.

3. 2. Apprenticeship reforms and industrial relations politics in the United Kingdom: Voluntarism, De-Collectivization and employment-led restructuring

In the contemporary history of apprenticeships in the United Kingdom, we can discern two different phases. The first phase is characterized by marked reforms under the Thatcher governments (1979-1990), which developed the YTS as a major employment program, ended tripartite institutions and, more generally, curtailed union rights. The second phase is marked by continuous reforms of vocational training institutions under the subsequent Conservative and New Labour governments, which despite a large reform activity, however, seem to have had little effect on the expansion of high-quality, “German-style” training and left the basic structures that were instituted under the Thatcher administration intact.

Historically, in the UK apprenticeships were based on voluntarist agreements between employers and union and heavily contested along the class-divide (Thelen 2004). Attempts to set apprenticeships on statutory and cooperative terms had failed despite the introduction of tripartite institutions and a training-levy under the Wilson Labour government (King 1993, 1997). The introduction of the YTS in 1983 and the establishment of TECs in 1989 under the Conservative government of Margaret Thatcher must not only be understood in light of the inherited voluntarist legacy of training in the UK, but also against the background of the economic turmoil and frequent industrial disputes, that eventually lead to the “winter of discontent”9, caused by the two Oil crises. It was in the face of high inflation, a stagnating economy, high rates of unemployment (OECD various) and failed attempts to reach agreements on wage restraint in a decentralized bargaining system under the previous governments, that the Thatcher government embarked on a course of deregulation based on neoliberal premises, which included the strategic curtailment of union influence in industrial relations (Gospel 1995; King 1993; 1997; Rhodes 2000). This program contained the strategy of a tight monetary policy, the curtailment of union wage-bargaining rights, the massive privatization of public utilities, the introduction of in-work-benefits and employment programs that contained a strong workfare element (Rhodes 2000; Howell, 2005).

9 In reaction to high inflation and falling real wages, public and private service sector workers joined forces and caused the strike militancy to rise to unprecedented levels. In their protest against falling wages and defense of wage differentials Rhodes concludes, that actually „what they got was Margaret Thatcher“ (Rhodes 2000: 35).
A strategic weakening of trade unions was also part of the Conservatives’ training reform agenda. While one of the first policy reforms of the new government was to abolish most tripartite Industrial Training Boards (ITBs)\(^\text{10}\) in 1982, which ended the levies as financial mechanisms to induce employer participation (Rainbird 2010), the introduction of YTS in 1983 effected a twofold major reduction of union influence in the politics of training. First, the budget of the tripartite Manpower Service Commission (MSC)\(^\text{11}\) which had been instituted under the former Conservative Heath government to impose a national framework for formulating a coherent training policy, was increasingly directed to unemployment programs, which limited resources to plan and implement the envisaged training reforms.\(^\text{12}\)

Second, the introduction of YTS meant that trainees under this new program were no longer covered by voluntarist agreements between employers and unions, and gave the former much leeway in the design of training (Gospel 1995; King 1993). The basic structure of this unemployment program with a training component\(^\text{13}\) was, that it consisted of work experience of one or two years, where the trainee received an allowance, sometimes supplemented by an employer, who had to provide a guarantee of training provision. The introduction of YTS offered a new path along previous apprenticeship programs as training take-up moved from being demand-driven by employers skill needs towards being supply-driven by the number of unemployed youth receiving an allowance. Commenting on the of YTS on the relationship between apprentice and employer, Toner comments, that

“it broke the historical nexus between apprenticeship and employment as a “trainee” was no longer an employee of a firm from whom they received a wage, but the responsibility of a training intermediary in receipt of a government allowance” (Toner 2008: 427).

Furthermore, attrition rates were comparatively high and some employers used the opportunity to replace apprentices with trainees, subsidized under government allowances (King 1993), thus contributing to the decline of traditional apprenticeships, to which YT offered no substantial alternative (Rainbird 2010). Thus, the redirection of the MSCs budget and the introduction of YTS did not only have a direct impact on the power of unions but simultaneously strengthened employer prerogatives in the implementation of the new training framework.

\(^{10}\) Today the Engineering Construction ITB, still survives with the power to raise a training levy. Of the other ITBs, some evolved into Industry Training Organizations (ITOs) without statutory powers (cf. Rainbird 2010).

\(^{11}\) The MSC had been composed of three members each from employers and trade unions, nominated by the Confederation of British Industry (CBI) and the Trade Union Congress (TUC) respectively.

\(^{12}\) In the terminology of institutional change this is a case of institutional conversion (cf. Mahoney/Thelen 2010; Streeck/Thelen 2005), as the MSC, which was originally intended to shore up and reform apprenticeship training, now became directed to other purposes.

\(^{13}\) Many researchers have pointed out that YTS is best understood as a labor market program, given its low requirements for educational contents (Finegold/Soskice 1988; Gospel 1995; King 1993; Marsden/Ryan 1990).
In the same vein, the introduction of TECs in 1989 can be interpreted. The context of this decision was, that unions had already been critical towards government’s unemployment and industrial relations policies, when in 1988 the government announced the linking of unemployment benefit receipts with participation in YT (King 1993).\textsuperscript{14} When the Unions straightforwardly rejected the program at the TUC general conference, in the aftermath the government reacted with the abolishment of the MSC and the tripartite \textit{Training Commission} (TC)\textsuperscript{15}. The latter was redesignated as the \textit{Training Agency} and located within the Department of Employment. This absorption has ever since greatly weakened the capacities of other actors than government to pursue interventions that diverge from the government’s training strategy (Gospel 1995). In place of the last tripartite training bodies TECs were established as new intermediary governance structures for the delivery of governments’ training schemes. They were statutorily weak, employer-led sectoral bodies, which were composed principally of business representatives. The TECs were funded in line with results to training achievements (certifications, apprentice placements), and competed inter-sectorally for the public training budgets, having a large degree of discretion in the allocation of received funds (Wood 1999). The competition between TECs for training funds can be seen as the first instance of a move towards a “training market”, which remained to be a fundamental idea of the reforms instituted by later governments.

Within the new governance structure of \textit{Training Agency} and TECs the exclusion of unions was cemented as a new status quo. In TECs there no longer was statutory union representation, as it depended on an invitation of the Department of Employment or the Training Agency. In the same vein, in February 1989 the Government ended the unions’ rights to be consulted over proposals for training programs at unionized workplaces. King (1993: 230-31) depicts this development, away from tripartism towards greater employer and industry prerogative over the contents and structures of training, as an irony of history:

“This strategy is ironic since historically it was the failure of this sector [industrialists and employers] adequately to train (sic!) that forced government intervention in the first place. Previous reluctance to train stimulated the government’s intervention through the Industrial Training Act of 1964 whose framework of industry training boards and levy/grant system was intended to transcend employer recalcitrance.”

The following introduction of MA as a new framework for apprenticeships by the Conservative Major government in 1994 can be described as instances of policy change that did not produce institutional change. Here, the institutional structures that developed under

\textsuperscript{14} \textit{Employment Training} (ET) was introduced as the major new unemployment program in 1988 and included the formulation of personal action plans at \textit{Jobcentres} and the combination of most training programs into a single scheme (King 1997).

\textsuperscript{15} The \textit{Training Commission} was the follow-up organization to the tripartite advisory body \textit{Central Training Council} (CTC), which was instituted under the Wilson labour government.
the Thatcher administration remained resilient, despite huge reform efforts and continuous institutional re-engineering, even under successive governments (Keep 2006; Rainbird 2010). With the MA reforms, which were intended to provide higher quality training than YT, the government tried to tackle the problems of youth unemployment, skill shortages and the low status of apprenticeships. The program introduced a two-tier training system: an Apprenticeship (formerly YT, after 1997 Foundation Apprenticeship), with a minimum duration of 12 month leading to a National Vocational Qualification (NVQ)\(^{16}\) at level 2, and Advanced Apprenticeships (AA) (formerly Modern Apprenticeships (MA)) with a minimum duration of 24 month leading to a an NVQ at level 3. Under this framework, apprentices normally have an employment contract and employers receive a subsidy for training costs at a level negotiated with local Learning Skills Council (formerly TECs, see below). However, as the education system moved towards the idea of competency-based assessment with the introduction of NVQs in the early 1990s, skill assessment and was devolved to the sectoral level and does not involve the specification of a nationally standardized curriculum. At the sectoral level the training content remains the prerogative of the firm, and the trainee can be certified as long as competency standards defined by local learning skills councils are met, which leads to huge variations in skill levels and standards between different sectors (Ryan/Unwin 2001).

Concerning the development of the institutional framework, despite many structural reforms, there is no decisive break with the development begun under Thatcher, that the state is increasingly funding training. This is delivered in a competitive market between public and private training providers, while the implementation of national standards and the allocation of funding towards a competitive training market are left in the hands of employer-dominated statutory bodies as the TECs/advisory bodies and their successors\(^ {17}\) (Keep 2006). The problem of this system is, that these institutions can only set incentives, but not directly control skill decisions and provision made by individual firms, whose sectoral coordination is weak.

In the absence of joint decision making and responsibilities between the social partners characteristic for systems of collective skill formation, Keep (2004) described the national governance mechanism as the state:

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\(^{16}\) The National Vocational Qualifications Framework, that devised the NVQs was introduced under Major in the early 1990s. Level 1 refers to foundation skills for semi-skilled occupations, Level 3 to technician, craft, and supervisory skills. The NVQs extend to level 5 (professional and management qualifications). Responsibility for the framework was subsumed by the Qualifications and Curriculum Authority in 1997.

\(^{17}\) In 2001 the Learning and Skills Council (LSC) was instituted as a central institution for the coordination of the sectoral skills councils (SSC)/local learning and skills councils which gradually replaced the TECs at the beginning of the millennium. However, these bodies are still mostly employer-driven, as employers have been guaranteed a minimum of seats in these bodies, a condition which does not apply to unions. (Keep 2006)
“acting in isolation and [the targets are] then imposed on a multiplicity of actors in which sanctions are often lacking and wherein the state has no hold whatsoever over the actions of one key group of actors – employers” (Keep 2004: 12)

From the MA reform onwards the prerogative of employers and the corollary exclusion of unions has prevailed through the diverse reforms of apprenticeship governance bodies and regulations described in the section above. From a traditional partisan politics perspective this is especially puzzling, since with the Blair administration a left government came to power in 1997. This perspective can be contrasted by an institutional focus on industrial relations, which have hardly moved towards cooperative relations between capital and labor since the end of the 1980s. Even today, there is no statutory union representation at workplaces, nor has there been a move towards more centralized wage bargaining. At the policy level there is a further continuity, as there still is no statutory apprenticeship of apprenticeship under the NVQ system (Toner 2008) and training is heavily geared towards the interests of individual firms. Here, the main continuity in politics under all governments irrespective of partisanship is, that training reforms are heavily geared towards the freedom of employers in implementing apprenticeship rules, while excluding unions. In the absence of a cross-class coalition, the increasingly state-funded and employer-led apprenticeship system has failed to provide coordination mechanisms for an approach to high-quality training.

Despite continuous efforts to reform the English system towards this goal there has been little institutional change. Lacking any system that might introduce “beneficial constraints” that force employers towards high skill strategies, the British state might end up in a continuous cycle of institutional innovation with little effect on employer provision of training (Keep 2006). After the abolishment of the unsuccessful tripartite institutions during the 1980s and without other policy options (levies, statutory rights to collective bargaining, regulated labor markets, an industrial policy that favors high craft-skills sectors), the voluntarist tradition of employer engagement prevails despite a nowadays-strong role for governments in defining and funding apprenticeship. The present state is nicely summed up in Rainbird (2010: 261):

“To summarize the British Training System can be characterized by highly centralized state intervention in the supply side of the labour market … More importantly, there is little support for the development of cooperative relationships at different levels to support curriculum development and innovation to the benefit of individual sectors. Although there are statutory provisions in a minority of sectors, these are unlikely to be extended more widely on the basis of voluntary agreements. Under this model the state is the main provider of funding for training and other parties have little influence or ownership of training policy”.

Compared with the collective systems characteristics proposed by Busemeyer and Trampusch (2012) we can argue that the English apprenticeship system has not moved towards a collective solution: Firm involvement is relatively weak in the absence of overarching coordination
mechanisms and, in some cases, even substituted via unemployment policies, the involvement of intermediary organizations extends only to voluntary employer involvement in semi-public bodies as the TECs/LLSCs, and the two-tier apprenticeship system as well as competency-based assessment point to a rather weak skill certification (Ryan 2000, Ryan/Unwin 2001).

3. 2. Ireland: Apprenticeships and Social Partnership, a sustainable model?

Contrary to the developments in the UK, in Ireland apprenticeship have evolved towards the collective model and industrial relations have been governed by social partnership arrangements between trade unions and employers since 1987 (Teague/Donaghey 2009). Though it is generally acknowledged that social partnership contributed to the successful reforms of Irish apprenticeships (Nyhan 2010; O'Connor 2006; Ryan 2000), it has to be remarked that the first steps towards reforms were initiated before the beginning of social partnership (Boyle 2005; O'Connor/Harvey 2001).

Economically, during the last forty years the small, open, trade dependent economy Ireland has undergone a massive economic transformation from agrarian backwardness and traditional manufacturing to a service based economy, that is focused on foreign capital investment, high-tech and internationally traded services, which might be exemplified by the intensity with which it was hit during the current economic crisis. Paralleling the historical developments in the UK, governments were mostly reluctant towards reforming apprenticeships, which were time-based and regulations concerning training were mainly at the realm of local bargaining between employers and unions (Nyhan 2010)\(^\text{18}\), which led Ryan (2000: 59) to describe it as “an archaic, publicly unregulated and declining institution”. Also the conflict lines were similar: a reluctance to train beyond immediate needs on the part of employers and the usage of apprenticeship as a means of skill supply control by craft unions (Thelen 2004).

However, and in contrast to developments in the UK, the Irish institutions have undergone strong institutional change towards a collective approach since the mid-1980s, which were then underpinned by the emergence of social partnership in industrial relations. The two main reforms in this respect were the creation of FAS as a tripartite body for the regulation of apprenticeships under a Fine Gael-Labour Coalition in 1987 and the introduction of Standards-based Apprenticeships (SBA) in 1993 under the subsequent Fianna Fail government. These two reforms were linked to the ambition to set industrial relations on more cooperative terms.

\(^{18}\) For exceptions to government inactivity, see O’Connor/Harvey (2001: 333-334), Nyhan (2010: 46-47).
As in the UK with the MSC, in Ireland a central statutory body for the regulation of training was already instituted by a Fianna Fáil (FF) government in 1967. The legislation gave An Comhairle Oiliúna (AnCO/Industrial Training Authority), which was underpinned by the rationale to attract foreign capital to Ireland by broadening the availability of skilled workers (Boyle 2005: 23f), the authority to make apprenticeship rules concerning a possible training levy, entry requirements, forms of permissible employment contracts and regulations concerning the provisions of off-the-job training. However, as Nyhan (2010: 48) indicates, the influence on off-the-job training remained limited, as many employers did not release their apprentices and sanctioning mechanisms on the part of AnCO were limited.\(^\text{19}\) While AnCo, aided by grants from the European Social Fund, build a network of AnCO Training Centres for practical education and the establishment of Regional Technical Colleges (RTC)\(^\text{20}\) for the day-release educational elements of apprenticeships (Nyhan 2010; O'Connor/Harvey 2001), the subsequent introduction of one-year off-the-job training courses did not trigger institutional change as many employers simply recruited their apprentices after the first state-sponsored year (O'Connor 2006). These institutional structures were the point of departure for reforms towards a collective model of skill formation, which were begun under a Fine-Gael Labor coalition government.

The Fine-Gael Labor coalition, which came to power in 1983, faced difficult economic conditions, which consisted of high unemployment, public debt, high levels of industrial conflict and pay drift due to decentralized bargaining (Teague and Donaghey, 2009: 62, Roche, 2007: 395-398, O'Donnell et al., 2011). Against this background the conditions proved difficult for reforms and an expansion of apprenticeship given the depressed demand for skilled manufacturing workers, despite the proposals of a government white paper on “Manpower Policy” issued by the coalition government in 1986. This document described the apprenticeship system as “costly, inefficient and inflexible” and made three recommendations for policy reform: a new apprenticeship system should be based on standards achieved rather than on time-served, ensure a satisfactory balance between supply and demand for apprentices and reduce the financial cost to the state whilst maintaining quality (cf. Department of Labour 1986, in: O'Connor 2006).

As the conditions proved difficult for a direct reform, the coalition opted for a reform of the old AnCO structures of apprenticeship governance that were designed to include the

\(^{19}\) In its first report AnCO noted this problem and attributed it to the fact, that it was still not necessary to pass examinations to reach craft-persons status and the lack of adequate training facilities AnCO. 1968. “First Annual Report 1967-1968.” Dublin: AnCO.

\(^{20}\) These were redesignated as Institutes of Technology in 1999.
major stakeholders of the apprenticeship system. The creation of FÀS, which is nowadays the central pillar in the institutional framework of Irish apprenticeships, in 1986 resulted from a merger of AnCO, the National Manpower Service (NMS) and the Youth Employment Authority (YEA), and can be dated back to policy reports from 1985/1986 that criticized the failure to “create a coherent active labor market policy” (Boyle 2005: 44, cf. also 28-35). The minister of the government department responsible for vocational training appoints the board of FÀS, on which the social partners are equally represented.21

The strategy of the inclusion resonated well with the government’s macroeconomic strategy to move towards a more coordinated approach in industrial relations. After many failed attempts to negotiate a turn towards centralized wage bargaining, the publication of the report “A Strategy for Development, 1986-1990” of the tripartite National Economic and Social Council (NESC) published in 1986 became a focal turning point for Irish industrial relations (Culpepper 2005; O’Donnell et al. 2011). The report (NESC 1987: 185) switched the attention away from immediate financial and economic problems towards an analysis of low Irish growth rates as the key problem to the sluggish economy recovery and performance:

“What is crucial for the attainment of sustained economic growth in an Economy such as Ireland’s is the capacity of the internationally trading sectors to produce goods and services and to sell them competitively on export markets, or on the domestic market in the face of competition from exports. In the short term this can be achieved by securing the maximum degree of cost-competitiveness and in the medium term by defending competitive advantage while at the same time expanding the productive capacity of the economy”.

After the reports publication, the social partners and the incoming Fianna Fáil minority government signaled their commitment to make their contribution towards fiscal stabilization and growth-enhancing macro-economic management by the turn to centralized wage-bargaining: unions agreed to embark on a course of wage-moderation, while the government tried to assure employers and unions that economic recovery would result in lower taxes. As this offered potential gains to unions in the form of a higher net wage and to employers in the form of reduced corporate taxes and underpinning moderate wage claims by the unions, negotiations finally resulted in the signing of the first of eight subsequent tripartite social partnership agreements, the Program for National Recovery (PNR) in 1987 (O’Donnell et al. 2011).

The creation of FÀS together with tripartite social partnership arrangements provided the background for an agreement on the introduction of a new apprenticeship system. In 1991 the Social Partners (Irish Business and Employers Confederation (IBEC), the Irish Congress of Trade Unions (ICTU) and the Fianna Fáil government agreed as a part of the Programme for Economic and Social Progress (PESP), that a new standards-based system of apprentice education and training should be introduced, to solve the long-standing problems of the une-

21 Departments have frequently been redesigned throughout the relevant reserach period. (name...).
ven quality of the occupationally uneven and fragmented apprenticeships. The problem concerning the negotiation of a new standards-based system was that employers were reluctant to pay for the implementation of a new scheme (Boyle 2005: 48). The solution was found by FÁS leadership and the Department of Enterprise and Employment in the strategy to couple the renegotiations of the new, standards-based system to negotiations in the preparation of the tripartite agreement of 1991, which convinced employers to partake in the new system. The willingness of employers to change their position on the financing aspects of the new system can be seen in the light of the beneficial macro-economic results that social partnership had yielded so far.

Following the negotiations of the PESP, in 1993 the old time-served system of apprenticeships was reformed towards SBA, which are statutorily regulated and combine seven structural phases of workplace learning and off-the-job vocational education and now covers 26 designated trades (FÁS 2011). Under the provisions of the SBA, apprentices enjoy full employee status and have a statutory entitlement to off-the-job education. Regarding the funding of apprenticeships employers fund the on-the-job phases, while the state funds the off-the-job phases. Regarding the latter, employers also contribute a special levy of 0.25% of the payroll and apprentices are paid a training allowance to the rate of pay appropriate to the year of apprenticeship whilst on the off-the-job phases. Under the governance framework of the SBA, standards are set collectively by FÁS in co-operation with the Department of Education and Science (DES), employers and trade unions, which jointly constitute the National Apprenticeship Advisory Committee (NAAC) that advises on apprenticeship.

Research on the effects of institutional changes that have occurred in Ireland’s apprenticeship system suggest, that they have transformed it to a higher qualitative level, as is expressed by increases in the apprenticeship intake, higher completion rates and high satisfaction among the major stakeholders (McCartney/Teague 2001; O’Connor 2006; O’Connor/Harvey 2001). Compared with the characteristics of a collective training system proposed by Busemeyer and Trampusch (2012) we can argue that the Irish apprenticeship system has moved towards a collective solution in three respects: Firm involvement is relatively strong via the training levy and for the on-the-job phases of apprenticeship, the involvement of intermediary organizations of capital and labor extends to their involvement in FÁS and corresponding institutions, and skill certification follows statutory definitions which specify training requirements for each of the on-the-job and off-the-job components.

Nevertheless, quantitatively the SBA is a very small system of dual training compared to its continental European counterparts and does not extend beyond the classical manufactur-
ing occupations. Similarly, another point of caution might be appropriate. Since the economic recovery and temporary economic boom that has occurred in Ireland since the middle of the 1990s the intake and completion rates might be systematically skewed as to overrate the success of Irish apprenticeship reforms. The current economic crisis will show, how successful the SBA turns out to be in the long run.

3.3. Australia: Apprenticeships going “down under” in a training market?

Before a description of the introduction of the ATS in 1985 under a Labour government and the creation of the Australian Apprenticeships (AA), which united traditional apprenticeships and traineeships under a single program, in 1998 by a liberal administration some peculiar aspects of this Antipodean state have to be clarified, that set its state and political economy apart from the two LMEs described above.

First, in contrast to the unitary state structures of Ireland and the UK, Australia is a federal polity with competencies divided by the Commonwealth and the States/Territories. Second, Australia is a peculiar case in the development of the political strength of the labor movement, as unions were traditionally strong, but Commonwealth Labour governments had been the exception since independence from the UK in 1901. Third, the Australian welfare state has developed in a very irregular direction as a weak formal welfare state with a strong reliance on means-testing developed along a more informal system of welfare, which secured high real wage incomes for the working population by a system of wage arbitration set by arbitration courts. This has led some commentators to characterize Australia as an ideal-type of a welfare state in its own right, the wage-earners welfare state (most famously: Castles 1985; Castles/Mitchell 1993). Fourth, until the 1980s the development of the Australian economy was based on a strategy of “domestic defense” (Castles/Mitchell 1993; Easton/Gerritsen 1996), characterized by a strong protectionism via trade barriers, reliance on the export of raw materials and import substitution and a selective immigration policy, which aimed at the migration of skilled labor. How these developments influenced the trajectory of apprenticeships in Australia is described in the following sections.

In Australia, the competencies for formulating training regulations classically were situated at the state level, and “…it was for long a settled opinion that the Commonwealth had nor role or powers in education” (Birch, in: Ryan 2011). Apprenticeship wages and standards were based on the arbitration awards system with the effect that governments were usually not involved in regulation of apprenticeships as a third party (Ray 2001). Regarding the inclusion of training matter in industrial awards, Gospel (1994) points out, that this system served to
codify apprenticeship rules and made them binding on employers, while at the same time it provided further institutional support for the training system in strengthening trade unions. Apart from a decision of the Commonwealth to contribute to the funding of state-based Technical and Further Education (TAFE) institutions in 1973, the institutional system underpinning apprenticeships remained largely unchanged until the mid-1980s.

To understand the trajectory of apprenticeships in Australia, they have to be understood in the broader context of the transformation of the Australian economy from a system of “domestic defense” towards an internationally open economy. The “old” Australian model was heavily based on trade protection, export of raw materials, cross-subsidization of low-productive sectors by wage arbitration and import substitution. Schwartz (2000: 83) summarizes the problems of the Antipodean growth model as follows:

“First, arbitration plus protection led to diverging productivity levels between the stagnant sheltered sector and the more dynamic export sectors. Second, arbitration reduced the primary sector’s long-term ability to export profitably. Third, European overproduction depressed global prices for food exports … As changes in the international economy removed the export sector’s ability to extract rents by the late 1970s, the old redistributive model could not endure”.

In response to these changes the Hawke and Keating Labor governments from 1983 to 1996 negotiate incomes accords with the Australian Council of Trade Unions (ACTU), each of which involved at least a silent partnership with one of the main business associations. (Schwartz 2000). The politics of Accords, which were negotiated between 1983 and 1996, was based on the principle of keeping real wages high, while simultaneously liberalizing the economy via the restructuring of the awards system. The Accords were used to disentangle horizontal wage parities by a progressive introduction of decentralized bargaining for competitive sectors (Schwartz 2000).

A first step towards training was taken in 1985, when the Hawke Labour government, which came to power in 1983, introduced the ATS, in a response to the then major problem of youth unemployment. Traineeships were normally directed at lower qualification levels than traditional apprenticeships and only permissible for non-trade occupations. Funding was shared between employers and the Commonwealth, which paid subsidies to firms providing traineeship places. In this decision, the government largely followed a report of the COSAC

22 Other factors listed by Gospel (1994) are: a.) The small size and protection of product markets, in which pressures and scope for capital substitution were low, b.) The absence of strong internal labor markets, c.) low labor mobility, d.) the support of the state owned enterprises for apprenticeships and e.) the evolution of a strong system of state technical institutions”. For further arguments on the comparative historical strengths of apprenticeships in Australia see Toner (2008) and Ray (2001).

23 The structure of training did not change though the Liberal Fraser government had established a Commonwealth/State Training Advisory Committee (COSAC) to develop a national approach to apprenticeships.

24 They are set a level 2 to of the Australian Qualifications Framework (AQF), which was introduced in 1995, which is below the level of traditional apprenticeships set at level 3 or 4.
committee, which evaluated reform proposals to the training system.\textsuperscript{25} The report rejected the option of school-based training:

“full time institutional training, whereby trainees are required to full trade status without receiving actual work experience, cannot generally considered to be a viable option… [contrary to] good prospects for change [of the apprenticeship system] provided that the social partners, particularly unions and employers, are consulted and involved in the planning process”\textsuperscript{(COSAC 1984: iv)}

While the decision to focus reforms only on traineeships meant a stop in the reform activity for apprenticeships, it did not impact much changes in the traditional structures of apprenticeships, because of a clear demarcation which type of program was admissible for trade (apprenticeships) and service (traineeships) occupations. This stands in contrast to the introduction of YTS in the UK, which effectively replaced traditional apprenticeships (see above, Gospel 1994). Besides tackling youth unemployment the Hawke administration also introduced plans to develop a national accreditation system of vocational qualifications, to tackle the problem of low labor mobility, as each State had divergent standards for accrediting vocational qualifications. The unions supported this project, as it was envisaged link wages and qualifications on a single scale in the process of awards restructuring under the accords.

To this purpose the labor government established the \textit{National Training Board} (NTB), an independent company formed as a joint shareholding of federal and state governments, in 1991 to ratify vocational competency standards developed by tripartite national \textit{Industry Training Advisory Bodies} (ITABs)\textsuperscript{26}. Competency standards were to be devised according to a scale from the metal trades industry award, in order to provide pay consistency across industries. The successive Keating Labor government also pursued the goal of a coherent national policy towards training. In 1992 with \textit{Australian National Training Authority} (ANTA) \textit{Act} it established an independent statutory body charged with formulating, developing and implementing vocational education and training policy. ANTA was assigned the responsibility to devise an \textit{Australian Vocational Certificate Training System} (AVCTS), based on competency-based training, with a possibility to the recognition of prior learning and the development of the \textit{Australian Qualifications Framework} (AQF) The AQF was introduced in 1995 and brought all post-compulsory education and training qualifications into one national system of qualification.

With hindsight, it can be argued that the introduction of the ATS opened a path for the future training reform under a liberal government from 1996 onwards. At the level of apprenticeship regulation one institutional innovation of the subsequent Keating ad-

\textsuperscript{25} This report is mostly referenced to as the \textit{Kirkby report}, named after the committees chairman Peter Kirkby.

\textsuperscript{26} Redesignated as \textit{Industry skills councils} in 2003.
ministration broke with the principle of the separation of the admissible occupations for apprenticeships and traineeships. In 1994 National Employment and Training Taskforce (NETTFORCE)-traineeships were established to encourage employer take-up of training, again in a situation with high youth employment. Under this new program, traineeships were expanded into the classic realm of apprenticeships and thereby exempted from long-standing regulations, which contributed to the growth of on-the-job-only traineeships (Ray 2001: 30). Due to exemptions of training content, these can be understood as a labor market program rather than a real traineeship. Ray (2001:29) hints at problems related to this reform, in stating, “no clear equivalence of qualifications has been established in terms of training duration, difficulty or skill level”.

The Liberal Howard government that came to power in 1996 even further diminished the differences between apprenticeships and traineeships. In 1998 it introduced AA which merged traditional (trades) apprenticeships and traineeships and broke with the principle of declaring occupations and thereby contributed to the delineation of areas of workforce competence. The reform included the inception of training packages and a training market. While the former specify the training agreement (in place of indentures), training plans, competencies to be attained and the method of assessment and assessment guidelines, the latter opened up the market for private off-the-job training providers under the Australian Recognition Framework (ARF), which specified nationally agreed registration requirements for training providers. Furthermore it introduced User Choice Principles, where trainees are free to choose the provider of the off-the-job training component, which is subsidized by central government grants. This aimed at opening up the training market, which had previously been dominated by TAFE, and has led to a multiplicity of training possibilities.

Together with abolishment of ANTA in 2005, with its functions brought into the Department of Education, Science and Technology (DEST) and the introduction of the Work Choices Act in 2005, which has broken the link between training, pay and career progression, enabling employers to use piece rate, performance-based and flat-rate pay systems that do not include a training and skill progression element (Cooney/Long 2010), the future of apprenticeships seems unclear in Australia. Cooney and Long (2010: 28) comment on the effects of the marketization and deregulation in the industrial relations and training systems very critically, in asserting that these:

“have led to a deregulation of training curricula, training delivery and training providers and have created a market for training services and the development of an employer-led VET system”.

27 The State government of New South Wales continued the occupational declaration principle.
28 In 2001 its regulations were reviewed and replaced by the Australian Quality Training Framework (AQTF).
While the politics of the accords and awards restructuring spurred growth and competitiveness of skill-intensive sectors as the metals sector, for training and industrial relations it proved a mixed blessing as it reduced wage parities in training between sectors of different productivity. Moreover, the decentralization and possibility of individual bargaining has introduced the possibility of substitution of skilled by unskilled labor, while the shift towards competency-based assessment has reduced the importance of the off-the-job training component. Politically, the unions supported the training agenda of the Hawke and Keating Labor governments to see that training would be included in the process of awards restructuring, but the reforms towards firm-level and individual bargaining and the introduction of the NETTFORCE-traineeships did not deliver to their expectations. Various union representatives express this view in the interviews collected by Brown (2006). At the same time, the arbitration-wage coverage has been drastically reduced from 80% to fewer than 50%, thus opening up possibilities for non-training firms to poach trainees from their training competitors.

Compared with the characteristics of a collective training system proposed by Busemeyer and Trampusch (2012) nowadays Australian apprenticeships seem closer to the characteristics of the UK than to the collective approach that was pursued in Ireland, despite of the institutional legacies that traditionally underpinned them.

Conclusion: Commonalities and Differences in LME training reforms

This conclusion shortly summarized the main findings presented in the case studies above, but is mainly dedicated to open questions for further research. First, as is shown in the case studies, which course of action governments took in the reaction to economic crises and industrial relations had a strong influence on the development of training and industrial relations systems. In the UK, and to a lesser degree in Australia, governments instituted reforms, which largely freed employers from their traditional obligations in apprenticeships and strengthened their industrial relations bargaining positions vis-a-vis unions. Furthermore, it seems to be decisive, if apprenticeship regulations were softened as in YT in the UK and traineeships in Australia, to encourage employer take-up of apprentices and to reduce youth unemployment. The development, that obligations on business have been substantially weakened in the UK and Australia in the course of the last 30 years, is contrasted markedly by the Irish approach towards social partnership and the continuous involvement of capital and labor.
in industrial relations and apprenticeship reforms. While beneficial constraints for business were severely dismantled in the UK and Australia by the introduction of training markets and the “decollectivization” of industrial relations, Irish firms were placed under new beneficial constraints, as a training levy and wage compression under tripartite social partnership. Judging from the younger reform frequency in the UK and Australia, the introduction of two-tiered systems based on training markets cannot be assigned institutional stability.

Second, while all countries departed from a level of low government involvement in apprenticeship training and more-less voluntarist systems, the growth in government funding and regulation of apprenticeships did not have similar effects in the three countries. A central finding of this paper is, that government involvement alone cannot be asserted an influence on the direction of apprenticeship trajectories towards a collective model. Rather, and in contrast to typical models of government partisan differences, it seems to matter with which economic actors political parties favor in industrial relations and apprenticeship reforms. Of course the dismantling of unions by the Thatcher administration in the UK has set a path, which is difficult to reverse, but still the broad continuation of voluntarist principles in the regulation of apprenticeships under New Labor poses serious questions to partisan political explanations. Similarly, the introduction of traineeships in Australia by a left Labor government is hard to explain from this political perspective, as it substantially weakened unions’ power towards apprenticeship regulation. Here, we have to identify more clearly the relations between governments, business representatives and unions, to identify the main political driving forces of institutional change. At least for the left Blair and Keating governments it remains as yet an open question, why their politics towards apprenticeship and industrial relations reforms were not geared more heavily towards the interests of unions as their natural allies. For the Irish case it seems relevant to delve deeper into the research of mechanisms, which enabled the well-balanced approach towards private and public interests in the reform trajectory.

As next steps in the research of VET in LMEs we have to identify more clearly the coalitions between different stakeholders of the apprenticeship system in order to specify the political mechanisms, which contributed to the development of divergent paths. For future research we have to map more clearly the political positions of governments, unions and employers and identify interaction patterns between them more clearly. In this endeavor it seems reasonable to pay more attention to the relationship between governing parties with the intermediary organizations of capital and labor.
References


NQAI. 2011. "Authority Members."


Annex

### Table: Overview of main apprenticeship reforms

|---------------------------------|-------------------------------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|

*Table sources: see (McCartney/Teague 2001, O'Connor 2006)