study illustrated a policy problem that has been noted in other analyses—that successful retraining is often in occupations that have had labor shortages of long standing but for which employers are reluctant to provide on-the-job training because of the risk that the worker will shift to another employer after training. This, of course, implies that the training may be useful for jobs other than the one in which it is given, and this, in fact, is often the case. The study prepared for the Labor Department suggests that the gain to the economy may be significant and may warrant the Government investment.[27]

As the Labor Department responses indicate, these formal studies leave many questions for further investigation. Among them are questions concerning the implications of intangible factors other than training programs themselves in improving the employability and productivity of individuals—factors such as previous education, motivation, family responsibilities, and the duration, recency, and continuity of employment before training.

Program operating statistics have shown, among other relationships, that the extent of formal schooling was a definite factor in placement in jobs after training. Placement rates progressed steadily upward with additional years of formal education and were highest for those who had at least a high school diploma. Also, the long-term unemployed continued to face job-finding problems after training, and their placement rate was lower than for those who had been without jobs for short periods before they began training. These and other conclusions suggested by operating experience merit systematic examination for their policy implications.

The Labor Department response includes some data on the economic effects of training programs in redevelopment areas and reports a broad conclusion that the economic well-being of participants was materially improved. The vast majority were unemployed, many for more than a year, when they were referred for training. Among some 21,000 persons who completed training during 1961–65, about 75 percent went to work—and nine-tenths of these found employment in training-related jobs. Much of the redevelopment area training was done in rural Appalachia, and it was credited with upgrading of skills and development of new skills, thereby contributing to a more flexible, hence more employable, labor force. Because many of the participants had had little or no earlier training, emphasis was on communication skills, understanding of the work situation, and social services. For example, basic literacy training oriented to specific occupations was added to regular courses. Other special programs were formulated to meet other special needs and likewise were credited with positive results. The report does not, however, indicate how the training affected employment, wages, production costs, production, or other aspects of economic activity. On these points raised in the committee inquiry, information was not available.

In conjunction with further studies of the other training and retraining programs, it would also be interesting, and possibly instructive for policy, to assess the economic impacts of work experience training programs for unemployed fathers and other needy persons—

[27] For references to the special studies, see the Labor Department report for the "Manpower development and training program, excluding section 241–MDTA title II," response to question 9, in part III of this report. On theoretical issues involved in evaluations of on-the-job training, see Gary S. Becker, "Investment in Human Capital: A Theoretical Analysis," and Jacob Mincer, "On-the-Job Training: Costs, Returns, and Some Implications," both in Journal of Political Economy, vol. LXX, supplement, October 1962.