

## Apprenticeships Could Help U.S. Workers Gain a Competitive Edge

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### Abstract

In this Washington Post commentary, Robert Lerman and Stuart Eizenstat argue that the U.S. manufacturing sector is poised for a comeback, but faces serious workforce challenges. To avoid squandering the opportunity to sustain a manufacturing resurgence, the U.S. must match the quality and quantity of skills training achieved in many other countries. One way to do this is a 21st-century apprenticeship program. By training youth and adults through a combined work-based learning and classroom instruction program leading to a recognized and valued occupational credential, apprenticeships can increase employment, while insuring a close match between the skills learned and the skills required.

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The United States is on the verge of a manufacturing comeback. The domestic energy boom and low natural gas prices, together with competitive wage rates, can lead to a resurgence and the potential revival of goods-producing industries that could provide a great opportunity to increase middle-class wages, reduce income inequality and expand social mobility. But we also risk squandering this historic opportunity—mainly because firms interested in investing in the United States are finding too few workers with the skills needed to achieve the productivity and quality required in today's globally competitive industries.

The skills gap is real. U.S. unemployment remains at 7.5 percent, and only one out of two African American men in their early 20s has a job. A survey of employers published last year revealed that about 600,000 jobs go unfilled because of a lack of skilled labor. Meanwhile, German companies' top complaint about expanding operations in the United States is an inadequate number of skilled workers for intermediate-level technical occupations. Swiss companies have the same complaint. The problems lie not with college-educated engineers or graduates with general bachelor's degrees but in the dearth of skilled machinists, welders, robotics programmers and those who maintain equipment.

The central answer to the mismatch between jobs and employment is a 21st-century apprenticeship program. In Austria, Germany and Switzerland—countries with long histories of guilds and craftwork—55 to 70 percent of all young people enter apprenticeships. Apprenticeships have grown rapidly in other countries, tripling in Australia since 1996 and jumping tenfold—to more than 500,000 entrants last year—in England since 1990. The Group of 20 ministers of labor, the International Labor Organization and the Organization for Economic Cooperation and Development strongly recommend expanding apprenticeship programs.

Apprenticeships could help reduce youth unemployment, widen opportunities for young people who do not want to sit in class all day and help ensure that the potential resurgence in manufacturing is not thwarted by a mismatch of skills. With effective apprenticeship systems, highly developed economies sustain jobs in manufacturing. Employment in manufacturing accounts for 20 percent of jobs in Germany and 16 percent in Switzerland but only 10 percent in the United States.

Although apprenticeships yield significant earnings gains for workers, this country has too few programs, partly because of the massive bias in public spending toward a college-only approach. Government spending on colleges and universities tops \$300 billion per year; outlays to apprenticeship programs total less than \$40 million annually. A public-private initiative could increase competitiveness and youth employment, upgrade skills and wages, achieve positive returns for employers and workers, and reduce government spending if companies played a larger role in skills development. A well-tested method in other countries involves building apprenticeship training so that it becomes a rewarding alternative for young people who are not bound for a traditional four-year university degree and a recruitment and training method for employers.

Apprenticeships train youths and adults by combining work-based learning with classroom instruction in a unified program that leads to a recognized and valued occupational credential. Trainees earn money and contribute to production while they learn, often in a plant where they can be employed full time. They graduate with a sense of pride and identity as a member of an occupational group. Employers bear most of the training costs, but the value added by apprentices often exceeds their wages; employers also save recruitment and training costs and can be confident that apprentices who complete their programs have job-relevant skills. U.S. apprenticeships are concentrated in construction and manufacturing, but in many

countries include such jobs as chefs and bakers, computer network administrators, commercial sales representatives and health technicians. Levels in other countries suggest the United States could increase its number of civilian workers entering apprenticeships each year from 100,000 to more than 400,000.

Think of the approach as "college-plus." The classroom courses that apprentices take are at least equal to community college offerings in their occupational tracks. But apprentices can immediately apply what they learn, benefit from employment-based advising and mentoring, and have a chance to gain and demonstrate skills such as reliability, teamwork and problem-solving—all while earning money instead of borrowing it.

Expanded apprenticeship programs could meet the needs of a competitive global economy at a time of budget austerity. South Carolina's Republican legislature provides modest funding for an initiative that has increased apprenticeships in the state six-fold since 2009. Government costs for apprenticeships are low, with only modest sums needed to jump-start the system; most of the investment comes from the company offering the apprenticeship.

The United States' academic-only strategy is ill-suited for a diverse population and for the multiple needs of the 21st-century labor market. A robust apprenticeship system would ensure that the impending manufacturing expansion succeeds in macroeconomic terms and widen the routes to rewarding careers for millions of workers.

*Stuart Eizenstat was chief White House domestic policy adviser to President Jimmy Carter and undersecretary of commerce for international trade in the Clinton administration. Robert Lerman is an economics professor at American University and a fellow at the Urban Institute.*

## Other Publications by the Authors

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- [Stuart Eizenstat](#)
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