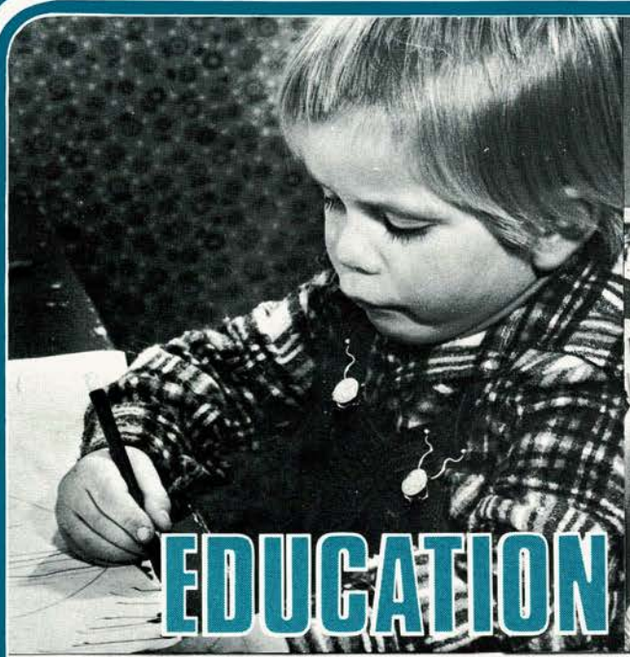
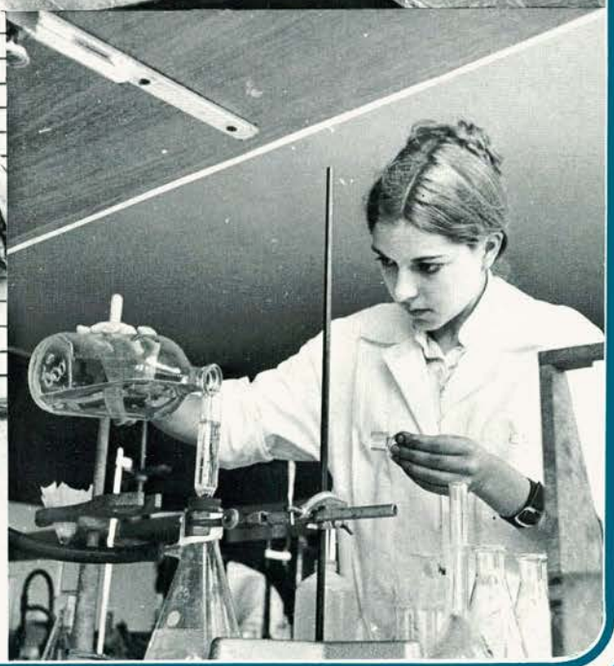
the OECD OBSERVER



EDUCATION

ECONOMIC OUTLOOK FOR 1977



N° 84/November/December 1976

Contents

COVER: *Educational systems are facing problems brought on by new demographic trends, the slowdown in economic growth and consequent employment difficulties particularly among the young (page 34), and structural changes in the demand for education (pages 17 and 22). To solve these problems, governments are trying to make educational structures more flexible at all levels, from early childhood education (page 19) through university (pages 26 and 30). They are also searching for ways to link the schools more closely to their immediate communities (page 32).*

the OECD OBSERVER

Nº 84 November-December 1976

Published bi-monthly in English and French by THE ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT

EDITORIAL OFFICES
OECD Information Service, Château de la Muette, 2, rue André-Pascal, F 75775 PARIS, CEDEX 16.

Annual Subscription Rates : £ 2.80, $ 6.25, F 25.00.
Single copies : £ 0.60, $ 1.25, F 5.00.

EDITOR: Jane Bussière

ASSISTANT EDITOR: Ulla Ranhall-Jeanneney

ART, PRODUCTION AND LAYOUT: Marc Delemme

PHOTO RESEARCH : Silvia Lépot

All correspondence should be addressed to the Editor.

Photos: *Cover: L. Jouan - OECD; Inbel, Brussels; Loïk Prat; page 5 (left): ILO; (right): Almasy; page 6 (left): ILO; (right): Japanese Delegation to the OECD; page 18: Sven Oredson - Bildhuset; page 20 (top): Canadian Department of Manpower and Immigration; (bottom): J.P. Laffont - Sygma; page 21: L. Rovers - Sygma; page 22: Inbel, Brussels; page 23: Central Office of Information; page 25: Jean Pottier; page 26: Baldrati; page 27: USIS; pages 28-29: The Open University Library, Milton Keynes; page 35: Jean Pottier; pages 36-37: Portuguese Ministry of Education and Scientific Research.*

The Emerging New Realism in North-South Development Cooperation

by Maurice J. Williams
Chairman of OECD's Development Assistance Committee (1)

From years of working in development, I have found that one needs to have a cautious optimism and a towering impatience. Optimism, a belief in the prospect of social and human progress is what development is all about. Yet so much is wrong, people's needs are so great and change for the better depends on constant effort. Consequently, a towering impatience with the slowness with which prospects for progress are realised is also necessary for development work.

It is with this dual outlook that I see the status of the North-South dialogue today.

With a cautious optimism, I see cooperation between industrial nations and countries of the Third World entering a new phase—a phase of constructive realism. The period 1975-76 will be viewed in retrospect as one of transition to a "New Realism" in world affairs, a turning point in the evolution of a broader community of nations working together for a new global order. Yet, I am impatient with the slowness of some of the dialogue meetings in yielding results.

The dialogues of 1975-76 between the Third World and OECD countries, at numerous United Nations meetings and at the Conference on International Economic Cooperation in Paris, have reached a consensus on the nature of the important problems and on the need for examination of alternative solutions. Some of the urgent tasks leading to resolution of these problems are in hand; others have yet to be resolved. But the agenda for further action has been established, and the stakes are much better understood.

None of the participants in the dialogue are satisfied with the interim conclusions. Some nations believe the pace has been too fast, fearing international action in spheres traditionally reserved to national prerogatives. Most nations seek a faster pace still, given their pressures for economic betterment at home. A few appear to be more concerned with immediately tangible concessions than with building a new framework for a more equitable economic order.

Basic to the progress that has been made so far is the unity of outlook among all Third World countries. While the interests of the Third World vary widely, from middle income developing countries—which have rapidly emerged as increasingly important in world markets—to poorer countries with limited economic influence, they retain a common unifying view that the industrial nations have too often used their advanced technical and organisational capabilities for their own national advantage, and that they have done so with only limited regard for broader considerations of overall global economic stability and advancement.

The fact that the industrial countries look to their own interests may be understandable, given the nature of the national states system "governing" global affairs, but leaders of developing countries believe that a new international order which assures that appropriate weight is given to their interests, as members of the community of states, will provide necessary checks and balances. In the realm of social and economic affairs we must think of "world order politics" replacing "balance of power politics".

Also basic to progress has been a growing understanding that moral and political issues are not divisible. It is not possible to conceive of a stable global order which does not facilitate equality of opportunity among member nations and equitable access to decent standards of life for all their people.

In order to achieve equality of opportunity, there is agreement that greater stability must be built into the international economic system, and that the vulnerability of nations and of people must be reduced. Also agreed is the necessity of longer term structural changes in the world economy in an on-going process of reform.

Progress on these objectives requires that nations evolve reasonably common understanding on important economic policies. However, essential understandings cannot be quickly resolved by seeking some once and for all, vaguely defined, "global bargain". Understanding must be built through more difficult but precise means of dealing with important issues in a frame of reference which relates policy objectives, technical feasibility, and political possibility. Where progress is being made, these are its elements.

Let us consider where progress has been made in the transition to a New Realism. The United Nations Seventh Special Session is an important point of reference because of its emphasis on structural economic changes in international economic relations in order to achieve a more balanced and equitable world order. The Session concluded that the achievement of this objective could best be furthered by compromise and mutual accommodation. The Seventh Special Session is rightly seen as a turning point in the evolution of a broader world system of cooperation among nations.

The monetary agreement at Jamaica carried forward the spirit of the Seventh Special Session, in practical accommodations between developing and industrial nations. These accommodations "satisfied" no one completely for in the process of political compromise no nation, or group of nations, realized its total programme. Further, the monetary agreements provided less than a fully reformed world monetary system. But as a practical accommodation—which combined relevant policy objectives, technical feasibility, and political possibility at that time—the

(1) The Chairman's 1976 Review of Development Cooperation has just been published. This article draws in part on that report and on a speech to the Society for International Development in Amsterdam on 30th November 1976. The opinions expressed are solely those of the author and do not commit the OECD.

Jamaica agreements were an important advance. Significant features for developing countries were an enlarged Compensatory Financing Facility, a "trust fund" as a new instrument of aid from sales of IMF gold, an overall enlargement of their potential use of Fund facilities by 45 percent.

At Jamaica, developing countries fully established their role in the decision-making process on key global reforms.

Significant progress was made at the United Nations Conference on Trade and Development at Nairobi on a number of issues which will be pursued in an agreed programme of negotiation on a more favourable basis over the next two years. Nations agreed that wide fluctuations in commodity prices are not in their interest and that practical measures must be taken to introduce greater stability and efficiency in commodity markets and export earnings.

Another significant development during 1976 was adoption at the OECD Ministerial Meeting in June of common policies aimed at steady non-inflationary economic expansion over the rest of the decade. OECD Members also expressed a determination "to ensure enhanced opportunities for developing countries in trade, investment and technology" and "increased concessional development assistance, particularly for those most in need".

These are objectives of great importance. If the OECD countries manage their economies to avoid periodic inflationary bursts and the resulting over-restraint of demand, the growth potential of the world economy can be realised, and the capacity for expanding economic opportunities open to developing countries will be facilitated. Consequently, the OECD programme engages the common interests of developing and industrial countries.

However, during the last few months, progress in negotiations appears to have slowed down. There has been confusion and growing impatience with the lack of results in multiple fora, including the Multilateral Trade Negotiations in Geneva, discussions about the future role of international financial institutions and of the debt problem, and the Conference on International Economic Cooperation in Paris. Delays have been a result of "wait and see" attitudes. There has been a sense of apprehension over the uneven pace of world economic recovery, with the effects of possible oil price increases, and with elections in several major countries. As a consequence, progress has been slow, much slower than most of us hoped it would be. The loss of valuable time and of opportunity is frustrating. But it is not fatal to our broader objectives.

All OECD countries have accepted an obligation to respond, in an enlightened manner, to the fundamental development concerns of our time. They accept that international economic relations must change and that a greater role must be played by developing countries in the world economy. This will mean working together over a period of time to overcome difficult constraints within both developing and industrial countries.

Seven major themes can be identified on which there seems to be a consensus, as a result of the North-South dialogue, and for which the way has been opened to further real negotiations on a more favourable basis. In each area, there is a mixture of progress and of unfinished business. Much remains to be done in further negotiation. The fact that some of these negotiations are going to be difficult means that the North-South dialogue, in fact, has come to grips with real issues.

The seven points are intended to be broadly illustrative rather than a conclusive account of all areas of on-going dialogue and negotiation.

1 There is general agreement on the importance of stabilising the export earnings of developing countries in order to facilitate their internal development. Progress in this important field has been related to facilities for compensatory financing of export shortfalls and to means for improving the organisation of commodity markets.

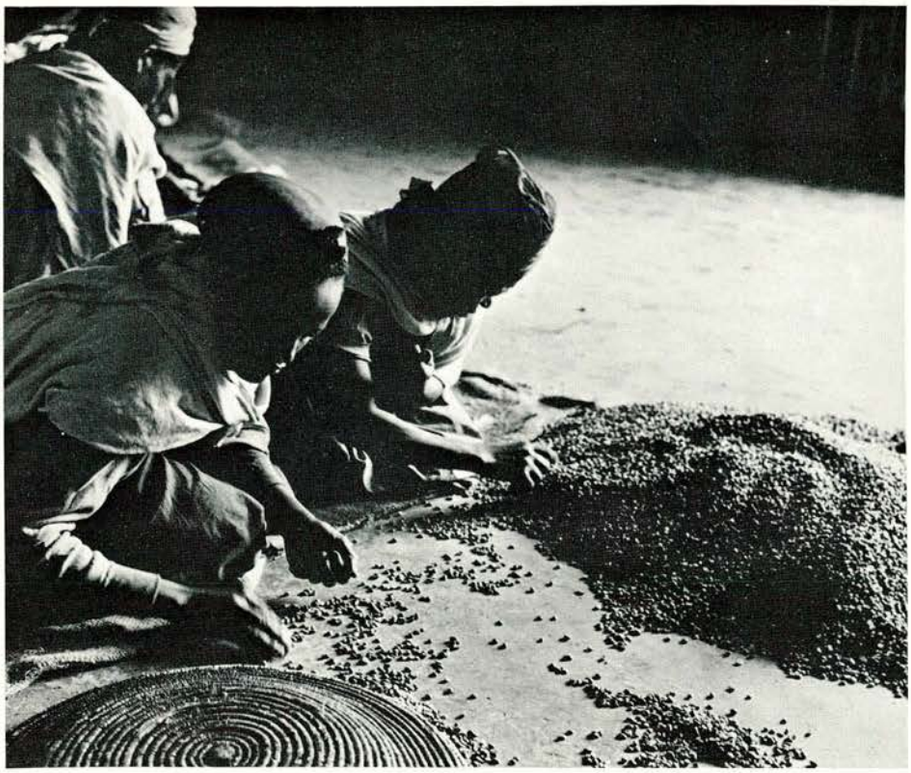
The progress made in liberalising financial arrangements in favour of developing countries under the International Monetary Fund has meant that compensatory financing from the IMF has offset almost fifty percent of the total shortfall of the export trade of primary producing countries during 1976, with disbursements from the facility reaching an overall level of about $3 billion by early November 1976.

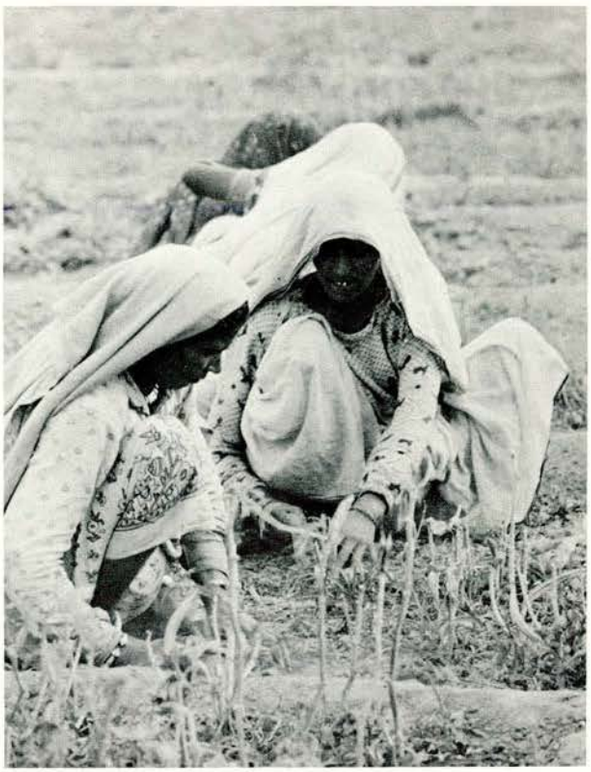
1. FINANCING OF NON-OIL DEVELOPING COUNTRIES' CURRENT ACCOUNT DEFICITS, 1974-1976 *($ billion)*

	Actual 1974		Estimate 1975		Forecast 1976	
Current balance deficit	—39		—49		—41	
	Financing items					
1. *Official transfers*	*7.81*		*8.45*		*9.17*	
(*of which:* Technical Co-operation)	3.16		3.55		3.80	
a) DAC		5.03		5.94		6.60
b) Multilateral agencies		1.34		1.48		1.70
c) OPEC		1.37		0.96		0.80
d) Centrally planned economies		0.07		0.07		0.07
2. *Long-term official and private capital*	19.07		26.10		25.15	
ODA	5.25		6.11		6.50	
a) DAC		2.46		3.07		3.30
b) Multilateral agencies		1.02		1.35		1.50
c) OPEC		0.83		1.07		1.00
d) Centrally planned economies		0.94		0.62		0.70
OOF	3.88		7.09		6.65	
a) DAC		1.31		2.72		1.50
b) Multilateral agencies		1.84		2.23		3.00
c) OPEC		0.61		1.99		2.00
d) Centrally planned economies		0.12		0.15		0.15
Private (DAC)	9.94		12.90		12.00	
a) Direct investment		4.50		6.00		5.50
b) Portfolio investment		3.73		4.60		4.00
d) Export credits		1.71		2.30		2.50
3. *Other*	9.43		10.33		8.50	
a) IMF Oil Facility		1.15		2.43		
b) Use of other IMF credit		0.38		0.30		3.50
c) Euro-currency borrowing		7.90		7.60		5.00
4. Change in reserve position	+1.52		—3.53		(+5.00)	
5. Short-term capital + errors and omissions	+4.21		—0.59		+3.18	
Total 1+2+3	36.31		44.88		42.82	
Total 1+2+3—4	34.79		48.41		37.82	

Source: Development Cooperation: 1976 Review.

Note. These figures are recorded on a balance-of-payments reporting basis. "Transfers" and "long-term capital" exclude grants for military purposes, debt relief and reinvested earnings. The figures are therefore not directly comparable with resource flow figures elsewhere in the report.





"There is is agreement that special forms of assistance are essential for the poorest countries... and on the need for more comprehensive programmes for food production and world food reserves." (Left) *a coffee-growing cooperative in Ethiopia, and,* (right) *women cultivating cow peas in Bangladesh.*

Additionally, other special credit facilities—from both public and private sources—alleviated the worst effects of recession and price rises for many developing countries and helped keep up the momentum of their development programmes. But this counter-cyclical financing has greatly enlarged the debts of its principal beneficiaries, the middle income countries (see table 1), and they have increasingly difficult problems of debt management.

On issues of debt there has been limited or no agreement in international discussions so far.

Developing countries have placed major political emphasis on the "integrated programme for commodities" formulated by UNCTAD. In response, OECD countries agreed to a schedule of negotiations over the next two and a-half years for some twenty commodities of special interest to developing countries. There also has been agreement and a timetable for negotiation on the Common Fund. These negotiations lie ahead. Improvement of commodity market structures, to enhance their stability and efficiency, should serve the interests of both industrial and developing countries.

2 There is an emerging consensus that the transfer of real resources to developing countries must be expanded and reliably sustained. There had been wide-spread concern that the aid programmes of DAC countries, which had faltered in the last ten years, would decline still further during the recent recession and price increases. This has not happened. On the contrary, the downward trend of official development assistance was halted in 1974. Official development assistance increased in 1975—both in real terms and as a proportion of the combined GNP of DAC countries. I am convinced that there is a growing understanding of the importance of development assistance for developing countries, I am also convinced that there will be a greater responsiveness to the need for increasing the volume of resource transfers and directing it more effectively to where it is most needed.

On the basis of information which we have for DAC countries which have fairly firmly committed themselves to reaching the official development assistance target of 0.7 per cent of GNP, or even of surpassing it, we can expect an increase in annual net flows of some $3-4 billion, in constant prices, between 1975 and 1980.

Additionally, I believe that other major donor countries—including the United States and the Federal Republic of Germany—can be expected to make forward movement in the area of resource transfers as a result of the North-South dialogue, and that this will take the form principally of a significant expansion of official development assistance programmes.

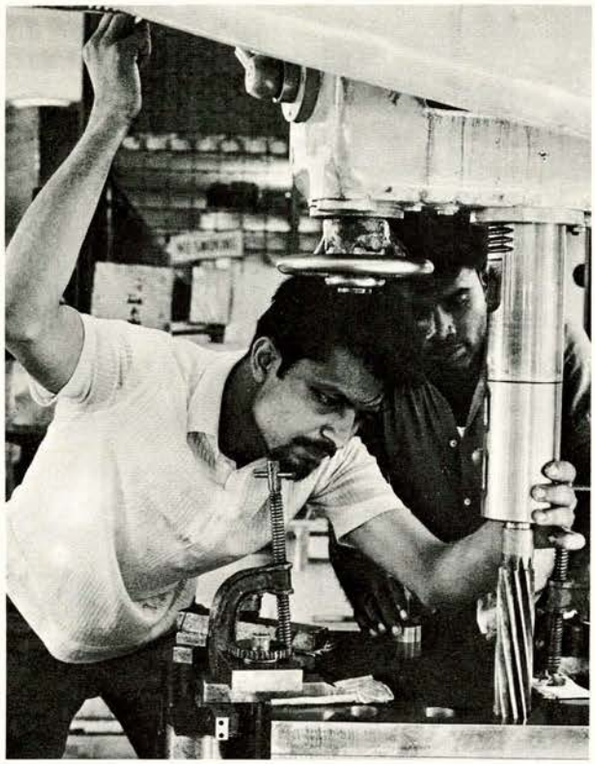
Realisation of these prospects will mean that quite substantial additional resource transfers will be available to developing coun-

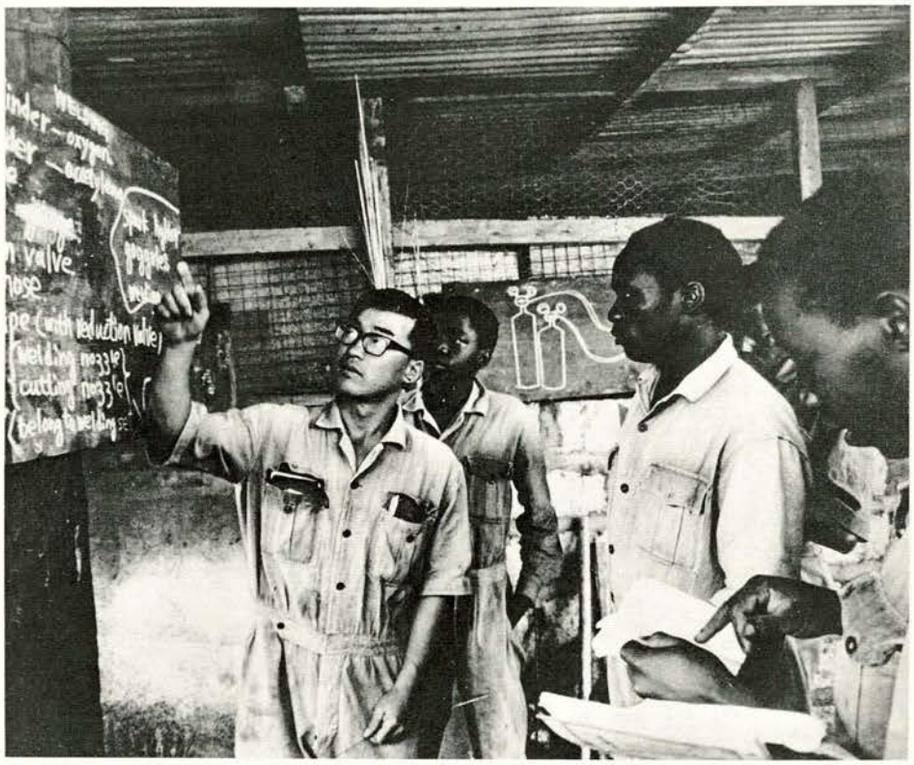
2. AID TO POORER COUNTRIES IN 1975, BY DONOR

(Net ODA as % of each donor's total ODA [1])

	LLDCs (2)	*MSAs (3)*		*LLDCs (2)*	*MSAs (3)*
Australia	5.9	12.4	Japan	6.1	20.7
Austria	1.4	8.2	Netherlands	10.1	25.8
Belgium	13.8	19.2	New Zealand	15.3	21.4
Canada	18.6	43.1	Norway	20.1	32.8
Denmark	23.6	30.9	Sweden	20.2	42.7
Finland	26.1	27.2	Switzerland	12.9	44.2
France	9.0	19.7	United Kingdom	12.6	27.1
Germany	14.1	34.8	United States	13.9	30.0
Italy	6.7	22.7			
			TOTAL DAC	12.7	28.3

(1) Excludes a significant amount of bilateral aid that cannot be geographically allocated.
(2) LLDCs = least developed countries.
(3) MSAs = most seriously affected by the oil crisis.
Source: *OECD's Development Cooperation Directorate.*





"More effective methods for transfering management skills and technology are essential." (Left) *a United Nations programme for training workers in India's plastics industry, and* (right) *a Japanese technical team in Kenya.*

tries during the next few years—well over the 1975 level of $13.6 billion.

This outlook for further major increases in official development assistance should result in greater flexibility to provide more adequate resources to key multilateral programmes, especially the International Development Association and the United Nations Development Programme.

3 There is agreement that special forms of assistance are essential for the poorest countries. Support for development assistance has been strengthened by its unique role in reaching the least privileged people in the Third World, and the emphasis on new policies of development assistance contributed substantially to halting the downward trend of aid and reversing it (see table 2). These new policies seek to assure substantially increased transfers of resources from the rich to the poor nations, increased transfers from those most privileged within most Third World countries to their poor majorities, and revised strategies of development which pay far more attention to the basic minimum needs of the poorest groups in all countries.

More coherent policies for development of the poorest countries will only be achieved when there is firmer agreement on longer-term development objectives, on programmes for their realisation, and on the necessary resources to carry them through. A longer-term programming approach is essential for countries in the hard core poverty regions where crossing the threshold of effective development requires that they adopt policies and reforms which will mesh with firmer indications of what aid donors are prepared to do in support of such key objectives as food self-sufficiency, adequate regional transportation systems and education and health facilities which assure increased productivity.

The international community should reach more for specific agreements to provide the necessary additional investment in programmes which meet basic needs in collaboration with a vigorous effort by the poorest nations themselves. This would give reality to the prospects that key development objectives can be achieved in the low-income, low-growth regions of the world.

3. IMPORTS BY OECD COUNTRIES OF MANUFACTURED PRODUCTS (1) FROM DEVELOPING COUNTRIES
January-December 1975 *(Million US dollars)*

Country	*Total Imports Manufactured Products*	*Imports of Manufactured Products from Developing Countries*	*Developing Countries' Share of Total Imports of Manufactured Products (%)*
Australia	7,664	592	7.7
Austria	6,578	165	2.5
Belgium/Luxembourg	17,432	230	1.3
Canada	24,941	768	3.1
Denmark	6,714	178	2.7
Finland	4,937	60	1.2
France	18,268	1,039	5.7
Germany	38,572	2,994	7.8
Greece	3,150	51	1.6
Iceland	352	5	1.4
Ireland	2,394	39	1.6
Italy	14,977	654	4.4
Japan	9,877	1,806	18.3
Netherlands	19,901	680	3.4
Norway	7,179	276	3.8
Portugal	1,955	35	1.8
Spain	7,221	201	2.8
Sweden	12,188	422	3.5
Switzerland	8,888	288	3.2
Turkey	3,191	103	3.2
United Kingdom	23,964	1,910	8.0
United States	48,675	8,776	18.0
Total	289,018	21,272	7.4

(1) Manufactured products are defined as SITC items 5, 6, 7 and 8, less sub-items 667 and 68.
Source: *OECD-Trade by Commodities, Country Summaries Jan.-Dec. 1975 (Series B) (Statistics for New Zealand and Yugoslavia are not available).*

4 There is agreement on the need for more comprehensive programmes for food production and world food reserves. A shift of priority to agricultural investment has already taken place following the world food crisis of 1973-74. World Bank lending to agriculture, in particular, rose from less than $500 million in 1972 to about $1.8 billion in 1975. DAC Members in the same period increased the proportion of direct support to agriculture, broadly defined, from 8.5 to over 14 per cent of total official development assistance.

However, agricultural programmes and assistance for the poorer food deficit countries are still not adequate. It is urgent for low income countries to focus domestic policies more sharply on their food-population balance and, together with international agencies and donors, increase investment in agriculture as part of balanced programmes of longer term national development. Steps are underway to complete funding for the new $1 billion International Fund for Agricultural Development so that it can be effectively in operation in early 1977. This Fund will make a significant contribution to these objectives.

One of the myths of the past was the idea that it was necessary to choose between strategies of agricultural or industrial development. Today we understand that if modern agriculture is to develop, broad reinforcing progress must also take place in other sectors of the economy.

The food security objectives of the World Food Conference have not been met. It is now time to build reserves adequate "to cover any foreseable world production shortfall" as recommended by the U.N. Seventh Special Session that "all countries could join the international undertaking on world food security".

5 More effective methods for transferring management skills and technology are essential. Technology transfer is one of the most challenging areas, since much of the world's technology is owned by private enterprise rather than by governments, and most of it is—not surprisingly—aimed at the biggest trade markets, where the needs are different from those of many developing countries.

During the past year a number of proposals have been made for strengthening national and international institutes and programmes to provide information, research and training assistance to developing countries in science and technology. OECD countries have been urgently reviewing plans for greater contributions to technology transfer. In part, the effectiveness of technology transfer is related to a better environment of understanding, confidence and cooperation among developing and industrial countries. Codes of conduct for transnational enterprises and for the transfer of technology are seeking to improve this environment of understanding.

6 Developing countries need, and should have, special and differential treatment in world trade negotiations. This was agreed in the Tokyo ministerial meeting which launched the multilateral trade negotiations now underway in Geneva. Some OECD countries have suggested that these negotiations provide an opportunity for bigger cuts in tariffs and non-tariff barriers on products of special interest to developing countries. In addition, it has been suggested that cuts negotiated for products of developing countries could be implemented immediately, rather than staged over the usual number of years. It is time to get on with these negotiations.

Other actions have already been taken in trade policy. Industrial countries have, over the last several years, implemented a system of preferential tariffs for imports of manufactures and some processed agricultural goods from developing country exporters. The provision of zero-duty treatment in the markets of OECD countries for many products has opened the way for expansion of exports.

The preferential system is being reviewed to consider its further improvement. The product coverage could be extended. Ceilings on ratios of permissible duty-free-entries relative to total imports into OECD countries could be raised or even abolished. If these improvements could not be extended to all developing countries, they could be provided for some. For example, Norway has recently granted full duty free entry for all types of goods imported from countries identified as least developed.

7 Development cooperation as a whole must broaden the range of actions designed to facilitate structural adjustments in patterns of production, employment and trade relationships. The greatly enhanced need of developing countries for external capital, and their growing debt burden, means that they must put export expansion at the centre of their development. Many developing countries have a supply potential for increasing exports. In practical terms, this means that OECD countries must be prepared to accept an increasing flow of imports of manufactured products from developing countries (see table 3).

OECD countries maintain many obstacles to trade which means higher prices for their consumers and lower incomes for producers in developing economies. Progressive removal of these obstacles would encourage general economic expansion and higher living standards for all in a better integrated and more open global market.

There has been progress in this area of trade, but to date it has been mostly in terms of resistance to protectionist measures on imports from developing countries. This may not seem like dramatic progress, but policies of successfully resisting crippling trade restrictions during economic recession are important and should be given appropriate recognition.

It remains to be seen to what extent OECD countries are prepared to live by their principles of more efficient markets and open their economies to imports for which developing countries have competitive market advantage. It also remains to be seen to what extent developing countries are prepared to take advantage of new market opportunities, and accept the foreign investment which in many cases is important to their realisation.

Structural changes and expanding specialisation in international trade will prove manageable, given agreement on medium term objectives and more attention to appropriate trade, investment and adjustment policies.

*
* *

Development is a reciprocal process. It is not something that can be handed by one group of nations to another group of nations. Reciprocal obligations and actions are required of both industrial and developing nations. For their part developing countries must find ways to more effectively encourage savings, reward initiative and ability, spread education and expand opportunities for all their people.

All nations share responsibility for the removal of constraints to equal opportunities for sustained economic growth and for helping to meet the urgent needs of their peoples for a decent standard of life. Important determinants of development progress will be the effectiveness of the industrial economies in coordinating their national incomes policies for steady economic expansion without inflation, and of Third World countries in reaching a better balance between population and economic growth.

Environmental Policy in Japan:

an on-the-spot examination

From 16 to 20 November, a group of high-level environmental experts from OECD countries met in Tokyo at the invitation of the Japanese Government to examine at first hand Japan's approach to solving environmental problems.
Gérard Eldin, Deputy Secretary General of OECD, who was chairman of the meeting, answers some questions about it.

Why was Japan chosen for an on-the-spot analysis of environmental policies?

First, of all the highly industrialised countries, Japan is probably the one which, because of its geographic situation, population density and rapid industrialisation, has suffered most from the harmful effects of air and water pollution and from noise and congestion in the cities. Japan has reacted to this critical situation with exceptional vigour. Holding the meeting in Japan created an opportunity for environmental policy-makers to take stock for themselves of the Japanese problems and the solutions adopted. Secondly, this investigation permitted discussions to be held on the spot with many of those actively involved, including officials of the Environment Agency and other central government bodies, provincial governors, mayors, directors of industrial companies and the industry federation, lawyers, doctors, and also with citizens who have been the victims of pollution—all in all a very broad spectrum of views.

What were the main issues discussed?

After examining the underlying rationale behind Japan's environmental policy, the meeting focussed on four main issues:
- the setting of environmental standards (ambient quality standards, emission standards, product standards)
- the Japanese scheme for compensating victims of pollution
- the environmental problems involved in new industrial development
- the costs and economic impact of Japan's environmental policy.

A theme was assigned to each of four working groups which, under the guidance of a group leader, held discussions for two days at relevant sites. The first group on standards, led by Anthony Fairclough, the British Chairman of OECD's Environment Committee, met in the Chiba industrial complex. The group examining the compensation scheme, under the leadership of Jean-François Saglio, Director of Pollution Abatement in the French Ministry for the Quality of Life, held its discussions in Yokkaichi, where the first legal requests for compensation were made by victims of pollution. The third, led by Olaf Saetersdal, Secretary General of the Norwegian Environment Ministry, discussed location problems in Kashima, the site of a large oil refinery and industrial complex. Finally, the group on costs and economic consequences, under the guidance of Per Christian Endsjø, Norwegian Chairman of the Group of Economic Experts of the Environment Committee, visited the port of Yokohama and the industrial city of Ogishima.

What conclusions were reached?

At this stage, I would prefer to talk of "impressions", rather than conclusions. This analysis meeting was, in fact, a preparatory exercise. I will, of course, report back to the Environment Committee which will draw the final conclusions using, in addition to the results of the meeting, two important reports, one prepared by the Japanese authorities, the other by the OECD Secretariat. In very summary form, I can tell you our main impressions:
- First, it appeared to us very clearly that Japanese environmental policy was initially designed as a response to a "crisis situation" built-up in the 1960's as a result of rapid industrialisation in highly populated areas. This policy was rightly focussed on health objectives and has been particularly successful in dealing with air pollution which was one of the most dangerous and widespread risks.
- Secondly, we got the impression that, in spite of spectacular results in certain important areas (air pollution, chemicals, noise), much remains to be done to improve the general "quality of life". This more general improvement will probably come in a "second generation" of environment policies and will entail increased social overhead costs.
- Third, we were much impressed by the fact that very ambitious policies have been developed without significantly impairing Japan's economic growth or the trade competitiveness of her industry.

On the contrary, we have seen evidence that the high standards imposed on industry have stimulated technological innovation, without undue cost. The case of Japanese automobile standards which are the world's strictest is a clear example. The overall cost of Japanese environment policy, while higher than the average for OECD countries, has been quite tolerable and had less effect on trade than other factors such as the increased cost of energy, or exchange rate fluctuations. It is true, however, that a few sectors—such as energy production, pulp and paper, particular chemical industries—have had to face more serious problems.

Is the Japanese experience tranferable to other OECD countries?

While, we have to recognize that, in the implementation of their policies, the Japanese use very original methods that would not be easily applicable in countries with a different cultural and sociological background (such as their system for compensating the victims of pollution), I think that the Japanese experience can teach us a number of lessons, particularly about technological and economic effects of policies aiming at a dramatic reduction of pollution.

Highlights from OECD ECONOMIC OUTLOOK N°20/DECEMBER 1976

THE ECONOMIC OUTLOOK FOR 1977

The recent pause in the recovery and the prospects for rather moderate growth—on the basis of existing policies—for 1977 need to be put into perspective. Although the outlook is weaker than suggested last July, it does not add up to recession. In the absence of new external shocks, expansion is expected to continue next year, with GNP growing by nearly 4 per cent. This forecast implies a fairly strong pick-up in the United States, Japan and Germany in the next few months followed, if policies remain unchanged, by some slow-down in the second half of the year. Since the forecast was finalised (in late November) a number of important indicators have moved in a persistently weak direction. But the governments of the stronger countries have already made clear their intention to take stimulative measures if these are required to underpin the recovery.

Some new boost to demand may be appropriate, but not in large doses and not in all countries. The major theme running through the present Economic Outlook is that the management of home demand in 1977 should differ between countries; some deliberate desynchronisation of policies is needed. In a number of countries demand will have to continue to be kept on a tight rein until the economy is in better balance. But the handful of countries where price behaviour is being brought into line with acceptable norms and where the balance of payments is strong can afford domestic demand trends which keep their economies well up to the sort of medium term recovery path which OECD governments jointly agreed last June. And international considerations make it highly desirable that these countries, which include the three biggest economies, should ensure this. Because unless home demand is growing faster than output in the stronger countries, world trade will not be sufficiently buoyant to enable the other economies to move into an orbit of exported growth. The balance of payments adjustment process cannot work well when international trade is weak. In 1977, after several years of significant international payments imbalance, more efficient working of the adjustment process is of the essence.

The fact that the recovery seems to have tapered off significantly and so soon in the countries where strong home demand would be appropriate, has been regarded by some observers as a mark of failure, indicating either that expansionary policies have been inadequate, or that they are largely ineffective in a world economy scarred by the recent inflation and oil price shock. Such judgement, with its undertones of pessimism for the future, seems highly questionable. It would be truer to say that policies have produced very largely what their authors expected of them and that, despite the traumatic experiences of 1973 and 1974, economies still respond rather closely to the stimulus that governments feed in. When if came to reflationary action in 1975, governments were intentionally cautious in handing out fiscal stimulus, despite the existence of large slack, because experience showed that when industrialised economies are turned around very abruptly, localised bottlenecks and new inflationary expectations are quickly encountered even though the recession has been deep and long. Governments were, in most cases, similarly cautious in the monetary policy that accommodated the recovery as it developed, because the lessons of the previous revival phase were plain to see.

Under these circumstances it was not surprising that, as the effects of fiscal stimulus wore off and the change in the inventory cycle worked itself through, recovery slackened. The fact that, after the first few very strong months, recovery proved unusually gradual, paid off in the form of weakening inflation sentiment in many of the most influential economies—happily contradicting some of the fears expressed in the Economic Outlook last July. Given what was at stake, it can be considered a mark of success, not failure, if some governments find they need some in-course correction to boost demand again about eighteen months after recovery has started. By that time most previous recoveries were already beginning to swing towards inflation. Where a second-stage booster proves desirable it should, like the first, be moderate and confined to the countries where labour market trends are unsatisfactory, the balance of payments is strong and inflation relatively slow.

Strategy for Non-Inflationary Growth

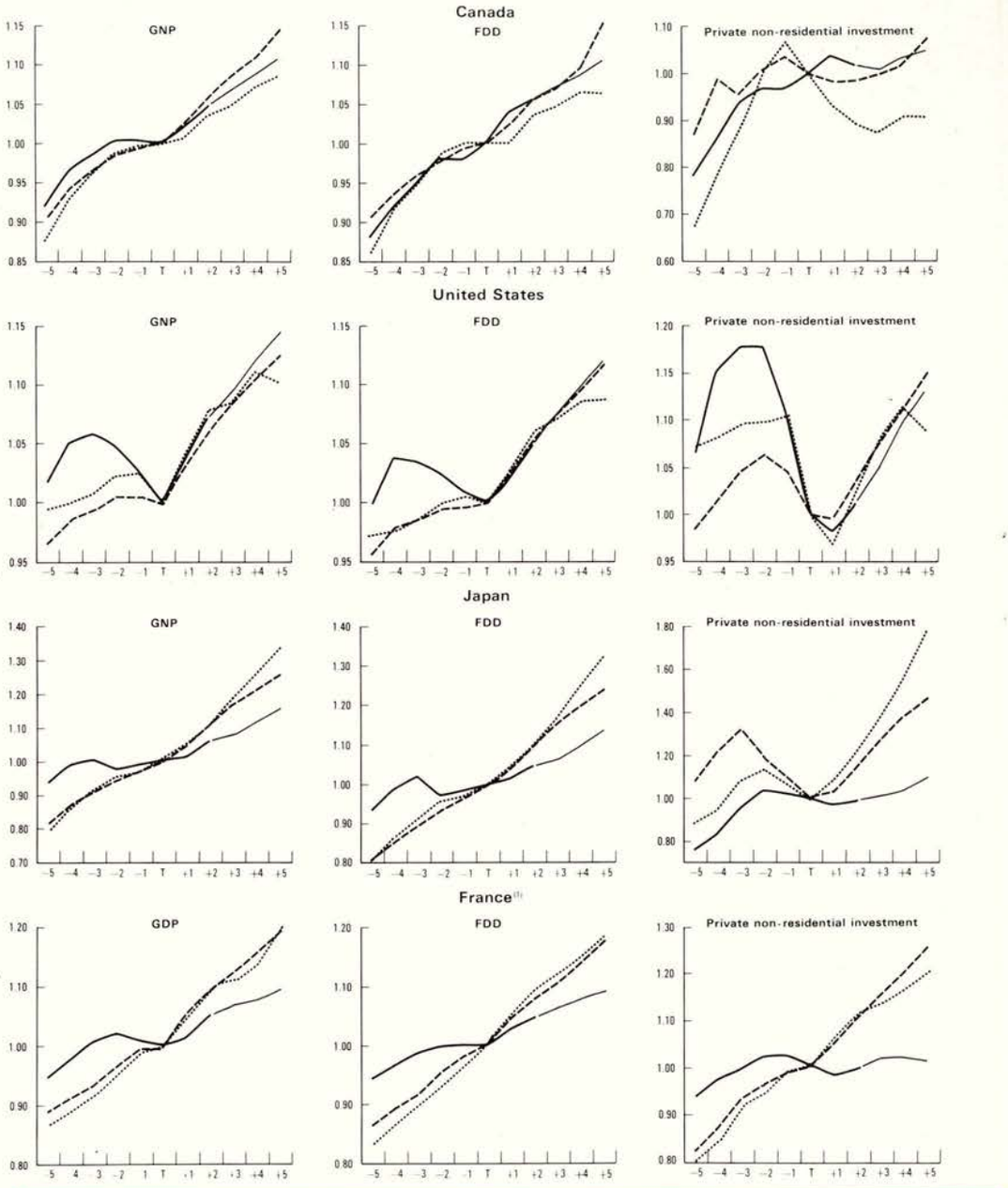
These prospects need to be considered in the light of the medium-term strategy adopted by the OECD Council at Ministerial level last June. It is important to recall that the strategy was two-pronged, aiming simultaneously at growth which

would restore full employment and satisfy rising economic and social aspirations *and* at a winding-down of inflation. Indeed, it was based on the premise that the first would not be possible without the second, and without action to shift the pattern of resource-use towards productive investment and net exports. And an essential consideration in the strategy is that enduring growth, as opposed to intermittent sharp starts and stops which only lead to flagging confidence, requires that short-term action should be taken in the light of medium-term needs, and that there be an internationally co-ordinated approach to policy.

The point of the strategy is not to set quantified targets for individual countries, but rather to fix an attitude by which national policies will be guided: a determination to restore full employment gradually but securely over a number of years rather than to risk a dramatic front-loaded recovery. But to illustrate the sort of achievements that the strategy might yield, Ministers suggested that an annual growth rate for Member countries collectively of 5 per cent or somewhat more during the five years 1976-80 is feasible. Appropriate growth rates will differ between countries—partly because potential growth rates are different, but partly because the present economic situations of individual countries diverge so greatly that their international responsibilities are different.

The strategy has been described as being extremely cautious—although an average growth rate of 5 per cent or more over five years with declining inflation would be a considerable achievement. What has been less underlined is the fact that its achievement will not be easy, because although a very quick return to full employment and capacity use is considered a fruitless aim, leading only to fresh inflation and further loss of confidence, gradualism can pose its own problems, particularly in the field of investment behaviour. Typically, recoveries become self-sustaining (and then, often, excessive) because after an initial brisk temporary spurt of expenditure on consumption, public investment and inventories, private fixed investment growth takes over the running. When, by intention, the initial spurt is less brisk and the absorption of spare capacity more gradual, the investment response of the private sector may be more hesitant, and in a large number of countries this is exactly what appears to be happening. Investment shyness may partly reflect a lack of confidence stemming from the shocks of the recent past, the fear of new exogenous disturbances, and the expectation that inflation is not going to decline. But it almost certainly also reflects the fact that the measures governments took at the end of an unusually severe recession to revive their economies were prudent by design, and their effects were exhausted before business found it appropriate to embark on big new capital programmes. In many countries this may not happen until there has been a further period of rising demand and capacity use. This is why a second injection of spending-power can, where appropriate, be regarded as a natural development within the medium-term strategy.

CYCLICAL BEHAVIOUR OF GNP, FINAL DOMESTIC
in seven major countries, 1955

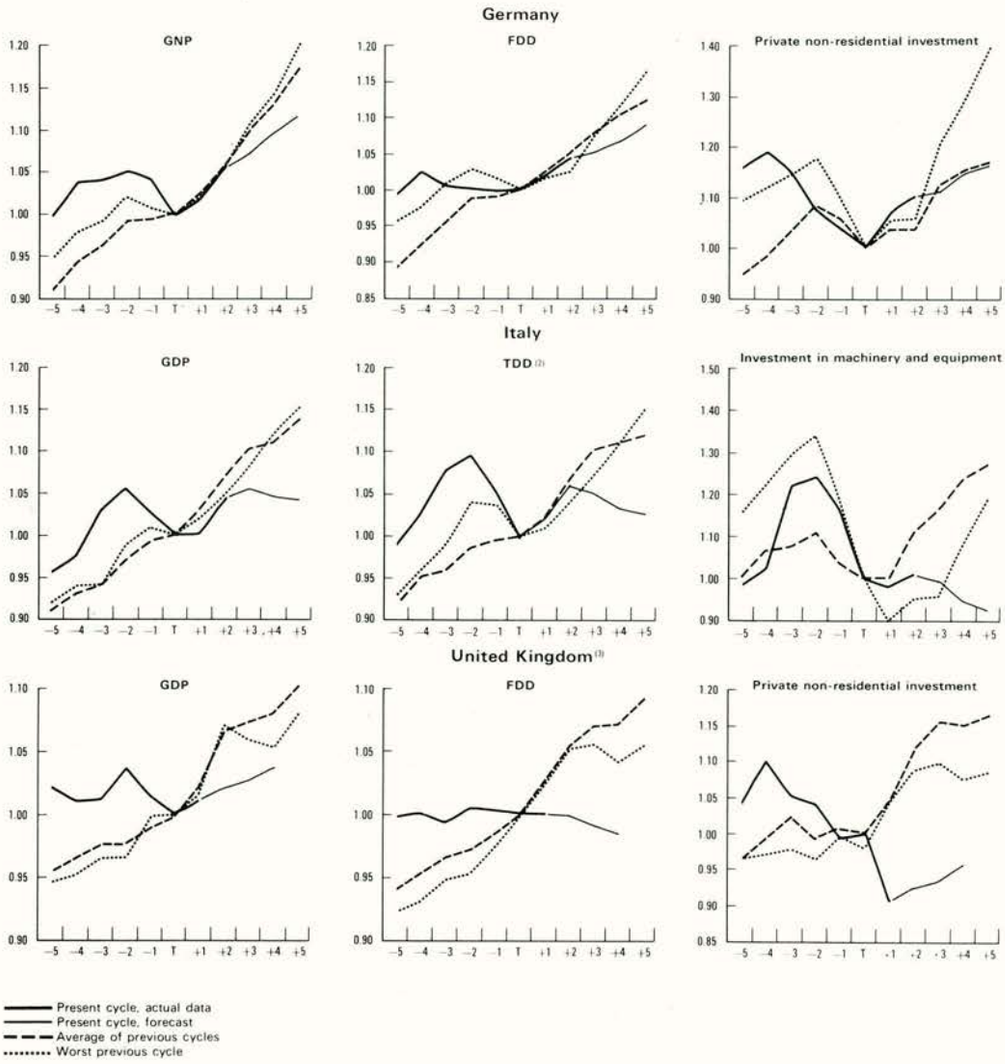


Progress Under the Strategy

The July issue of *Economic Outlook* suggested that the forecast expansion in the OECD area was fairly consistent with the medium-term strategy. After rapid growth of real GNP at an annual rate of about 6 per cent in the first half of 1976, a slowing down to a rate of about 5 per cent was expected in the twelve months to mid-1977, with unemployment edging down, but inflation speeding up slightly. In fact, recent developments suggest a weaker picture after mid-1976, the rate of growth in the three half-years ending December 1977 falling back to the 3¼ to 4 per cent range, and with unemployment rising again. Partly influenced by the weaker

DEMAND AND NON-RESIDENTIAL INVESTMENT

1977 (Half years, volume indices, trough = 1.00)



1. Data for the present cycle are based on SNA definitions; earlier cycles use the former French national accounts system.

2. Because of the absence of stockbuilding data before 1970, total domestic demand is shown here.

3. Since the trough of the present cycle was in 1975 II for the United Kingdom and since the forecast period ends in 1977 II, the last period shown is T + 4 instead of T + 5 for the other countries.

Note: The half-yearly troughs of output used in each chart are: Canada, 1957 II (worst previous cycle), 1961 I, 1970 II, 1975 I; United States, 1958 I (worst previous cycle), 1961 I, 1970 II, 1975 I; Japan, 1958 I, 1962 II, 1965 II (worst previous cycle), 1972 I, 1975 I; France, 1959 I, 1963 I (worst previous cycle), 1968 I, 1975 I. Although the trough for the earliest cycle occurred in 1958 II, the absence of quarterly data before 1959 has necessitated approximating the upswing by using 1959 I as the trough. Because the 1968 cycle was caused by strikes, the profile of the cycle is unusual. Germany, 1958 I, 1967 I (worst previous cycle), 1971 II, 1975 I; Italy, 1958 II, 1964 II (worst previous cycle), 1972 II, 1975 I; United Kingdom, 1958 II, 1963 I, 1972 I (worst previous cycle since 1960), 1975 II. The worst previous cycle is defined as the cycle with the deepest recession.

Summary of output and price forecasts

Per cent changes, annual rates

	Real GNP					Consumer prices				
	1975 to 1976	1976 to 1977	1976I to 1976II	1976II to 1977I	1977I to 1977II	1975 to 1976	1976 to 1977	1976I to 1976II	1976II to 1977I	1977I to 1977II
Total OECD	5	3 ¾	3 ¼	4	3 ¾	8	7 ¾	7 ½	8 ¼	7 ¼
of which:										
United States	6 ¼	4 ½	4	5	4 ½	5	5 ¼	5	5	5 ¾
Japan	6	6	3 ¼	7	6 ½	9 ½	9 ½	9 ¼	10 ¾	7 ¼
Germany	5 ½	3 ½	3 ¼	3 ¾	3 ½	4 ¾	4	3 ½	4	4
Total OECD Europe	3 ¾	2 ½	2 ¾	2 ½	2 ¼	10 ¼	9 ½	9 ¾	10 ¼	8

trend in demand, inflation is now expected—in the absence of important new external developments—to slow down slightly rather than accelerate.

The Secretariat's forecasts include some resumption of stronger growth in the United States around the turn of the year. The depressive influence of falling farm income is unlikely to continue and consumer demand, supported by higher employment and compensation per employee, could begin to rise again. Housing starts have revived recently, and non-defence capital goods orders and investment surveys point to continued growth of business capital spending. An acceleration is also forecast for Japan; higher wage settlements and bonus payments should boost private consumption, and both business fixed investment and private residential investment seem likely to recover.

In most European countries, the demand picture seems rather weak.

- Business surveys generally suggest that confidence has deteriorated again the last few months. The recent marked slowdown in activity, exchange rate instability and more restrictive fiscal and monetary policies in a number of countries have no doubt been important influences. For reasons of internal and external balance, France, the United Kingdom, Italy and several smaller countries have intensified their stabilisation policies in recent months.
- Private fixed investment—both residential and non-residential—shows little sign of revival according to capital goods orders and intentions surveys. Although profits and corporate balance sheets have improved, the financial position of the enterprise sector still seems weaker than before the recession.
- Money wages in some European countries may rise faster than in 1976, but this seems unlikely to prove very marked if unemployment rises. In several countries incomes policies will probably restrict the increase in wages further. Although prices may also slow down, the increase in real wage and salary incomes will probably be modest, and savings ratios can hardly be expected to fall in a relatively weak conjuncture.
- The situation in Germany is somewhat different. Both the financial and the order positions of enterprises appear to be stronger than in most other European countries. On the other hand, enterprises' expectations as reflected in the IFO-Business climate test, and their investment plans for next year, are relatively weak. Moreover, despite the spectacular rise of export orders in the third quarter, business conditions in Germany are likely

Unemployment rates/estimates and forecasts
Per cent of total labour force seasonally adjusted

	1976	1977	1976 II	1977 I	1977 II
Total OECD	5	5 ¼	5	5 ¼	5 ¼
of which:					
United States	7·7	7·5	7 ¾	7 ¾	7 ½
Japan	2.1	1.9	2	2	2
Germany	4.8	5.6	4 ¾	5 ¼	6
Total OECD Europe	4 ¼	4 ¾	4 ¼	4 ½	5

to be affected by the modest trends and lack of confidence generally prevailing elsewhere in Europe: world trade is expected by the Secretariat to rise considerably less than assumed in the calculations underlying some recent forecasts in Germany. With consumers and business likely to remain rather cautious, the Secretariat's present forecast is that real GNP may not rise by more than 3½ per cent between 1976 and 1977, with some slowing-down in the course of the year.

The fears of a world-wide acceleration of inflation have so far proved unfounded. Commodity prices, after a sharp increase in the early summer, have undergone a major correction, reflecting the slower trends in activity and probably some pruning of users' stocks. During the six months to October, OECD consumer prices rose at an annual rate of around 7½ per cent, and the year-on-year increase is roughly 8 per cent, compared with 9 per cent earlier in 1976. The slowdown in the monthly rise during the summer was helped by favourable food price developments in both North America and Europe.

On the assumptions adopted (1), prospects seem reasonably good for achieving some modest further deceleration of inflation. Relatively weak demand should have a restraining influence on non-oil commodity and industrial material prices. The development of retail food prices should continue to be moderate over the next few months, because the world cereal crop is excellent and meat supplies are at present ample. Meat prices may rise in the second half of next year as beef supplies are reduced, but it has been assumed that normal supply conditions for other foodstuffs persist throughout 1977. Some acceleration in wages is expected, but in most cases this seems likely to be moderate. And although efforts may be made to increase profits, which in real terms are still below their medium-term trend, conditions do not seem likely to permit any major increase.

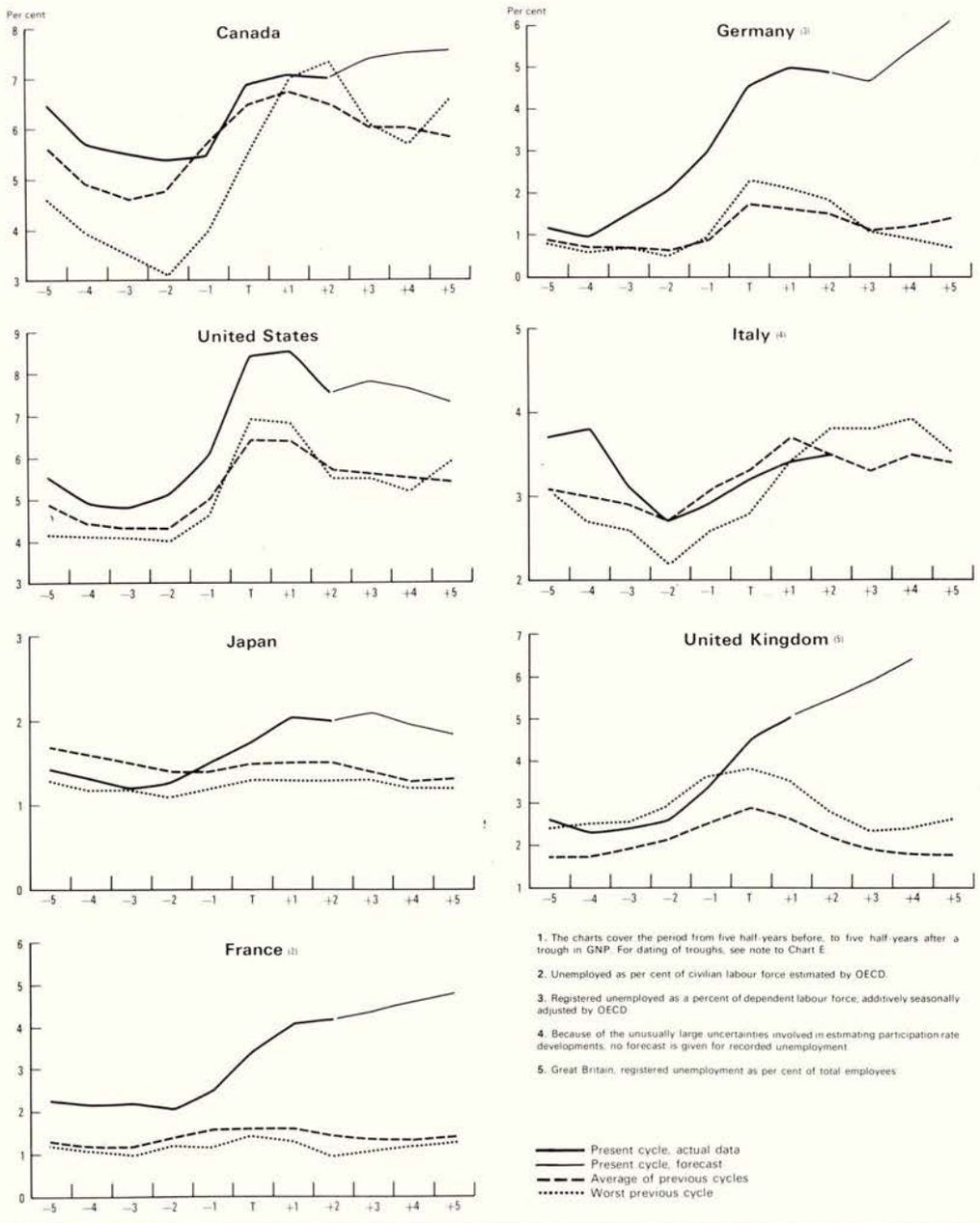
Satisfaction that a new flare-up of inflation has not occurred has to be tempered by the large divergence in price performance between countries. The United States, Germany and particularly Switzerland have made considerable progress in reducing inflation to 5 per cent and less. Among the bigger countries Italy has so far made very limited progress. In the United Kingdom inflation has been considerably reduced, but is still well above the OECD average, with much of the rise in import prices resulting from exchange depreciation yet to come through. In France above-average inflation showed some tendency to accelerate before the recent stabilisation programme could take effect. The price rise in many smaller economies remains disturbingly high, on average some 12 per cent (annual rate) in the first half of 1976. On the

(1) In its forecasting exercise the Secretariat has followed its usual technical assumptions that there will be no change in the relative price of oil and that exchange rates will remain at their recent (mid-November) levels.

CYCLICAL BEHAVIOUR OF UNEMPLOYMENT RATES

in seven major countries, 1955-1977 (1)

Per cent of civilian labour force, half-yearly, seasonally adjusted figures



1. The charts cover the period from five half-years before, to five half-years after a trough in GNP. For dating of troughs, see note to Chart E.

2. Unemployed as per cent of civilian labour force estimated by OECD.

3. Registered unemployed as a percent of dependent labour force; additively seasonally adjusted by OECD.

4. Because of the unusually large uncertainties involved in estimating participation rate developments, no forecast is given for recorded unemployment.

5. Great Britain, registered unemployment as per cent of total employees.

basis of the technical assumption of stable exchange rates, some narrowing of inflation differentials has been forecast for 1977. But the differences between the more and the less successful countries look like remaining large throughout the period.

In real terms the rise in OECD exports has flattened out since mid-year, while imports continued to rise, partly because of higher oil imports. Between 1976 and 1977, both export and import growth may slow down considerably, to around 6 per cent or about half this year's growth rate; and there may be some deceleration within the year. The slowdown seems likely mainly to concern intra-OECD trade; exports to non-OECD countries should accelerate. OECD export prices may increase by around 6 per cent, as this year, and the rise in import prices come down to that rate. This year's terms of trade loss would thus give way to a virtually unchanged position in 1977, with perhaps some improvement in the course of the year.

The OECD current account has deteriorated steadily from a balanced position in the first half of 1975 to a deficit of some $30 billion at an annual rate in the second half of 1976. Given the slowdown of the expansion forecast, the deficit might fall to around $15 billion (annual rate) in the second half of 1977. OPEC's current surplus might shrink somewhat, from an estimated $40-45 billion this year, if the assumption of no change in the real price of oil is realised (2). Because of higher exports in 1976, non-oil developing countries as a group may be able to run a slightly higher deficit in 1977 (around $35 billion) on goods, services and private transfers (3) and raise the volume of their imports even though the total of aid, net capital inflow and official financing may not change much.

As in the case of inflation, the most disturbing aspect of recent trends and prospects in the balance of payments is the extent to which the positions of individual countries diverge. This is true of the non-oil developing countries. It also applies to the OECD area, where the deficit has again been concentrated in the United Kingdom, Italy, France, Canada and a group of smaller countries.

The three biggest countries have been in outstandingly strong positions, and are likely to remain relatively strong in the coming year. Largely reflecting the relative cyclical position, the United States current account returned to approximate equilibrium in 1976 after a large surplus in 1975. Japan showed a very large surplus in the first half of the year before moving to approximate balance. Germany's surplus has increased. On the assumptions about oil prices and exchange rates referred to above, and with the expectation of about zero growth, the Italian current account could return to rough equilibrium in 1977. With domestic demand kept under strict control, the deficits of both France and the United Kingdom, although remaining relatively large, should fall. The United States may assume part of the OECD deficit in 1977. But the current account surplus of Germany may rise further. And among the smaller economies, the surpluses of Switzerland and the Netherlands may continue to grow, and the deficits of the rest remain very large. Although some of the deficit countries are, slowly, moving back nearer to balance on current account, their cumulative indebtedness will continue to mount. Since the beginning of 1974, the OECD countries as a whole have run a cumulative current deficit of some $60 billion. But a group of them which, though numerous, accounts for only about 30 per cent of the area's GNP has accumulated a deficit of no less than $75 billion. This, clearly, illustrates the need to shift the deficits from those where creditworthiness risks becoming exhausted to those where it is still largely intact.

The disparate performance between countries has been sharply reflected in exchange rate movements. By mid-November, despite heavy official intervention at times, the effective depreciation of both the pound and the lira since the beginning of the year had reached about 20 per cent, and that of the French franc about 12 per cent. At the other end of the scale, the appreciation of the Deutschmark, the Swiss franc and the Yen had attained, respectively, around 10, 8 and 4 per cent. The United States dollar has changed little in effective terms. In recent months many countries experiencing relatively high inflation, balance-of-payments deficits and currency depreciations have progressively adjusted monetary policies to external considerations. In Italy and the United Kingdom, positive interest rate differentials have reached very high levels on an uncovered basis. But large forward discounts on practically all weak currencies, generally exceeding their uncovered differentials, have so far pointed to continuing sensitivity in foreign exchange markets. There can be little doubt that the main reason why exchange rates have been forced apart has been the divergencies between national inflation rates. What is disturbing is the extent to which falling exchange rates—and rising import prices—make the price-stabilisation tasks of the less successful countries that much harder.

The Policy Challenge

On the basis of the forecasts presented above, economic policy will be faced with three major problems over the coming twelve months.

- The rate of inflation, although decelerating, is likely to remain high in most countries.
- The growth of activity may be insufficient to reduce unemployment. And the investment that most countries require, if they are to make good the deficiencies of past years and cope with the problems of the years ahead, may be very slow to materialise.
- The divergence in economic performance between individual countries will probably remain considerable.

The challenge to policy lies in the need to reduce the spread between the performances of the more and the less successful countries, without endangering the record of the former. →

(2) This technical assumption implies a 4 to 5 per cent rise in the average price of imported oil. Each percentage point increase in the price pushes up the OECD oil import bill by about $1.2 billion, other things being equal.

(3) Equivalent to about $25 billion on current account.

Current balances

$ billion: including official transfers

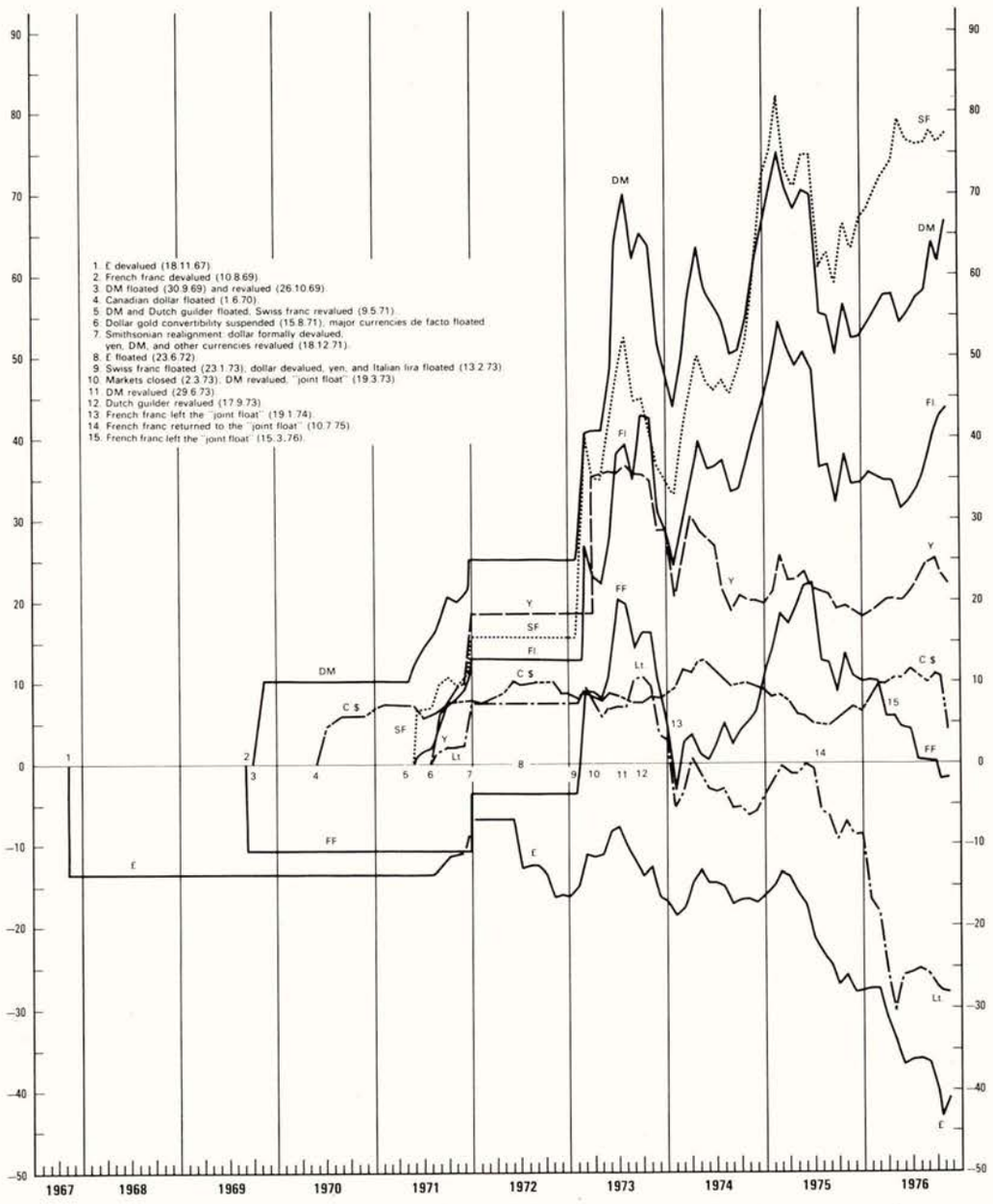
	1974	1975	1976	1977
OECD countries[a]	—33	— 6 ½	—22 ½	—18
of which:				
Group I	4	11 ½	4 ½	2 ½
Group II	—37	—18	—27	—20 ½
OPEC	65 ½	34 ½	42	36 ½
Non-oil developing countries	—21 ½	—32 ½	—24	—26

a) The groups comprise those OECD countries which have (Group II) and have not (Group I) had recourse to compensatory financing or official borrowing (excluding liabilities resulting from intervention in the "snake"), plus Norway which is a special case due to oil. The countries in Group I are the United States, Japan, Germany, Canada, Belgium, the Netherlands, Norway and Switzerland.

FOREIGN EXCHANGE RATES OF MAJOR CURRENCIES

Percentage deviations with respect to dollar parities of October 1967

end of month figures



Action to reduce the gap requires, in the first place, fully adequate stabilisation policies by the governments of the less successful countries. This will entail severe domestic demand restraint, supplemented where possible by arrangements which limit the growth of incomes, until cost increases are reduced and net exports lead to recovery. Such action may be politically difficult, and the temptation to resort to soft options in the form of generalised or sectoral protection may grow. The need to resist this, and to adhere to the principles that underlay the adoption of the OECD Trade Pledge in 1974, can hardly be overemphasised in a world where *all* are grappling with unemployment problems and protectionist lobbies are strong. Special trade measures by one weak country will immediately complicate the task of other Member countries in similar positions and make retaliation difficult to resist. In a multi-country world, increased protectionism is a minus-sum game.

Clearly the task of governments in keeping protectionist pressures in check will be easier if there are good grounds for supposing that, in the measurable future, the pursuit of rather austere policies is going to yield fruit. Without appropriate growth in the stronger countries—the United States, Japan, Germany and some smaller Members—it may be difficult to keep stringent stabilisation policies in place in the weaker countries for a sufficient time to allow the divergences to be reduced. This is not an invitation to the stronger countries to risk going overboard in the attempt to tilt the world economy towards greater expansion:

- The world would not be helped if the more favourably-placed countries pursued policies that degraded their price performance. It would certainly be undesirable for them to seek to correct flagging growth rates by measures which risked a renewal of inflationary pressures.

- But the fact that, over a fairly extended period, these countries have been able to lower the price rise and reduce inflationary expectations should mean that they are in a good position now to support the sort of recovery rates implied by the OECD's medium-term strategy without serious risk. Under present circumstances, it is clearly desirable for them to ensure that their domestic demand is on a path which progressively reduces unemployment and provides the setting in which other countries can proceed towards exported growth. When designing their policies, it is appropriate that they should bear in mind the fact that world demand movements are on the low side. In such circumstances, the appropriate policy-dose may be rather stronger than would be the case if *all* countries were taking expansionary measures simultaneously. Provided that the countries still in a seriously unbalanced position pursue the very cautious domestic policies incumbent upon them, the constraints on individual expansionary policies in the more successful countries will be far weaker than they were when virtually the whole industrialised world was striving to promote domestic demand in 1972-1973.

Collusive Tendering: A Practice which Should be Stopped

With public procurement responsible for 5-14 per cent of GNP in the OECD area, any practice which gives rise to excessively high prices is of increasing concern to the responsible authorities. Collusive tendering is one such practice. It is an agreement between enterprises aiming to restrict or eliminate competition when bids are submitted in response to an invitation to tender.
OECD's Committee of Experts on Restrictive Business Practices, in a recently published report (1) looks at the main problems raised by collusive tendering, the way in which national legislation has endeavoured to solve them and some possible new measures.

Although collusive tendering is covered by overall antitrust laws in a number of countries, some governments have found it necessary to take specific action against the practice. Finland and Sweden have prohibited it outright (in contrast to their case-by-case treatment of most other types of restrictive business practices). Denmark has prohibited it in the construction industry and laid down detailed rules for the submission of tenders. Belgium has adopted a law on public contracts for public works, supplies and services which contains a provision prohibiting an act, agreement or arrangement likely to distort the normal conditions of competition in connection with contracts placed by the state or other public body.

Some idea of the prevalence and the economic significance of this practice can be gauged from cases decided in several countries. The German Federal Cartel Office estimated in 1973 that 2,000 enterprises in the building industry in Northern Germany had taken part in collusive tenders between 1959 and 1973 for projects worth DM 7 billion and that this illegal collusion had the effect of raising prices by 9 per cent on average above normal competitive prices. In the United Kingdom, over 70 agreements involving collusion between firms concerned with electrical installations or mechanical services in building projects over the period 1963-69 were brought before the Restrictive Practices Court during 1970-72.

In the United States, the Antitrust Division filed 26 criminal collusive bidding antitrust cases between 1972 and mid-1973 against companies with total commerce affected in excess of $2.75 billion. In France a significant number of the opinions given by the Technical Commission on Cartels and Dominant Positions have revealed tendering agreements all of which have been condemned.

What Leads to Collusive Tendering ?

Several factors have been identified by OECD's Committee on Restrictive Business Practices as likely to encourage firms to get together on their bids: the technical requirements of certain contracts, the existence of information agreements on prices and, above all, the presence of cartels or restrictive business practices in the relevant industries.

Under *price information agreements,* manufacturers keep each other regularly informed of past, present and sometimes future prices. The link between information agreements and collusive tendering has been observed in several countries including France where, in a 1972 decision involving the laying of electrical cables, information exchanges developed by steps into concerted action for sharing out contracts for public works.

Price Cartels are also conducive to the appearance of collusive tendering. Some Member countries have found that, when a certain degree of cartelisation is tolerated in the economy, such cartels continue to operate on the occasion of an invitation to tender. For this reason, OECD's Committee concludes, countries which prohibit collusive tendering but not general price cartels and those which prohibit neither should, when revising their laws on restrictive business practices, consider whether or not it is advisable specifically to prohibit price cartels or the operation of such cartels in connection with tendering procedures.

Problems of Control

Three main types of problems arise in connection with the control of collusive tendering: detection, obtaining sufficient evidence for proceedings with present laws, and the problem of penalties and remedies. These difficulties cannot be overcome by measures based solely on competition law; they also require the incorporation of special measures into the rules relating to tendering procedures.

• *Difficulties of detection*

Both the effectiveness and the fraudulent character of collusive tendering derive from the secrecy with which it is surrounded. In this context, deceit or fraud produce their intended results only to the extent that the procurement authorities believe they are dealing with completely independent bids. On the other hand, uncompetitive acts which are practised openly—in joint bids, joint sales agencies or open agreements not to compete in the course of bidding—even when governed by laws on restrictive business practices, are not intrinsically fraudulent as is collusive behaviour of which the authorities are not aware.

The difficulty of detecting the existence of collusive tendering may also be explained by the fact that the procurement authorities who receive the bids and are solely responsible for the award are not always sufficiently specialised in problems of competition; as for the antitrust authorities, they only become aware of the signs of collusion when alerted by the procurement authority or in the course of an enquiry into a specific sector.

To remedy this situation, the Committee considers it desirable to introduce close cooperation between procurement officers and antitrust authorities. State or local government officials who issue invitations to tender should be made more aware of the problems and should be invited by the antitrust authorities regularly to provide details concerning any identical or otherwise suspicious bids or other signs of collusion. As for the antitrust authorities, they should—if national legislation permits—carry out in-depth inquiries from time to time, especially in highly concentrated sectors, to check whether the bids

(1) "Collusive Tendering" OECD, Paris 1976.

submitted are in fact wholly independent. At national level, there should be an exchange of information to acquaint procurement authorities in one region with prices and conditions of similar contracts elsewhere, and the antitrust authorities should be involved since certain information (i.e the trend in price levels over a period of several years or the regular award of certain contracts to certain firms) could prove useful to them.

• *Effectiveness of Action Taken under Restrictive Business Practices Law*

Legal action against collusive tendering raises major problems in most Member countries given the present state of the law on restrictive business practices. With the exception of the Scandinavian countries where collusive tendering is specifically prohibited, such agreements are not presumed harmful under national laws which are based on the principle of abuse. As a result, it is the antitrust authorities who must prove the harmfulness on a case-by-case basis. This is a lengthy and difficult procedure requiring many pieces of evidence and, judging from examination of national case-law, does not seem to have been very effective. Legislation based on prohibition of price cartels which also covers collusive tendering has proven to be more effective, as shown in the United States; however in other countries which have a general prohibition of price cartels, problems of enforcement have arisen due to inadequate legal powers or substantive rules.

Thus, for example, under German law it is not sufficient to establish the existence of an agreement: it must also be shown that the agreement has been put into operation. Thus, the cartel authorities must prove that agreed tenders have in fact been submitted by the parties. This is very difficult since the parties are careful not to apply the agreement in a strict or precise fashion, precisely so as to avoid the prohibition of the law; they may thus slightly vary their bids to make it appear that there has been no collusion between them. In Canada, the Combines Investigation Act applied, until January 1976, basically to goods and not to services, and this has prevented legal action in a large number of cases, particularly in the construction industry. A recent amendment to the law plugs this loophole. In France, although collusive tendering is in principle treated like an illegal cartel, an administrative body must first make a very detailed economic report, then submit an opinion to the responsible Minister who decides what legal action to take. The procedure is lengthy and may not lead to legal proceedings.

The solution adopted in the Nordic countries, except for Norway—specifically prohibiting collusive tendering while merely subjecting price cartels to the test of abuse—also raises some problems. Only prohibiting agreements made at the time of invitations to tender leaves a large number of agreements or concerted actions for which it is difficult to determine the connection with collusive tendering or to prove a decisive influence on the prices quoted in bids. It is possible that collusive behaviour on prices simply takes more subtle forms.

Examination of the provisions on collusive tendering contained in restrictive business practice laws shows that it is necessary in most Member countries to strengthen the rules contained in restrictive business practices legislation against all types of price agreements if collusive tendering is to be effectively counteracted, as well as to improve the collaboration between procurement authorities and anti-trust authorities.

Although tendering procedures cannot create competition where there is none—or where it is restricted—they should at least enable competition to function where it does exist. When contracts are of a certain size, the invitation to tender could even stimulate competition though it does not always seem to do so. Clearly, where it is impossible to establish competition between suppliers, the procuring authorities should use some system of purchasing other than calls for competitive bids.

Another course of action, which has had good results in the United States and the United Kingdom, is to require each bidder to certify in writing that he has not been party to any collusion with other firms and has not informed any other bidder of his intention to bid or of any details of that bid. This approach may be particularly useful in Member countries where legislation on restrictive business practices does not specifically prohibit collusive tendering or price cartels. It may in fact prove easier to take legal action against collusive tendering on the basis of failure to fulfil obligations connected with certification than under legislation on restrictive business practices.

• *Sanctions and Redress*

The distinction between collusive tendering of a secret and fraudulent nature and joint bids or other forms of agreement known to the procurement authorities should be reflected in the legal sanctions. Tendering agreements which are openly operated and take the form of cooperation or rationalisation agreements or joint tenders should, to the extent permitted by staff resources and legal means, be subject to control under restrictive business practices laws, providing that small and medium-sized enterprises have access to the various legal forms of cooperation so as to be on an equal competitive footing with large enterprises. However, the control should be strict: procurement authorities should not, for example, allow large contracts or complex public works, which require preparation of detailed estimates, to serve as a pretext for concerted action by firms. In such cases the public authorities should have the right to refuse jointly prepared estimates and be able to refund part of the costs incurred by those who submit serious estimates. Experience in Denmark, however, shows that this option should be used with the utmost caution.

On the other hand, OECD's Committee considers that secret agreements between firms taking part in invitations to tender should be prohibited outright without requiring economic analysis of its implications for the public interest in every case. Certain Member countries feel that criminal sanctions are appropriate not only because secret collusive bidding is unjustifiable in itself but because they would provide the strongest possible deterrent to conduct which is inherently difficult to detect and control. Member countries which have not yet adopted criminal or administrative sanctions should consider the advisability of doing so if national law prohibits collusive tendering or price cartels.

The State and local authorities or private individuals who suffer as a result of collusive tendering, as well as injured competitors, should have recourse to civil proceedings for damages against those concerned. Apart from protecting the private interests involved and giving them an incentive to act against collusive practices harmful to them, civil action has wider repercussions in that it indirectly supplements and strengthens the criminal penalties. It may therefore be an important deterrent to collusive tendering.

Evidence of this is to be found in the United States, where in the "Heavy Electrical case" fines imposed on those convicted amounted to roughly $2 million. Civil suits brought by the Government and the Tennessee Valley Authority against one of the firms convicted, the General Electric Company, led to the payment of more than $6 million by that company while numerous civil action brought by private individuals for treble damages in connection with the same set of cases against several defendants led to the payment of damages of more than $360 million.

New Orientations for Educational Policy

OECD work in education has received renewed backing by the governments of Member countries as reflected in the recent decision of the Council of the Organisation to renew the mandates of the Education Committee, the Centre for Educational Research and Innovation (CERI) and the Programme on Educational Building for a period of five years. What are the main problems that loom ahead in the educational development policies of Member countries? And how will the future work of the OECD respond? These questions are briefly answered in the article to right which is followed by a series of more detailed reports on some of the major policy studies in education recently completed or underway within the Organisation.

Logistics and Planning

The development of educational systems in the period immediately ahead is likely to face difficult problems as a consequence of changing demographic trends, slower economic growth, resource constraints, employment difficulties, and shifts in the structure of social demand. This constraining environment poses a number of policy dilemmas. For example, cutting down on education because of constraints on public expenditure will thwart the satisfaction of social demand for education and the objective of equal opportunity; it may also exacerbate the problem of youth unemployment. Alternatively, using the educational system as a buffer against unemployment may be storing up trouble for the future if the economies of OECD countries do not pick up rapidly. Essentially the problem can be viewed as one of logistics—balancing social demand for education, resources, output from the educational system and entry into the labour market. There are thus new problems for educational management which call for more flexibility in the educational infrastructure than in the past.

Over the longer term, the outlook is more uncertain, but, it is hoped, more optimistic: demographic trends seem likely to pick up, sustained economic growth to resume, inflation to be reduced and full employment gradually to be attained. This should make it possible to reintroduce more forward-looking and normative educational strategies and to revert to a more dynamic role for education in its contribution to social and economic objectives.

Concern with logistics will thus be a major preoccupation in the orientation of OECD's educational programme for the next five years. The problems involved are currently under examination by an *ad hoc* group of senior educational planners and policy makers who will report in mid 1977. While it is too soon to foresee the outcome of the study, some of the implications can already be hazarded.

Educational policy, for example, will be expected to play a role in dealing with structural unemployment, in developing the full range of competencies required of a modern labour force and in promoting the full utilisation of these competencies by the economy.

Educational policies will also play a greater role in providing opportunities for education and training outside the educational system as such, not only as a response to unemployment but because of growing demand by adults for access to education and as a way of providing better social and cultural preparation for everyone, better use of leisure time, and an improved quality of life.

Education and New Living Patterns

A second major orientation derives from the need for the educational system to take account of new living patterns generated by social and economic change and to reinforce the links between education and social programmes.

OECD countries have been faced in recent years with a great variety of new educational options affecting all parts of the educational structure, from pre-primary to higher education and recurrent learning. Policies for early childhood (infancy), primary school (child), the basic secondary school (adolescence), the upper secondary and post-secondary levels (youth) and recurrent education (adulthood) will need to be further elaborated within a framework that takes into account the basic conditions of development of each age group, drawing on a broad range of research and development. Increased attention also needs to be given to the educational needs of women at the various stages of their lives.

Analysis along these lines could yield a much more meaningful picture of the social role of education. Such work would need to be

related to the development of educational performance indicators assessing the way in which educational benefits are spread among various groups in society. If the underlying concept is the life cycle of the individual rather than the "system", more down-to-earth statements of options for change may emerge since they would no longer be constrained by the present compartmentalisation of educational structures.

Such integrative analysis would need to go beyond mere organisational and structural options to cover changes in the educational process itself as a means of adjusting to new living patterns.

The Socio-Geographic Basis of Educational Development

In the years to come, there will be growing emphasis on what might be called the socio-geographic basis of educational development—the particular setting of the school in the community and region must be taken into account in planning, locating and operating educational institutions, in response to the growing demand for schools to play a more precisely defined role in society.

Economic growth seldom offers the opportunity in rural areas that it does in the cities, and schools often find themselves at the service of young people who will move out of the area. Concern with reversing this social and cultural decline is growing. Similar problems arise from urban decay.

Governments have been responding in a variety of ways to these issues—with measures designed to reduce regional disparities in educational participation, to distribute education budgets more equitably as between regions, to provide special education and training programmes according to the regions' needs, including employment, to promote participation in decision-making at regional or local levels, to redistribute powers and responsibilities between central, regional and local administrations.

These problems are currently being examined in a variety of OECD activities on education and its relation to the community and the region; this work will be further developed over the next five years.

Reorganisation of the Education Process

In order to respond to the new conditions, the educational process itself will have to be reorganised. This will be particularly difficult because of the ingrained resistance to change embedded in educational systems which often leads educational reform measures to have unforeseen and negative side effects. Far more attention will have to be paid to the tensions and conflicts which arise in educational systems as they assume new and often contradictory functions, often difficult to reconcile with pressures stemming from the power and value structure of the educational system itself.

The emergence of a "parallel" education system—in some cases in the private sector—is exerting pressure on formal education structures for change. With their monopoly being challenged and their resources tightened, some educational systems have made a serious attempt to increase their responsiveness by providing "open learning" schemes and more options.

If the response in fact is to be effective, more integrated policies for education are needed, bringing the formal and informal education and training systems together, and this is one of the greatest challenges ahead for educational policy makers.

In this context considerable work has already been done in identifying some of the major bottlenecks—selection and certification, student evaluation and guidance, teacher roles, apprenticeship and training. Now the necessary changes must be planned and the links between the formal and informal systems spelled out in operational terms.

Close evaluation of certain strategic changes which have already been initiated—comprehensive education, raising the school leaving age, diversification of post-secondary education structures, recurrent education, etc.—would seem necessary. The fairly widespread phenomenon of "failure" in basic secondary school would also need to be carefully and objectively analysed in the context of overall policies for basic education, which is again becoming a controversial issue, in terms of both objectives and practices, in many Member countries.

Educational Disadvantage

The advent of mass education has highlighted the fact that some groups continue to be left out, whether because of a "levelling process" resulting from more widespread and equal opportunities or because the

expansion, "oversold" as an instrument of equality in society, has failed to break the elitist nature of educational achievement. Nor are the "underachievers" always those from the underprivileged strata of society. This underlines the reality that, if the school cannot eliminate social inequality, it can at least ensure that the educational process provides more equal *educational* treatment to *all* children according to their different needs and backgrounds.

New considerations of how to deal with the needs of special groups in society have also come to the fore. Some countries, are beginning to be concerned, for example, that the provision for certain special talents (music, the arts, etc.), seems to have fallen behind. Other countries are concerned with educational provision for special minority groups in their societies, such as migrants and various ethnic and linguistic groups. All countries are concerned with ensuring adequate provision for children having special *handicaps*, both physical and mental. Presumably it would be against the educational principles of OECD countries to move too far in the direction of *special education*, but adequate provision for those special needs may be necessary to ensure the fullest possible participation of these people in the general education provision of society.

This is the context in which OECD will continue its work on education and equality over the next five years.

Infant Mortality Rates — Italy

(deaths per 1000 births)

	Still-births	*Deaths in first week*	*Deaths in first year*
Mothers with no certificate or degree	24.6	28.0	30.8
Mothers with primary school certificate	14.7	16.0	12.3
Mothers with first-cycle secondary school certificate	10.1	14.1	7.8
Mothers with university degree	10.0	8.2	3.4

Source: *Centre for Educational Research and Innovation.*

Early Childhood: An Integrated Policy for Growth and Development

There is a general malaise among governments in the OECD area about how the very young are being cared for and educated. In response to this concern OECD's Centre for Educational Research and Innovation (CERI) is enlarging the scope of its programme on early childhood which began with the examination of education for small children (1). The following article describes the content of and reasons for this new approach.

Several factors are at the root of the current concern about policies for young children.

• First among these is the fact that the number of working mothers is on the increase throughout the OECD area and that crèches and other day care facilities are far from adequate even in a quantitative way, although they have expanded massively in several countries.

• A second concern is with the social and psychological consequences of the changing family situation especially in poor urban areas. Single parent families are on the rise (see chart) and in one United States city more than half the babies are born out of wedlock. Not only are divorce rates increasing, but there are more cases of neither parent wanting custody over the child. Even infant mortality statistics are surprisingly high in some countries—the rate varies from 10 per thousand to 45 per thousand within the OECD area alone—and varies from one socio-economic class to another (see table).

• The question of finance is a major one since the care and education of small children is very costly because of the need for a high ratio of staff to children. The question of how much priority to give to early childhood education, at a time when government expenditure is being cut back on many fronts, is a problematic one.

• Fragmentation of the services centering on young children—medical and dental care, education, legal service, day-care, full time care, family allowances of various sorts—means there is no single coherent policy towards early childhood. Not only are the services supervised by different Ministries or levels of government, but they are geographically separated in a way that makes it difficult for parents to utilise them.

• Ideas about child care are changing rapidly: research on young infants is a complex and dynamic field (2), and new models of how infants learn—and when—are emerging as well as new concepts of how the physical, mental and emotional development of the child are affected by experience in childhood—and even before birth.

OECD's approach will be to explore the possibilities of an inte-

(1) One book on this subject has already been published: "Developments in Early Childhood Education", and another will be coming out shortly entitled "Early Childhood Care and Education: Problems and Issues".

(2) A project on the learning sciences designed to bring the researchers and policy makers together is now being completed, and the results will be published in 1977.

grated policy for childhood which combines research with actual developments, recognises that day care has an educative as well as a "caretaker" dimension, and brings the family into a central role. In short the idea is to aim at an overall environment which will be favourable to the child's growth and development.

The five main themes of OECD's new project will be:

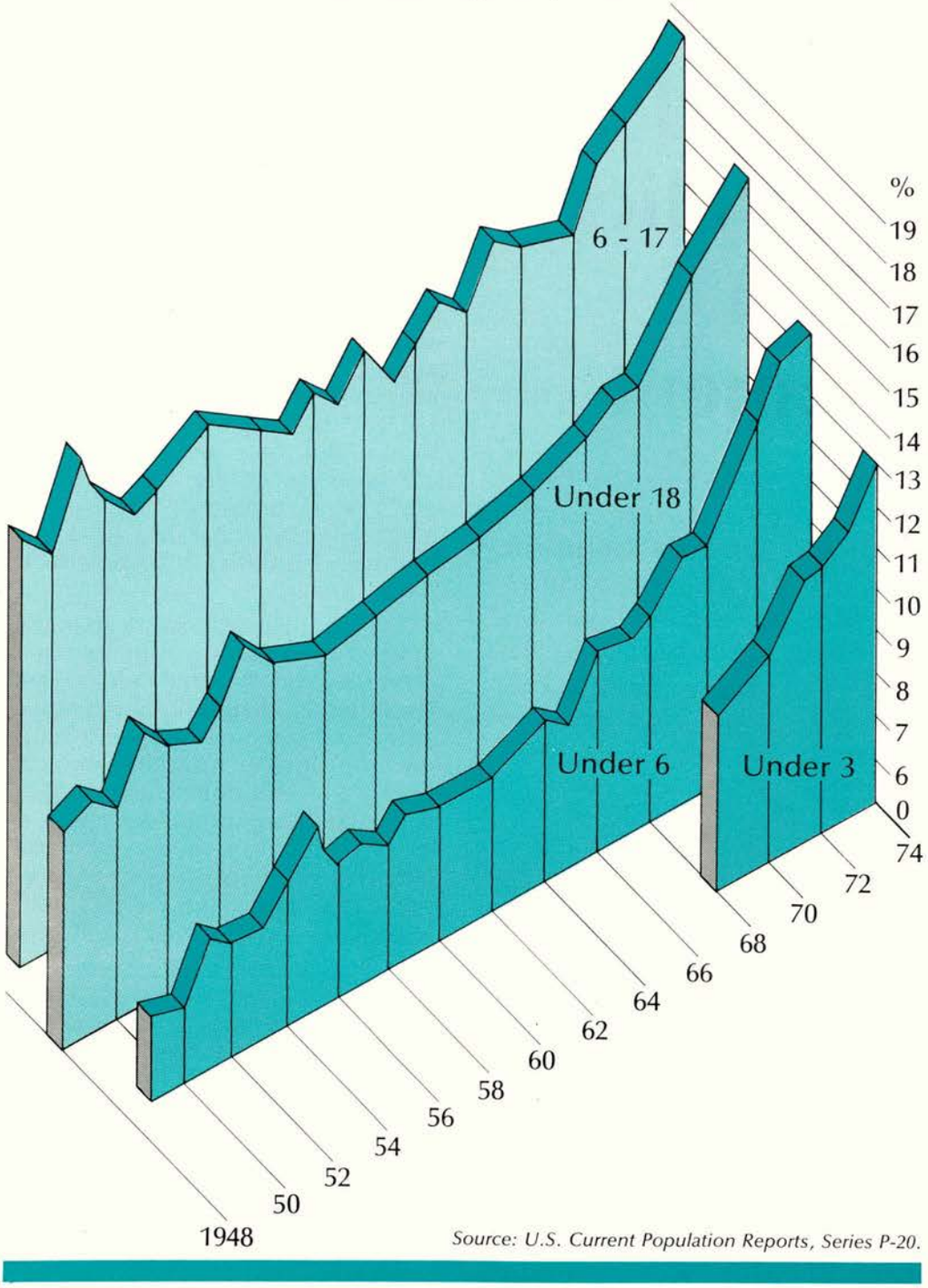
• Coordination and Integration of Children's Services

First, specific experiments with an integrated policy for early childhood in various Member countries will be analysed. Second the relationship between health and psycho-educational services will be examined in more detail. General practitioners, midwives, pediatricians and nurses have not only influenced educational behaviour directly, by imposing sanitary and health standards, but indirectly by espousing educational ideologies which mothers faced with the immediate difficulties of learning how to feed and care for a child are inclined to accept.

Parallel to the medical system is the system of early childhood education in which psychologists, school teachers, social workers and analysts participate. The two systems—not

SINGLE PARENT FAMILIES IN THE U.S.

as a percentage of all families with children under 3, 6, 18 and 6 through 17 years



Source: U.S. Current Population Reports, Series P-20.

Day nurseries in Canada, operated with the help

to mention individual elements within each system—may involve conflicting concepts.

• Social Management and Participation

Second, the management of crèches and infant schools will be subjected to study. Parenthood today is an isolated experience, especially in urban communities, and this compounds the normal difficulties of the parent/child relationship. If there is an open system of management of crèches and infant schools, parents can be brought out of their isolation and a new climate can be established in which teachers, parents and social workers participate in the socialisation of the child; the institution itself would be seen as a positive experience for enriching childhood rather than as part of the welfare system.

of subsidies from the Government's Local Initiatives Programme (upper left), at Montreuil in France (upper right) and New York City (below).

A number of countries have recently embarked on large-scale programmes of collective day care: ("gestione sociale" in Italy, "communal democracy" in Sweden, playgroups in Britain, "nourrices" in France, Kinderläden in Germany). The advantages and disadvantages of the various approaches will be studied. The problem of institutionalisation of children under three has been thoroughly debated, but there is little evidence about the impact of partial separation on either the child or the family. Cost analysis will be useful to countries which have not set up any massive system of day care. But the analysis must not be solely in terms of expenditure: possible savings that can be realised if the day care centre acts as a screen for early detection of disease and/or personality disturbances must be taken into account as well as possible long-term benefits in terms of educational proficiency and social adaptation.

• Training of Staff in Socio-educational Services

The disparity in the training of the various groups responsible for child care has resulted in an extreme division of labour and a rigid job hierarchy which seriously interfere with teamwork, CERI's experts have found. There is a need to rationalise the whole system, drawing up a list of the various kinds of child care personnel and the type of training now received as a first step towards a more rational situation. With the lower birth rate, work periods could be rescheduled and long-felt retraining needs at last be met.

• Legal and Economic Prerequisites

Data on costs is exceedingly difficult to come by because early childhood education is financed by different bodies—central government, municipalities and private organisations—and by different bodies within the central government: maternity benefits come from one source, for example, public subsidies for pre-primary care from another. In addition there are family allowances, state contributions to kindergarten, tax rebates. Here too the high cost of facilities for young children must be considered in relation to benefits: they may for example be less expensive than social services designed to remedy the disastrous effects of child neglect.

On the legislative side, the problem of childhood rights as they are enforced today must be investigated and an assessment made of how these rights should change in light of social trends. If the child is a legally recognised person at birth, his rights in the family and at school should be defined.

A second area of exploration will be legislation that has been developed to protect the child on the grounds that he is unable to assume entire responsibility for his behaviour. Existing legislation is diverse and sometimes in contradiction with actual practice. One concrete theme, for example, may be the position of the child in divorce laws, a question relevant to more and more children. →

• Production and Dissemination of Information about Children

The concept of childhood as an independent phase in human development is a very recent one, intimately linked to the growth of scientific knowledge about the needs of early childhood and the learning and development processes of human beings. And the research has practical implications for the day-to-day proficiency of parents and those professionally responsible for the care and education of children. If a child-centred social policy is to be worked out, it is necessary not only to have a picture of the prevailing ideas about children and their needs but to find out how practical problems—personality difficulties, for example, or loss of a parent—are being tackled in various places today.

Both parents and educators need knowledge about at least three types of processes: the many and varied requirements of child-care, the learning process (early stimulation, play, cognitive progress) and the factors making for optimum social development. Present sources of information are very diverse, ranging from the mass media and Dr. Spock to parents' and teachers' own childhood experience and the advice of relatives and friends as well as doctors. But the socio-cultural channels through which knowledge about the care and upbringing of young children circulates has not been systematically examined.

Socialisation research—on the conditions under which children develop and the process connected therewith—covers a wide range of disciplines: from psychology, social psychology, social anthropology and sociology to demography, economics and law. Such research will remain remote from the actual problems of childhood unless it is linked more closely to real situations and feedback is established between research, practice and policy.

The Demand for Education

Forecasts of the rate of growth of post-compulsory education have proven to be extremely erratic. Some countries which expected a faster rate of growth in the Seventies than during the Sixties have found the rate slowing down or even declining. Others have had larger growth than they had predicted. The result has been uncertainty about forward planning of educational provision, unused school capacity in certain cases and unsatisfied demand in others. Neither demographic factors nor the labour market situation adequately explain these discrepancies. OECD's Secretariat has tried, therefore, to analyse the determinants of demand for education by individuals—to "open up the black box"—so that governments may be able to plan educational outlays more efficiently and/or influence the orientation and magnitude of demand (1).

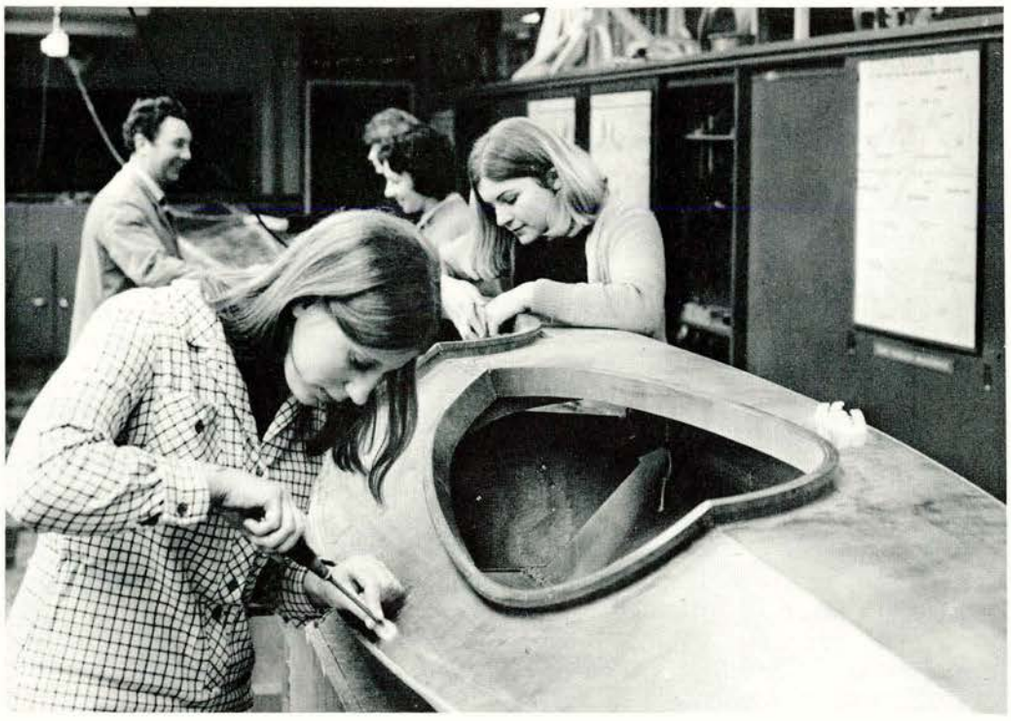
The factors which affect individuals' decisions about whether or not to stay in school beyond the years of compulsory education—and what to study—can be grouped into four categories:

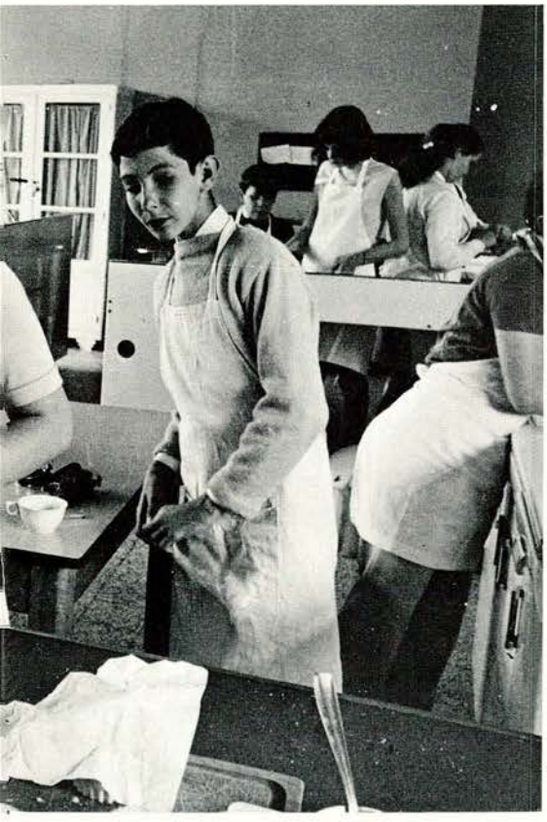
Psychological and Individual Characteristics

Chief among these, according to OECD's findings, is the vocational motivation. The weight given to different elements—social position as against a high salary, for example—vary somewhat, but professional concerns were uppermost in the minds of most pupils and students surveyed. In France, for example, the growth rates of different *baccalauréats* indicate growing interest in the subjects which have the most professional outlets: the number of students taking mathematics, which leads to the *grandes écoles* and hence to the most varied and assured careers, is growing while the number trying for the philosophy bac is declining. But the fastest growing options of all are those clearly related to particular vocational sectors.

In Sweden, in spite of recent changes in student composition, there is still much competition for

(1) Studies have been carried out in five countries—Germany, France, Greece, the United Kingdom and Sweden. In addition, an analytical report draws together the latest research findings in these and other OECD countries.





Efforts to eliminate sex-stereotyping (above) *in the United Kingdom and in Belgium* (left).

entry to fields of higher learning which have guaranteed or almost guaranteed outlets (medicine and civil engineering). In Germany too an enquiry among some 4,000 representative students showed that the most frequent reply to the question of why they had taken up their studies was the wish to enter a specific profession.

Sex-role stereotyping also appears to be a major psychological determinant of the possibilities judged to be "reasonable" by boys and girls, although it seems to be less common among families in which the parents are well educated. Girls often have higher educational aspirations than boys but tend to concentrate on certain "acceptable" fields like literature and languages which have fewer professional outlets and often less rewarding ones from a material point of view. Institutional arrangements and school requirements tend to reinforce the image of such studies as "right" for girls and hence increase the likelihood that more young girls will choose these fields in future. Girls are often led, it appears, to make professional choices which maintain them in a subordinate position, whatever their academic ability. OECD's study has shown that, in Sweden, entrants into "nursing and care"—nearly all girls—tend to have a higher academic standard (as shown by school marks) than those—mainly boys—who enter medical school, and it is "harder" to get into the nursing course than into engineering school.

Efforts to reduce the sex-role in student choice have been made in a number of countries, particularly in Scandinavia. Textbooks with girls and boys in stereotyped roles are being replaced, and there is optional or even compulsory mixing of "traditional" male and female subjects of study.

Social and Familial Forces

The central role of a child's "social origins"—as shown by the profession of his father and sometimes of his mother—on pupils' choices has been much emphasized (2). The term covers such diverse elements as cultural practices, values, linguistic expression, expectations for children and their relationships with others, child-rearing practices, information on education and the labour market, reading habits and preferences. Inevitably, families "high" on the social scale provide a privileged environment for their children which is reflected in the latters' performance, attitudes and educational choices. Despite many attempts to "democratise" access to education and to mitigate the impact of home environment on success in school, all the studies made by OECD point to the dominant role of social origins in determining educational careers. It is still a socially select group which attends the *numerus clausus* faculties (medicine and engineering) in Sweden, Germany and Greece and the *grandes écoles* in France; the stronger the academic selection at entry, the more socially selective the institution.

Social background in every country seems to be particularly crucial at the time when the decision to leave school or to stay on is made, and there is a strong correlation between this decision and the pupils' social origins. Fifth formers in Britain from families of non-manual workers are twice as likely to stay on at school as those from manual workers' families. One reason for this situation, which is a universal one, may lie in students' reactions to school itself as a pedagogical experience. A British study shows that a large number of students leave school at the earliest possible age because they are "fed up", and these are mostly children from homes which are "low" on the social scale. It would be important, OECD's report suggests, to know more about the school "climate" and the learning environment—whether for example there is a basic conflict

(2) The subject is discussed in detail in a 1975 OECD publication Social Influence on Educational Attainment *by Torsten Husèn.*

between what young people expect from the learning process and what is expected of them in terms of behaviour. Many of the "hard-core leavers" have creditable examination results and could perfectly well be considered a "success" in academic terms, but they still want to leave.

Economic and Financial Elements

In all countries, economic considerations affect pupils' and parents' educational decisions, both positively—as a motive for continuing education in subjects which are expected to lead to high earnings—and negatively—as a deterrent to continuing education when there is a pressing need to earn money. The OECD analysis shows clearly that it is more expensive for families to keep children in school between the ages of 16 and 18 than later on when more financial incentives are available. Yet if talented youngsters drop out at age 16, an irreversible loss is incurred. This suggests that low and medium-income parents should be encouraged through financial incentives to keep their children in upper secondary education and that financial aid might advantageously be shifted back to some extent from higher to upper secondary education.

Structural and Institutional Factors

• *Age, streaming and key subjects*

Age is an important influence on individual demand for two reasons. First, choices which have to be made early on are likely to be made on the basis of immediate constraints—marks obtained, peer group pressures, present interests. Later growth and development of the child may show that these choices have been the wrong ones, but in all of the countries studied they easily become irreversible. Second, age is important in some countries, particularly France, because it is one ingredient in a teacher's judgment of a pupil's capabilities and hence influence his orientation.

The report suggests that this is an area in need of review as is the importance given to success in certain subjects. Mathematics is a prime example—as Latin used to be—of a subject which opens the doors to certain "noble" streams of study if a student is successful in them, and leads him to be considered a failure if not. And this may be the case even if the subject is not really necessary for success, either in the school itself or in the profession to which it leads.

The need to make early choices—plus the length and complexity of educational routes—tends to mean that children and their parents have to work out quite elaborate strategies—and predict the consequences of apparently simple alternatives—for many years ahead. The compromise between choices involving "high-interest/high-risk" and "lesser interest but safety" may be particularly crucial. Children from more privileged families can afford to take the risk involved in aiming at socially and professionally rewarding streams of study. Moreover they are encouraged to do so by their family milieu. The less privileged, on the other hand, even if they are good students, are hesitant to try for the most potentially rewarding fields because they are more difficult and the cost of failure can be prohibitive. Hence they tend to compromise on a lower level of aspiration: their first choice of subject corresponds to the second choice of more privileged children. In this process not only will the individual be frustrated but society may lose talent. Helping those who do not have self confidence to gain it, may be an important educational function which could result in a broader segment of society trying for more rewarding jobs.

• *The terminal-transfer dilemma*

The balance between terminal and transfer possibilities is important in this context. If the school system emphasises the transfer potential of a course, this suggests to pupils that they *should* go on to the next stage and, therefore, tends to connote "failure" for those who do not, even if they acquire a diploma at the end of the first course; and the diploma itself may lose its value in terms of getting a job. Yet if the terminal aspect of the course is emphasised, it may be difficult for students to continue in education should they wish to.

The country reports submitted to OECD strongly suggest that the balance between transfer and terminal is particularly important in technical or vocational education. If, as is generally the case now, the course, is a terminal one it can tend to become a "ghetto" for the least successful products of the educational system. But there is no inherent reason why this should be so. In Sweden, for example, student interest has swung sharply towards vocational education and away from more academic lines. In France too, the more vocational baccalauréats are rapidly gaining ground.

• *Credentials and admissions policies*

OECD's studies show that many choices about subsequent studies are based on marks obtained, particularly in mathematics and languages. Thus in Sweden, where a "swing away from science" has been noted, it seems to be related to the difficulty students have in obtaining high enough marks in the natural sciences to obtain a place in the relevant *numerus clausus* institution. Even though many students seem to be interested in science, longer hours of homework and the greater effort involved in pursuing the complex curriculum are not necessarily offset by a greater likelihood of success in examinations.

Policies for each cycle of education moreover affect student choices *below* that level, as pupils adopt long-term strategies for education. One example: because of changing

New Entrants into University Level Education in Two Ten-year Periods

	1964/5 1955/6	1974/5 1965/6	Difference
Denmark	2.9	1.8	— 1.1
France	2.7	1.2	— 1.5
Germany	1.5	2.1	0.6
Italy	2.1	2.2	0.1
Japan	1.6	1.5 (1)	(— 0.1)
Netherlands	2.5	1.4	— 1.1
Sweden	3.2	1.3	— 1.9
United Kingdom	1.7	1.4 (2)	(— 0.3)
United States	1.7	1.0 (2)	(— 0.7)
Yugoslavia	1.8	2.0	0.2

(1) Last year 1972/73.
(2) Last year 1973/74.

Better information for pupils—and parents—can help to eliminate social bias and open up the most rewarding fields of study to a wider range of students.

entry requirements, some pupils deliberately choose academically less-demanding streams in upper secondary school so as to be sure of getting high enough marks to enter the higher-cycle institution of their choice. Such strategies demand considerable knowledge of the likely consequences of any choice, and this puts students who are less well informed at a considerable disadvantage.

Finally, certain kinds of admissions policies encourage students, who feel that they are qualified, to continue in education as long as possible, whether or not they are really motivated to do so, and to aim as "high" as possible, so as to be able to fall back onto a less ambitious programme if necessary. If it is hard to change direction in this way, students may be driven to go on as long as possible before giving up. This suggests the potential importance of breaking up the system of "automatic" and immediate transfer between cycles and encouraging students to take a break before returning to school or college. It also suggests the need to maintain a flexible policy towards late entry into higher education and to emphasise the "temporarily terminal" nature of many or most upper-secondary courses.

The Need for Better Information

Some of these factors, particularly those emanating from the socio-cultural backgrounds of individual students, are very difficult to influence directly, at least in the short run, but others—and in particular the institutional and structural factors—are amenable to policy action. OECD's work in this domain will continue, but at least one tentative conclusion for policy emerges from the studies already undertaken: this is the vital need for improved information services which can help both parents and pupils.

At present there is often an information vacuum about educational possibilities and the jobs to which they may lead, and decisions are based on outmoded information or irrelevant values, especially if the educational system is undergoing rapid change. Most decisions made by children are, of course, strongly influenced by their parents, especially if the latter are well educated, but the parents may be out of touch with the realities of current educational choice. In any event, parents are more likely to be well informed if they are well off. Thus in matters of information too, the ones favoured are those from already favoured homes.

Less privileged children depend, throughout the educational cycle, on sources outside the family, preferably the school guidance system if one is available, and the OECD study documents fully the crucial role of information and guidance in the educational and career decisions of students from lower social strata.

School guidance would be one important component of an effective information system. Another would be information for parents designed to bring them closer to the educational process by informing them of changes in structure, curriculum, and the associated consequences, educational or otherwise. A well-designed information system would also collect, analyse and disseminate information relevant to existing and/or future labour market conditions.

Ideally, information systems should be designed to take in the more stable, long-term factors, but even a system which focusses on shorter term variables could be a valuable planning instrument. The OECD study suggests that it would be possible to establish an appropriate data collection system designed to monitor changes in pupils' attitudes—particularly among the so-called "marginal groups"—as the first step in an early warning system for educational planning purposes.

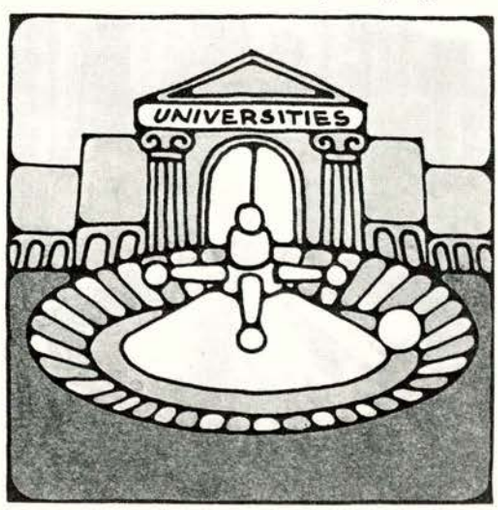
Admission to Higher Education: an Elitist or an Egalitarian Selection Policy?

The idea of stricter control over entry into post secondary education is gaining ground. Formerly supported mainly for the purpose of safeguarding standards, this type of control is more and more being advocated for reasons of equity since it permits various forms of "positive discrimination" in favour of the less privileged. The advantages and disadvantages of more explicit control of entry are discussed in the following article by Dorotea Furth of the OECD's Social Affairs, Manpower and Education Directorate.

In recent years access to post-secondary education has become a central issue in political and academic debates in OECD Member countries (1). In continental Europe, with its century-old tradition of "open access" to universities, the approach to this problem is different in many ways from that in countries such as the United States, Canada, Japan or the United Kingdom where selective university entrance has existed for a long time, often criticised and even modified, but never seriously questioned.

As recently as the late 1960's proposals for introducing selection into European universities met with considerable resistance from groups having very different educational and social ideologies. In the first place, restricted access was viewed as being in open contradiction to the basic civil rights of individuals since most certificates awarded by the academic secondary streams (Abitur, Baccaleaureat, Matura) marked the completion of studies, and also granted the legal right to enter university. Secondly, the lack of valid and reliable assessment procedures with which to predict future educational and professional performance, plus the well-known social bias introduced by these tests and exams, served to reinforce the scepticism of both the groups defending an elitist conception of the universities and those advocating the further democratisation of university studies.

It is interesting to note that until the late 1960's the issue of restricted entry into universities tended to be viewed, even by some of the most radical students and academics, in relative isolation from the selection process in the rest of the educational system; it was rarely mentioned that "open access" to universities concerned only a privileged minority and one which had succeeded in overcoming the selection hurdles of the earlier stages. Even those who rightly argued that the main result of formal selection schemes would be to block the opportunities for the small but increasing number of low-income students qualifying for entry into universities, seemed to be far less critical of the hidden forms of selection which lead to similar results, in particular the elimination of many of these same students during the first years of university studies.



The 1970's appear to be a period of significant change in admission policies in post-secondary education. While financial and employment constraints play a crucial role in accelerating the process of change, recent proposals and actual reforms are also backed by social and educational considerations which reflect *a different approach to selection.*

From an educational point of view, the gradual introduction of *numerous clausus* in European universities is directly related to efforts to reduce selection during the earlier levels of education and postpone it to a later stage. This trend has been evident for quite some time in non-European OECD countries (United States, Japan and Canada) where selective universities and mass, more comprehensive secondary systems coexist. While in Europe the introduction of restrictive entry into universities results in part from the democratisation of secondary education, *it could also be argued that certain forms of selection at post-secondary level may play an important role in democratising secondary schools and accelerating their reform.* Governments are more likely to expand and diversify upper secondary level education if graduates are not automatically guaranteed direct entrance into post-secondary education since such a guarantee would require a parallel and simultaneous expansion of post-secondary education.

Strong social arguments are now being advanced in favour of more explicit and organised forms of selection at post-secondary level, particularly within those sectors which are perceived as costly subsidies to the more privileged groups of the population. It is in fact being argued that the policies of passive response to spontaneous individual demand which prevailed during the Fifties and Sixties have mostly benefited young school leavers of middle class origin who had already been favoured by the expan-

(1) The problem is dealt with in "Selection and Certification in Education and Employment" to be published shortly.

At City University of New York, which has an open admissions policy, classroom space has been strained and temporary facilities like these plywood boxes have had to be erected in the Great Hall.

sion of opportunities at secondary level. It is considerations of this kind that are leading to what may be termed more *discriminatory admission policies at post-secondary level*.

A clearly-stated objective in several Member countries is that restrictions in the intake capacity of post-secondary systems should not affect all candidates in the same way. At least two target groups are being clearly differentiated, each subject to a different policy:

- more stringent selection procedures among secondary school leavers, particularly among those coming directly from academically oriented streams
- greater accessibility for adults and/or people who do not have the traditional formal qualifications.

Secondary school leavers still represent an overwhelming majority of the demand for post-secondary education. Far more progress seems to have been made in limiting entry for the first group than in enlarging opportunities for the second. With the exception of countries like the United States, Canada, Norway, Australia, the United Kingdom or Sweden, the number of adults without formal qualifications entering at post-secondary level is marginal; in highly selective institutions it is practically nil.

Since the trend is to channel the two groups through different admission procedures, the problems and issues need to be condidered separately.

Selection Among Qualified Secondary-School Leavers

The trend towards narrowing entry into most sectors of post-secondary education and dissuading academically oriented secondary school leavers from proceeding directly to the next level has brought to the fore the question of what methods and criteria should be used so as to select equitably from this pool of candidates.

• *The "Backwash" Effect*

Decisions on this matter are highly relevant to global educational policy since, by determining the nature of the links between secondary and post-secondary education, they bear on the future of both levels. Indeed, when secondary school opportunities are enlarged and more stringent admission standards imposed at tertiary level, one major consequence is that school certificates are no longer a sufficient condition for entry into many institutions and fields of study. Since additional entry requirements tend to take the form of subjects covered and/or marks obtained at the preceding level, there is a risk that secondary schools will be forced to pay undue attention to the role of pre-selection at the expense of their other functions.

Free access to universities undoubtedly has the advantage of enabling certain students to prove themselves during the first years of studies, a strong argument for those in favour of self-selection after entry. If this last chance is taken away and there is no real opportunity for recurrent education, the competition to enroll in upper secondary streams with high "transfer potential" and the concern with marks and other indicators of performance at this level are likely to be stronger than in the past, since they become even more decisive for the student's

future educational and life chances. There are already clear signs of this "backwash" phenomenon, particularly in Germany, where entry into university is being restricted at a time when demand for entrance is steadily rising.

The fierce competition for entry on the basis of minimal differences in secondary school marks, often expressed in decimals, is exerting a serious strain on teaching and assessment at this level and being criticised by all parties involved since the differences can scarcely be considered to have any predictive value.

• *Artificial Demand*

It should also be noted that the importance accorded to secondary school options and marks by selective higher-education institutions may encourage the phenomenon of "artificial demand". Students who have good marks or who have taken "noble" subjects tend to choose restricted sectors of post secondary education, not necessarily because they are interested in the studies or professions to which they lead, but because such paths are perceived—most often rightly so—as a guarantee of higher educational standards, better employment prospects and higher financial rewards. This tends to be the case for medical studies which are sought by a large number of young people who are talented in mathematics and other basic sciences (common entry criteria) but not necessarily motivated or particularly qualified for the practice of the profession.

• *Motivation As A Criterion*

Several European countries, e.g. Sweden, Norway, Germany and the Netherlands are beginning to adopt strategies to mitigate the injustice resulting from the excessive importance attributed to school marks as entrance criteria for higher education. While ranking of candidates according to secondary school marks continues, there is a trend towards establishing fewer and larger categories to be used as a first broad classification.

Since it is now widely recognised that marginal differences may be due to luck or other uncontrolled variables, criteria other than achievement, are being introduced to differentiate with greater precision. These range from the use of lotteries to efforts to identify the degree of candidates' motivation by examining their work experience, relevant extra-curricula activities, etc.

The use of motivation as a criterion is gaining ground, and some experiments are underway in which a quota of highly motivated students are granted entry into selective institutions despite their lack of other qualifications. There are indications that performance of such students is equal to or even higher than that of candidates with the formal qualification requirements.

The problem, however—beyond that of defining indicators of motivation—is how a decision to admit students who are formally less qualified than those rejected can be made acceptable. The best-known example of the kind of conflict which may arise is the De Funis vs. Washington University case in the United States which had to do with racial quotas. It revealed a lack of consensus both at national level and within the academic milieu, on the use of non-academic criteria for selection purposes. There have been other cases in the United States and also in Germany of rejected but qualified candidates appealing to the courts.

• *Reliance on Marks*

In the United States, school marks are still generally considered the most valid criterion for recruitment into colleges and universities, but they are used in combination with standardised aptitude and achievement tests which permit comparison, on a national basis, of candidates coming from a highly decentralised and diversified educational system. More recently, however, observers of the American system have been questioning some of the assumptions underlying the use of achievement and other predictive indicators for admission into selective institutions.

One argument against exclusive reliance on marks and test results is that, although they have a predictive value for performance at the next educational level, they bear little relationship to performance beyond schooling. However if marks and grades were to measure characteristics which are considered central to the educational process—e.g. analytical and critical ability, problem-solving capacity, tolerance of ambiguity, etc—they would be far more useful and relevant for purposes of certification and occupational placement than at present.

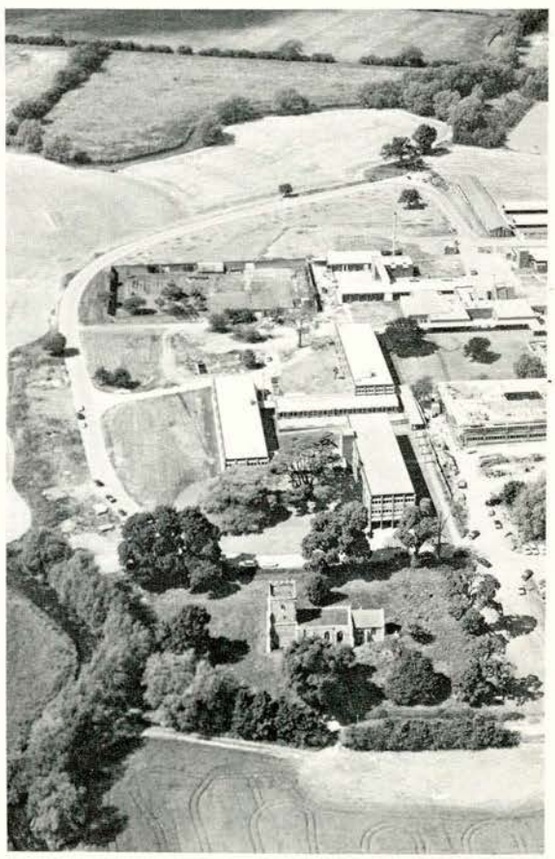
• *The Question of Competency*

Recognition of the "lack of relevance" of certain academic programmes and the increasingly evident "mismatch" between education and employment have highlighted the need to identify different kinds of academic and professional competencies. Research on this matter has been undertaken in the United States, the object being not only to reform admission procedures and to introduce competency-based curricula into regular school programmes but to show that such competencies can be acquired outside formal education.

• *The "Value-Added" Approach*

Another current argument is based on the value-added approach to the goals of higher education; it suggests that "admission procedures should be designed to select students who are likely to be influenced by the educational process, regardless of

One must be at least tw
British Open



their level of performance at entrance. Instead, admission officers in selective institutions function more like race-track handicappers: they merely try to pick winners. Handicappers, it should be stressed, are interested only in predicting the horse's performance, not in helping it to run better and faster." (2)

It is obvious from the above arguments that the debate about access to and selection in higher education will remain sterile unless serious consideration is also given to the methods and criteria used for selection and their likely impact on different target groups.

Facilitating Access for Adults

Evidence points to the fact that the slow but continuous increase in the number of adults entering formal education in most Member countries may well be crucial in effecting change at post-secondary level. While there is certainly no consensus about the consequences of greater adult participation, one thing is clear: *either* the existing institutions of higher education will effectively meet the challenge of responding to the needs of these new groups *or* resources will be diverted to other institutions and sectors. Adapting post-secondary education to the requirements of recurrent education and facilitating access for adults can be justified on grounds of social policy but also in educational terms since increased adult participation may help the higher education institutions themselves to reform—or even to survive.

A major characteristic of recent schemes is that they exempt adults from certain formal educational requirements on the assumption that work experience or motivation may be at least equally relevant for success in post-secondary studies.

- *A Minimum Age*

One way to reach older groups who lack formal educational qualifications is to set a minimum age of entry—21 to 25 years is the usual range. Such a requirement ensures that candidates have been out of the school system for a relatively long time. In the British Open University, where age is the sole criterion for admission, students are accepted for a trial period during which their capacity to meet the standards of the institution is tested. When places are limited, the criterion used is the time of application: first applicants get first choice.

- *Credit for Experience*

A relatively new and potentially more significant approach is to award formal recognition to applicants' work experience. In the few countries experimenting along these lines, there is considerable variation in how work experience is defined and assessed and how much weight is given to this criterion.

The so-called "25/4 scheme" recently introduced in Sweden is perhaps the best-known example in Western Europe of a national policy aimed at ensuring greater adult participation in higher education. The scheme stipulates special entry conditions for people who are at least 25 years old and have at least 4 years of work experience, defined very broadly to include both paid and unpaid work, i.e. child rearing. Entry requirements, however, are more conventionally defined: candidates have to pass examinations equivalent to secondary school in those subjects which are relevant to their chosen field of study.

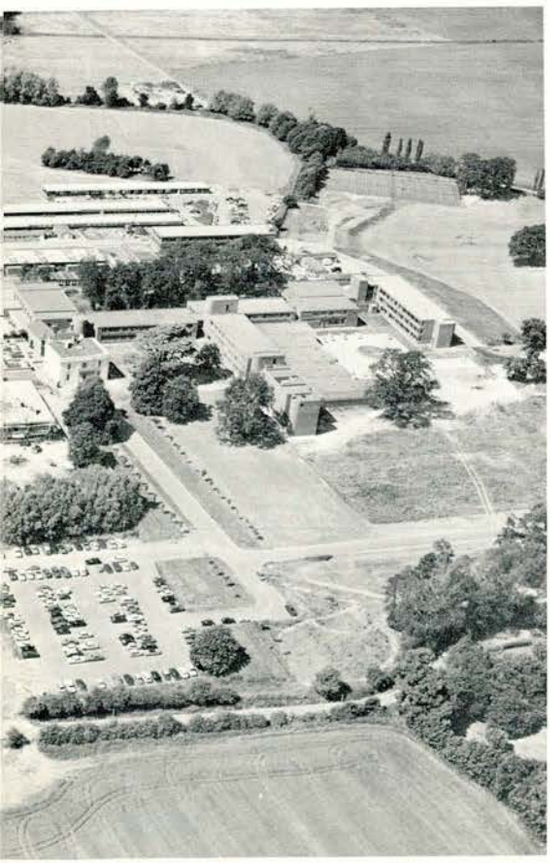
In France the University of Vincennes defines work experience as two years of full-time employment and social security contributions. Candidates fulfilling this requirement who are at least 21 years old in certain cases and 25 years in others, are considered as qualified. It is interesting to note, however, that a number of departments at Vincennes can only award *university* degrees which, in the academic milieu but not necessarily in employment, are considered to have less value and prestige than the traditional *national* degrees delivered by most universities.

Among OECD countries the United States and Canada are probably the most advanced, both as to the variety of schemes and the number of adults involved. In these countries there is less emphasis on years and actual type of work performed than on the overall *learning experience* that takes place outside the formal education system. Furthermore, the problems of assessing "experiential learning" (a term used in the United States) are of critical importance since the aim is not only to determine the relevance of past experience for admission purposes but also to measure the extent to which this experience should be accredited as part of a degree programme.

It is interesting to observe that no country defines work experience in very narrow terms, and there seems to be no clear policy for establishing a correspondence between a given occupation and entry into a particular type of institution or field of study. One reason may be the difficulty for educational officials and academics of classifying jobs according to their relevance to diverse post-secondary studies. Thus technical problems of assessment may become more acute in future if competition for entry draws from a pool of candidates which is enlarged to include those with work experience.

For reasons of social policy, however, a broad definition of work experience seems to be desirable. The higher the status of the applicant in the job hierarchy, the more likely is it that his experience will be considered relevant for entry to an academic institution. Thus, although occupation will no doubt influence the educational chances of

enty one to enter the University.



(2) *"The Myth of Equal Access" in* Chronicle of Higher Education, *September 29, 1975.*

individuals indirectly, it should not become a formal screening device for educational institutions.

Finally, restricting entry to candidates who have relevant practical experience is not without its dangers of social bias. If, for example, entry into faculties of medicine were to depend primarily on work experience in hospitals, people from higher social strata would probably be far better able to find the requisite jobs because they have better connections and, if necessary, can wait for vacancies, so that recruitment would end up by being even more socially selective than the present system based on past educational achievement.

* * *

One conclusion which can be drawn at this stage is that opening the doors of post-secondary institutions to people with different backgrounds is but one step towards a more egalitarian policy. Very meagre results will be achieved if these schemes are not accompanied by a variety of "outreach" activities aimed at ensuring that those who most need further education are the actual beneficiaries of the new options and resources.

Financial Aid for Students

Admission policies cannot be meaningfully considered without reference to the way in which studies are financed. Even the most liberal admission policies, for example, cannot help to democratise the higher education system if the financial barriers to entering—and continuing—cannot be overcome. The following article, based on an OECD study of how this issue is handled in OECD countries was written by OECD Consultant Maureen Woodhall of the United Kingdom.

In many countries the last decade has seen a tremendous growth of expenditure on financial aid to students and a corresponding increase in public concern about the efficiency and equity of student aid policy. Commitment to the goal of equal opportunity, together with the current climate of financial stringency, has caused several governments to reappraise existing systems of student aid, and it is likely that this question will continue to be of major importance in the next few years because of changing trends in public expenditure, demand for higher education, and employment prospects for the highly qualified.

Every country provides some form of financial aid to students to help them meet the costs of higher education. In some cases, student aid funds are provided to help students pay tuition fees, but in countries where universities have abolished fees, students may receive financial assistance towards their living expenses. The extent to which students receive subsidies from public funds, or are dependent on their own part-time earnings or on contributions from their parents, varies considerably in OECD countries. (See table).

Student aid programmes vary too. In most countries the government provides several different forms of subsidy for higher education. In the ten countries studied (1), no less than ten different types of aid to higher education can be found:

- Payments to universities or other institutions to cover the costs of tuition and enable them to reduce or eliminate, fees
- Unconditional payment to all students in the form of a grant
- Competitive scholarships, grants or bursaries awarded on grounds of academic achievement or merit
- Means-tested grants or scholarships, awarded on grounds of financial need
- Repayable loans provided from public funds at low interest rates or in some cases interest-free
- Government guarantees for loans provided by banks or other private institutions at low interest rates
- Part-time employment provided under special employment schemes for students
- Low-cost meals, accommodation, travel or health facilities
- Social security payments to students
- Tax concessions to students' parents.

The Aims of Aid

The basic aim of all student support programmes is to ensure that lack of money does not prevent potential students from continuing their education, but in some countries this goal of equal opportunity is the major objective, while in others the needs of the labour market are also emphasised, for example in schemes specially designed to attract teachers. Several schemes have been developed for students from low-income families, but in other cases governments explicitly aim at treating students equally and promoting the financial independence of young people in post-secondary education.

(1) The ten countries chosen for the survey were: Australia, Canada, France, Germany, Japan, Netherlands, Norway, Sweden, United Kingdom, United States.

Student Assistance in nine OECD countries 1974-1975

Type of plan and proportion of students receiving direct aid

	Type of aid provided by government	*Proportion of university students receiving aid (%)*
Australia	grants	58
Canada	grant + loan	25
Germany	loan + grant	45
Japan	loan	10
Netherlands	loan + grant	n.a.
Norway	loan + grant	70
Sweden	loan + grant	70
U.K.	grants	90
U.S.A.	grants, loans, work-study	10-25

Policy on Tuition Fees

Fees in universities and other institutions have been largely abolished in five of the countries—Australia, France, Germany, Norway and Sweden—but in Canada, Japan, the Netherlands, the United Kingdom and the United States, fees are still charged, although the level varies considerably. Tuition fees are low in the Netherlands and may soon be abolished, whereas in Japan and the United States they are an important source of finance, particularly for private universities and colleges.

However, government policies on fees are undergoing changes in several countries: the British government has proposed a sharp increase in university fees from 1977, and the Australian government is considering the re-introduction of fees for some categories of students.

Grants, Scholarships and Loans

Government aid to students in the United Kingdom and in Australia is given almost entirely in the form of grants: the Australian scheme (the Tertiary Education Allowance Scheme) was introduced in 1973, when the government abolished university fees. In Japan, all student aid is given in the form of loans which in most cases must be fully repaid. The only exceptions are students of very high academic ability or those intending to become teachers or research workers, who may be forgiven a proportion of their loan repayments.

In the other countries students receive a mixture of grants and loans, the loan element varying in importance from case to case. For example, in Canada roughly half the total amount of aid a student receives must be repaid, but in Sweden the proportion is 85 per cent. In the United States some students receive all their aid in the form of a loan, but others are eligible for grants or participation in the Work-Study programme subsidised through federal government funds.

How Many Students Receive Aid and How Much?

The number of students receiving financial aid ranges from 70 to 90 per cent of students in Scandinavia and the United Kingdom to about half in Germany and Australia and 25 per cent or less in Canada, Japan and the United States. (See table).

A straightforward comparison of the average value of student grants or loans in different countries would be slightly misleading since the costs of education vary so much between countries and between different colleges or universities. But there is a striking difference between Norway and Sweden on the one hand, where tuition is largely free, and where students receive a combined loan and grant of $2,000 to $3,000 a year towards their living expenses, and Japan and the United States where students receive loans which must cover tuition fees as well as living costs, and which average only $330 and in most cases under $1,000 a year respectively.

Conditions of Repayment

In all the countries which give loans to students, the government provides some form of interest subsidy so that graduates do not have to pay the full rate of interest that would be demanded by a bank. In Germany and Japan, loans are interest free while in Sweden interest has been charged, since 1975, at 3 per cent, and in Norway it is 6.5 per cent. In some cases, students borrow directly from government funds, as in Sweden or Norway, while in other cases the government simply provides guarantees to enable students to borrow from private banks on favourable terms. In such cases the banks may recover the loan from the government if a graduate cannot repay his loan because of illness, unemployment or low income. The length of time allowed for repayment varies from 10 years in the United States and Canada to over 20 years in Sweden.

There have been some experiments with income-contingent loans in private American universities, which means that students undertake to pay a fixed share of their future income until the loan is repaid. In Germany, Norway and Sweden, graduates may postpone repayment if their incomes fall below a minimum level, but in other countries all graduates are expected to repay their debts, regardless of income level.

Recent Trends

Student aid, whether in the form of grants or loans, is increasingly being given on the basis of financial need, rather than academic achievement of students. In some cases, this means that a means-test has been introduced, but in several countries, notably in Scandinavia, no account is taken of the level of parental income; only the student's own income (or that of husband or wife, in the case of married students) determines the level of aid.

The policy of giving special loans or grants to attract graduates to teaching or other occupations has been declining in importance, although in 1976 the idea has once again become a focus of attention in some countries as a way of drawing students to science and engineering.

There has also been a trend towards lengthening the period over which graduates are allowed to repay student loans and providing greater flexibility—even postponement—of repayment for those with low incomes. The purpose is to ease the burden of debt for graduates who finance their studies by means of loans and to increase the acceptability of loans among students.

In most countries student aid is far more generous for full-time students in higher education than for those in part-time education or correspondence courses. The Swedish aid system is unusual in taking particular account of the needs of adults who want non-traditional types of education, but even the Swedish government feels that the present system may not provide sufficient support for adults, and the present system of aid is now under review. On the whole, however, governments have been fairly slow to adapt aid systems to the needs of adults and part-time students.

Several countries have recently begun to pay more attention to financial assistance to pupils in upper secondary education, recognising that it is just as important to prevent pupils from leaving school for financial reasons as to remove financial barriers to entry to higher education.

Effectiveness

Advocates or opponents of particular types of aid such as grants

or loans, sometimes make exaggerated claims about their virtues or weaknesses, but the evidence shows that one type of aid is hardly ever uniquely associated with the effects claimed for it. The majority of countries have a mixed system of student aid combining in some way grants, loans and indirect aid—food or travel subsidies. Arguments against loans, such as that they discourage women students, who are afraid of a "negative dowry", are not supported by the evidence. But neither are claims that a loan scheme offers dramatic savings of public funds when compared with student grants.

Several countries, such as Sweden and Australia, are currently re-evaluating existing systems and considering whether alternative methods of aid should be introduced. In the next year OECD will be examining the link between methods of financial aid for students and admissions policies in Member countries. Thus, the debate about the effectiveness of alternative strategies for student aid is likely to continue for many years.

School and Community: Achieving Closer Links

Are schools in OECD countries related to their local communities in an optimal, or even in a fruitful way? Obviously the answer to this question is a matter of judgement based on political and social values, and these may differ. However, a strong current of concern over school-community relationships has come to the surface at the top policy levels of many OECD countries, and this is reflected in the coming meeting of the European Ministers of Education for which this topic is the major theme. One of the OECD contributions to this meeting will be a report by its Centre for Educational Research and Innovation (CERI) attempting to establish a general framework for investigation of the school-community relationship (1). The following article is written by Beresford Hayward, in collaboration with Susanne Mowat, both of the CERI staff.

The nation-wide expansion of OECD school systems in the past fifteen years has resulted in great public visibility for the schools at a time when many social institutions are open to the criticism that they fail to respond to the changing conditions of modern times. One important manifestation of this critical attitude is the suggestion that the schools should become more sensitive and responsive to the needs of people in the local community and region.

However, the study of this problem involves the relationship between two of the most complex "subsystems" of human organisation—the school on the one hand and the community on the other. This relationship is made even more complex by the fact that the school is both a community in itself and at the same time part of the wider community within which it is located. The community can be seen as a broad grouping of people, located within somewhat defined boundaries and related to each other by social, economic and civic activities which produce a cohesiveness sufficient to develop a history and an identity. Communities are more easily recognised when they take the form of small towns or villages, although local communities can exist within larger urban areas. The problem however is much more complicated: racial or ethnic groups form "communities", which may go beyond geographic continguity, affecting the actual operation of the geographic community. Uncontrolled urban growth may result in a disarray in which it is difficult to discern communities at all.

The school may be more simply defined as an institution set aside to perform a specific function—to educate. The central characteristic of the school is that it provides a protected environment in which a professionalised personnel guides a designated population, usually the younger age groups, through experiences which are designed to promote their socialisation.

There can be no definitive "best" school-community relationship, but policy may be required to respond in some way to the growing insistence that local values be given an effective weight at least equal to that imposed from the outside. Yet modern societies could also be expected to insist that no child be victimised for the sake of local whim, accident or backwardness. This is the dilemna which confronts policy makers and to which policy-oriented research and development must endeavour to bring new answers.

From CERI's investigation of school-community relationships, including a series of actual innovative examples in Member countries, some major questions have emerged (see box), and these constitute a framework for further study.

Government Policies in Support of New School-Community Relationships

Many of the more central levels of government—state, provincial or national—have policies designed to facilitate new school-community relationships, and the wide range of existing measures illustrates the multiplicity of possible approaches in this field.

For example, a Swedish Government initiative aims at making the school the vital centre from which to

(1) The Relationship Between the School and the Community *a study to be published shortly.*

improve the organisation of community services for children and young people and to bring community influences to bear on the schools so that they better reflect community needs. Programmes with similar objectives have been fostered by governments with such different structures as France, the United States, the United Kingdom, Norway, Denmark, Canada and Portugal, to name a few. However, these programmes have run into a number of problems. For example, there is the traditional concern of the teaching profession, which may see such initiatives as upsetting their established procedures or as reducing their control over professional operations within the school.

Another kind of problem is that the programmes to stimulate greater community participation in schools and other social services may activate conflicts within the community which had been dormant, giving rise to more problems than existed in the first place. Experimental school-community programmes seem to have a low survival rate, particularly programmes which set themselves radically against prevailing ideology or practice. Or an experiment may fail to survive the withdrawal of the funds which made it possible in the first place.

Another country cites the difficulty of establishing greater local participation when the initiative comes from the central authorities; yet if the central authorities should give up control, it is possible that other centrally organised but non-governmental authorities (religious, cultural, professional or political) will fill the power gap, and the local community will be no better represented.

Countries have conceived of the school as a key institution in promoting a variety of social objectives in local communities: the inter-mingling of different socio-economic groups (France), the integration of immigrants (Australia) or racial groups (the United States), the reorganisation or "animation" of depressed urban areas (the United Kingdom).

Although these governmental initiatives have demonstrated a new concern for the revitalisation of school-community relationships, there is general agreement that such programmes should now be subject to a round of careful evaluation as a basis for further progress.

SOME MAJOR QUESTIONS OF POLICY FOR SCHOOL-COMMUNITY RELATIONSHIPS

1. What community development policies are needed if schools are to revitalise their relationship with the community?

2. To what extent should the school—and the teaching mission—be a vehicle for social change in the community?

3. How should teaching styles, curriculum and internal school organisation reflect changes in school-community relationships?

4. To what extent should school programmes reflect the linguistic and other needs of cultural minorities in the community?

5. How can teachers contribute to improving school-community relationships and how can their ability to contribute be strengthened?

6. What should be the role of other social services and institutions in developing new school-community relationships?

7. Who should participate in policy and decision-making in community-oriented schools?

8. Since the renewal of school-community relationships implies adaptation by each school to each community, how can the necessary autonomy and decentralisation be reconciled with national policy?

9. Can the pupils and students be socialised more effectively in community-oriented schools characterised by broad participation in their operation?

10. What are the economics of proposed schemes for change in school-community relationships?

11. How should the provision and use of school facilities be affected by closer integration with the local community?

Patterns of School Relationships to Their Communities

Recognition of a certain pattern in school-community relationships can be a valuable tool for the development and assessment of policy in this field. In reality, school-community relationships are reciprocal and involve a complex matrix of factors. For the sake of analysis, however, it is convenient to attempt a more simplified approach. A school may be said to orient itself to its community with respect to three points:

- the characteristics of the local community and its people
- the nature of the school's identification with these community surroundings
- the school's emphasis on the traditional teaching mission as against a social-change mission.

This emphasis is a prime indicator of the school's relationship with its community, and particular cases can be placed along a continuum according to the degree of this emphasis and its character. In most cases the position can only be ascertained by deduction, since the main actors are not generally led to define the nature of the relationship themselves. Furthermore, once a school becomes more deliberately involved in community life, objectives tend to vary, as the nature of the relationship is a dynamic one.

Four illustrations of the pattern are indicated below.

1. In the first illustration, **the social and economic resource base of the community is accepted by the school which therefore considers the environment a suitable one in which to carry out its teaching mission; the school has no particular commitment to social change in the community.**

The community-school relationship is characterised by the fact that the school "uses" the community to further its own values and purposes and/or adapts to the community by assuming its values and recognising its needs. The school attempts to make use of the resources found within the community as part of its strategy of adaptation to that community and its student population. The school curricula and teaching styles may reflect the community and its population as well

as the school's interactions with local industry.

The *Millbrook School* in Southampton in the United Kingdom is one example. An attempt has been made to create conditions in which both the school and the parents can respond to the needs of the child in a real way, whatever his circumstances at home or at school. Within this context there is considerable emphasis on close ties (planned or unplanned) between parents and teachers, in both academic and extra-curricular matters. Internally the school is organised, at least to some extent, to take on responsibility for the child's life outside of school, working with the various social welfare agencies where necessary. As to academic matters, evening meetings are organised for parents of the children in each class to discuss, in depth, changes of curriculum and other prospective innovations.

A quite different example of this kind of orientation is the *Eastern High School Freedom Annex* in Washington, D.C. which is an "alternative" school within a regular secondary school. It is attended mainly by the black students who conceived and created it—and who manage it—with the express purpose of reflecting the racial and cultural reality of the milieu. (Previously the curriculum was not specifically directed at blacks.) With the help of some teachers, outside financial contributions, the local teachers' union and the Lutheran church, the Annex was created to specialise in Black Studies, including African languages. Students attend the regular system in the morning and the Annex school in the afternoon, and credit is given for Annex courses by the parent institution. The *Parkway* school in Philadelphia, *Gateway* in New Orleans, *Alpha* and *Seed* in Toronto are examples of *schools without walls*, in that community institutions and agencies become the classroom settings where teaching takes place, while people from the community share their skills and knowledge with the students. All are (or once were) "alternative" schools within the regular school systems.

A slightly different use of community resources is made in many countries by *Community Service Volunteers* or a local variant: students, with the help of their teachers, identify a need in the community which they could satisfactorily perform, such as playing with mentally handicapped children or helping elderly people with their housework.

The College of Further Education in Exeter, the United Kingdom, uses outside resources in a similar way for internal school purposes. The school is attended by young workers on a part-time basis as well as by full-time students. One crucial problem

Measures to Combat Unemplc

The difficulties involved in making the transition from school to working life are reflected—and have been for several years—in a high rate of unemployment for young people. The recession has accentuated this phenomenon, and young people have been hit harder than other groups. The situation threatens to continue even when employment picks up again, for firms will tend to give preference to experienced personnel in rehiring. Over the longer term, each recession has left more young people unemployed than the preceeding one.

A report by OECD's Social Affairs, Manpower and Education Directorate, shortly to be published (1) examines what measures countries are taking in response to this problem. The following list of measures is drawn from that report.

Providing a Job in a Real Work Situation

- Subsidies, tax credits and/or allowances to employers willing to hire young workers or to keep them on the payroll.
- Institution of a quota system requiring employers in certain firms to reserve a given number of jobs for people under a stipulated age.
- Modifying redundancy payment systems in such a way as to favour retention of young people.
- Special efforts to fill vacancies available for young people through improved information, orientation and placement or through use of mobility allowances.

Vocational Training

- Subsidies, tax credits and/or allowances to firms which agree to train young people.
- Increased subsidies for work-study arrangements (e.g. apprenticeship) for young people still enrolled in schools.
- Offering occupational training in public training institutions, schools etc.

Temporary Reduction of the Number of Young People in the Work Force

- Basic education to help young people qualify for occupational training.
- Extension of compulsory education.
- Encouraging young people to continue their studies voluntarily.

Job Creation

- Creation by public authorities of jobs in sectors or activities that could lead to regular employment.
- Providing humanitarian, leisure, recreational activities at home or abroad, paid or unpaid.

Programmes for Disadvantaged Young People

- Remedial education in basic cognitive skills.
- Remedial programmes to improve attitudes, behaviour and performance and thus chances of success when employment or training opportunities are sought or obtained.

---

(1) "Entry into Working Life: Responses to Youth Unemployment; Long-term Problems and Strategies in OECD countries." (The first part of this volume—Entry of Young People into Working Life analysed the structural nature of the employment difficulties being experienced by young people. See OECD OBSERVER No. 77 September-October 1975.

initially was how the part-timers could be encouraged to participate fully in the life of the school. Two projects were tried: short residential general-studies courses to discuss current social issues and problems; and a week-long project for both part- and full-time students to build an "adventure" playground in an urban multi-racial district.

2. **The social and economic resource base of the community is recognised by the school as generally adequate for it to perform its teaching mission. However, to facilitate this mission, some form of change is envisaged in the community's organisation.** The school may respond to pressure for improvement on the part of the community—for example a new housing estate which as yet has no social cohesion, or a community with ethnic or racial minorities—or on the part of the school or other governmental authorities at regional or central level.

Although in this orientation the objective of longer-term social change might be embodied in the school's curriculum, the teaching mission remains dominant within the context of a community which remains basically the same.

These schools introduce a strong element of social responsibility into their teaching mission, and this may result in radical changes, but over a long period, even several generations. In some cases—especially after the primary school level—this orientation is the result of student initiative, but support by teachers and institutions is a necessary concomitant.

Thus "Holbrook Hubb" at the *North East London Polytechnic* evolved from a sense of social responsibility on the part of the students in higher education who wanted to establish an "integrated community project". They set up a day-care centre for students' children which was then extended to local children, many of them from immigrant families. Later on, young mothers, pensioners and school-age children were invited to take part in various activities and to share resources, one of them being the ability of older, retired persons to look after the children—to act as substitute grandparents. Some financial support was provided by the National Community Relations Commission, and future activities are now being planned by the local Voluntary Agencies Council and the Police Juvenile Bureau. Contact is also being made with local residents' and tenants' associations, and many additional projects are contemplated.

Another example of this orientation is the *Minsthorpe High School and Community College*, West Riding, Yorkshire, an economically depressed mining area with few

yment Among Young People

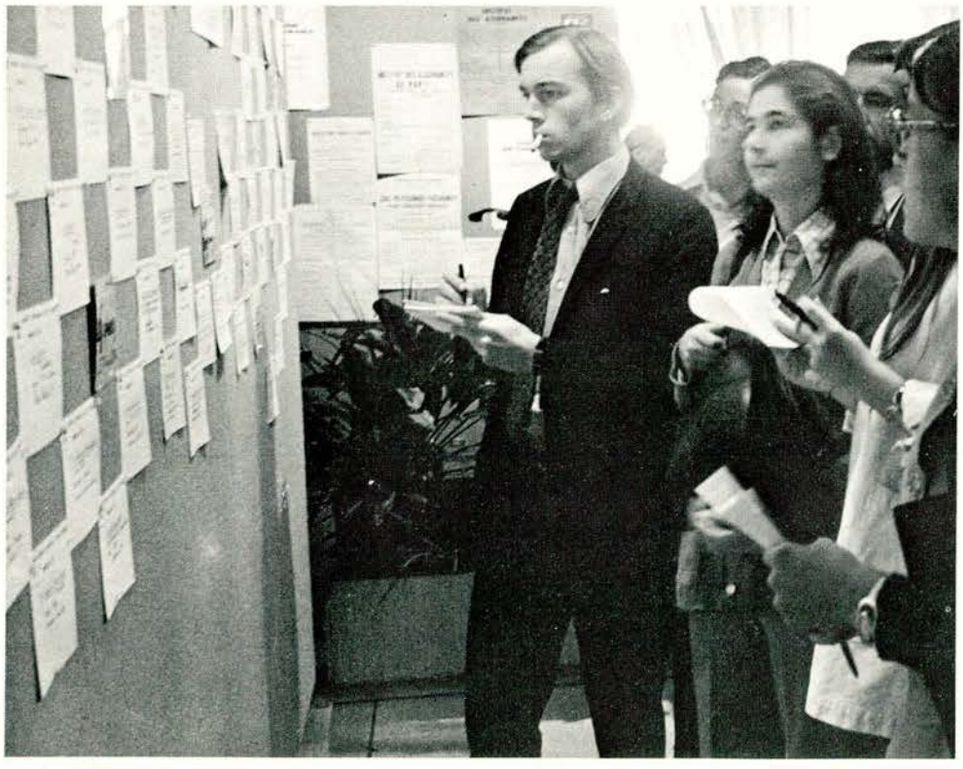
Unemployment Allowances

• Financial aid for unemployed young people including those who have never worked.

The Rise of Youth Unemployment in Selected OECD Countries, 1973-1975

	Unemployed workers under 25 years 1975 (1973 = 100)	*Total unemployed 1975 (1973 = 100)*	*Unemployed as % of civilian labour force (1975)*
Australia	237	235	4.4
Belgium	349 (1)	197	2.5
Canada	138	136	7.1
France	260	217	4.0
Germany	565	393	4.9
Italy	99	98	3.3
Japan	109	148	1.9
Netherlands	230 (1)	183	4.7
Norway	153	154	1.2
Sweden	71	68	1.6
United Kingdom	278	151	3.9
United States	162	182	8.5

(1) Unemployed workers 25 years and less.
Sources: *OECD, Labour Force Statistics, May 1976. E.E.C. Youth Unemployment in the European Community, January 1976 (for Belgium and the Netherlands). OECD Economic Outlook, December 1976. Unemployment rates not strictly comparable.*



employment opportunities. What started as a link between school and an extracurricular service for young people soon developed into an attempt to serve the community on a wider basis. A pre-school play group was created under the auspices of the community college and linked both to the school's own child-care course and to a programme of classes and other activities for the mothers of the children in the play group. A large number of affiliated clubs and societies were formed and encouraged to contribute—with services rather than finance—to the overall operation of the college. For example, a photographic group for adults was opened to younger people, who together provide an evening of entertainment each month for old people in the area. The adults are encouraged to join in certain daytime classes with school pupils and provided with evening classes as well. During school holidays, the older pupils and centre members help to staff a play group for primary-school children in the area.

Because of the community's unfavourable employment situation, courses are given to unemployed young men and women and to those who work shifts and so cannot take evening classes. Close links were established with local social services, the probation service, the local parish councils and a number of voluntary organisations whose personnel are encouraged to regard themselves as part of the staff.

3. **The community's social and economic base is seen to present serious problems for the school in its efforts to fulfil its teaching mission, however that may be defined.** The living conditions of many families in the community, for example, may prevent the teaching mission from being accomplished unless special attention is given to the problem in the school itself and in the community as a whole. The depressed conditions of the community may call into question the school's educational aims since the social system offers no intellectual or vocational opportunities at the levels which can be attained at the school.

Neverthless, the school accepts the community as a point of departure either for the escape of the individual from or for a process of social evolution on the part of the community. At the *Eberts School* at Zwolle in the Netherlands, the primary-school children came from a mainly working-class area, though some of them were the children of canal-barge families. This school took on the problem of the children's low scholastic achievement and low motivation, thought to stem in part from their parents' lack of comprehension of the school's aims. A programme was initiated on a fairly small scale: parents were invited to see the students at work, while teachers made an effort to contact parents about the specific problems of their children. These initial contacts and follow-ups led the parents to become more directly involved in their children's education, and to assist in administrative and maintenance work and to some extent in teaching and extra-curricular activities. (Parents, for example, helped the children to construct a small theatre in a previously unused attic.)

Ireland provides another example in the *Ballyfermot Vocational School for Boys*. Built in a post-war housing development near Dublin in 1965, this was the first school in its area. From the first, normal teaching was deliberately enriched by the development of closer contacts between home and school. Gradually the school day was extended to provide evening activities for regular students and for all the community. Links with the social-service agencies and local firms were forged, thus permitting a wider range of community services and making the school a "centre for community renewal". The first concern however was with the teaching mission; other activities have not only grown from

1

3

2

4

A group of parents in Portugal got together with teachers, psychologists and psychiatrists to create centres for handicapped children. Above, the Lisbon Centre, located on the ground floor of a block of flats, opened in October, 1976, before the installations were complete (1). Built and maintained by the parents themselves (2) it accommodates 70 children aged five to 14, eight of whom live in the building. Teaching is done by a specialised staff plus ten students who have finished upper secondary school and are doing a year of civic service (3), and, in some cases, by the parents themselves (4). At night the school is used to teach illiterate adults.

this base but have been created with the aim of strengthening it.

In a number of countries it has been noted that school programmes attacking children's social disadvantage may fail because they do not change the fundamental inequity in the "structure of opportunities". This idea has been explicitly expressed by experts involved in the *Educational Priority Areas* programme in the *United Kingdom*. Yet schools in these areas have been encouraged to do whatever they can, and, as a result, have engaged in projects designed to stimulate parental and community support and to reorient teachers and curricula to the needs and conditions of the pupils concerned.

The *Malcolm X College* in Chicago illustrates another possible pattern. At post-secondary level, this institution is predominantly black and

intended to be "relevant" for the client population in its approach and curriculum. Although it has no large supplementary staff resources for the purpose, the school has tried to improve the students' own self image, both in a racial sense and academically. For example, the college created a learning centre for tutorial work rather than giving "remedial" classes and introduced a flexible approach to granting credit for life experience. Care was taken to provide educational programmes that could lead to jobs in the immediate surroundings, on Chicago's West Side. Thus the school is concerned with the lives of the individuals involved but also with their potential contribution to ultimately bringing about long-term changes in local living conditions.

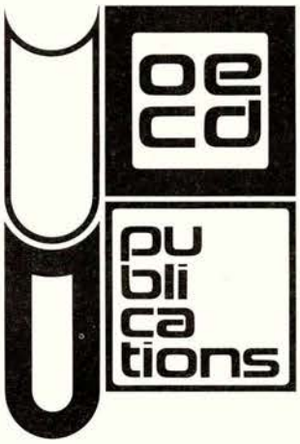
Another example can be drawn from the more standard post-secondary studies at *Stanford University* in California. Defining its community as the entire state, Stanford, at the instigation of the students, permitted the organisation of *Stanford Workshops on Political Issues* (SWOPSI). These were interdisciplinary, open to all students and given for credit. They were also problem-oriented, dealing with topics like racism and pollution, and led to a rather impressive array of concrete results which could have social consequences—published reports and legislative hearings, for example. Significantly, the programme began with the students' desire to know how much defence-related research was being done at the Stanford Research Institute and then gradually shifted towards participation in more esoteric subjects which many consider to be "diametrically opposed to the original idea".

4. **The school interprets its role in the community as being a direct agent of social change and the teaching mission becomes subordinated.** The school may find that the basic economic, social and institutional conditions of the community, and the adverse circumstances of its families, fundamentally compromise its efforts to perform a traditional teaching mission. Thus the community is seen as failing to provide a minimal framework for conventional operation of the school. It may be that this orientation is motivated less by conditions which are adverse to schooling than by the ideological commitment of those in control of the school who tend to see it above all as an agent of change for the surrounding community.

Community development programmes in such a case would be likely to include political organisation efforts. It is to be noted that such a school is often "ahead" of its community, and, partly as a result, the survival rate is low. At post-secondary level, the *University of Bremen* was designed to foster participation throughout the university in a context in which societal reform and university reform were conceived of as going hand in hand. Many of the university's academics and planners were convinced that the university could not assume a neutral stance but should devote all its capacities to serving the population and that work at the university (work-oriented, or problem-oriented inter-disciplinary projects combining theory and practice) must help the student develop an awareness of the social and political implications of his actions. But as the university entered its operational phase, two disturbing tendencies were noted: the goals changed, participation becoming an end in itself, and a discrepancy grew up between the university's definition of community needs and the community's own view of them.

This discrepancy was also evident in the case of the *doposcuola* movement in Florence. Students seeking to "raise the consciousness" of workers' children, through unstructured classes, found that the children were not interested in questions too remote from local concerns.

The *Nood-Aviesdienst* in Amsterdam, an advisory centre for 15 working class schools, grew out of a protest against unsatisfactory school conditions but has the larger objective of "changing the social position" of the people in the community. Its approach is pedagogical: for example, the analysis and use in schools of working-class language as part of training in community-consciousness and as a tool for teaching "standard" middle-class language. The development of these social skills is portrayed as an avenue to wider social and political influence.



"OECD Economic Surveys".
Detailed annual surveys of trends and prospects for each OECD country.

1977 Series:
IRELAND (November 1976, 66 pages)
ISBN 92-64-11582-X (10 77 18 1)
ICELAND (November 1976, 70 pages)
ISBN 92-64-11583-8 (10 77 17 1)
PORTUGAL (November 1976, 70 pages) ISBN 92-64-11584-6 (10 77 23 1)

Each issue £1.10 $2.50 F10,00
ISSN 0474-5183
Subscription £20.00 $45.00 F180,00

MAIN ECONOMIC INDICATORS. Historical Statistics, 1960-1975 / PRINCIPAUX INDICATEURS ÉCONOMIQUES (November 1976)

(31 76 20 3) ISBN 92-64-01566-3
592 pages, bilingual £8.50 $17.50 F70,00

INDUSTRIAL PRODUCTION. Historical Statistics, 1960-1975 / PRODUCTION INDUSTRIELLE. Statistiques rétrospectives (November 1976)

(31 76 21 3) ISBN 92-64-01562-0
296 pages, bilingual £4.40 $10.00 F40,00

ANNUAL REPORTS ON CONSUMER POLICY IN OECD MEMBER COUNTRIES, 1976 (November 1976)

(24 76 03 1) ISBN 92-64-11577-3
132 pages £2.20 $5.00 F20,00

ANNUAL REPORTS ON COMPETITION POLICY IN OECD MEMBER COUNTRIES, N° 2, 1976 (October 1976). "Document" Series

Describes recent developments in competition policy, new legislation and cases relating to restrictive business practices in 7 OECD countries—Canada, Germany, Norway, Sweden, Switzerland, United Kingdom and United States—and in the European Communities

(24 76 11 1) ISBN 92-64-11575-7
178 pages £2.80 $6.25 F25,00

"Development Centre Studies" Series. Employment Series:

N° 13 - MIGRATION, EDUCATION AND URBAN SURPLUS LABOUR. THE CASE OF TANZANIA, *by H.N. Barnum and R.H. Sabot* (October 1976)

Examines economic and social variables affecting rural/urban migration in Tanzania, and proposes possible policy action to influence migration flows.

(41 76 07 1) ISBN 92-64-11531-5
118 pages £2.40 $5.50 F22,00

WORLD ENERGY OUTLOOK (January 1977)

Analyses the effects of alternative growth and energy policy scenarios upon the energy supply and demand outlook in the OECD area in particular, and in the world generally. As a sequel to the OECD's *Energy Prospects to 1985,* it assesses the trends in the international energy market and the current opportunities for energy supply expansion and conservation in the light of three years' experience with higher energy prices. Provides a set of policy options that, if adopted, could lower the import needs of industrial countries.

(61 77 01 1) ISBN 92-64-11595-1 128 pages £5.90 $12.00 F48,00

THE ENERGY LABEL - A MEANS OF ENERGY CONSERVATION (December 1976)

Examines the present state of developments in this relatively new field and outlines the main principles for effective operation of labelling schemes.

(24 76 04 1) ISBN 92-64-11581-1
48 pages £1.20 $2.50 F10,00

OIL STATISTICS, 1975. Supply and Disposal / STATISTIQUES PÉTROLIÈRES 1975 (Nov 1976)

Contains data for all OECD countries on supply and disposal of crude oil, feedstocks, N.G.L., natural gas and 17 different petroleum products; exports and imports identified by 58 different origins and destinations; it also shows refinery input and output. Consumption of main petroleum products is broken down into 17 different end-use sectors.

(61 76 21 3) ISBN 92-64-01565-5
298 pages, bilingual £6.70 $13.00 F55,00

OIL STATISTICS BY QUARTERS. 1st and 2nd Quarter 1976 / STATISTIQUES PÉTROLIÈRES PAR TRIMESTRE. 1er et 2e trimestre 1976 (November 1976)

(60 76 01 3) ISSN 0474-6015
48 pages, bilingual
Subscription £2.80 $6.25 F25,00

DEVELOPMENT CO-OPERATION. Efforts and Policies of the Members of the Development Assistance Committee. Report by Maurice J. Williams, Chairman of the Development Assistance Committee. 1976 REVIEW (December 1976)

Includes chapters on financing of developing countries' deficits, aid from DAC and non-DAC countries, agriculture and food aid, and the problems of the Sahel, with numerous statistical tables on aid and other resource flows.

(43 76 02 1) ISBN 92-64-11589-7
278 pages £8.00 $16.25 F65,00

THE EFFECTIVENESS OF DISSEMINATION METHODS FOR SOCIAL AND ECONOMIC DEVELOPMENT RESEARCH, *by Robert Batscha* (November 1976)

Examines the multiple factors affecting the effective dissemination of research to developing countries.

(41 76 04 1) ISBN 92-64-11490-4
202 pages £3.70 $8.25 F33,00

HAZARDOUS ROAD LOCATIONS. IDENTIFICATION AND COUNTERMEASURES (October 1976)

(77 76 06 1) ISBN 92-64-11570-6
110 pages £2.20 $5.00 F20,00

PASSENGER TRANSPORT DEMAND IN URBAN AREAS: METHODOLOGY FOR ANALYSING AND FORECASTING. 32nd Round Table ECMT (October 1976)

The relevance requirement and the most significant modelling attempts: proposal for classification, shortcomings of sequential or global models, demonstration projects. Difficulties in measuring and stratification techniques: segmentation method, a useful approach. Consistency and strategy evaluation: user surplus, accessibility indicators.

(75 76 04 1) ISBN 92-821-1037-0
84 pages £1.30 $3.00 F12,00

IMPACT OF THE STRUCTURE AND EXTENT OF URBAN DEVELOPMENT ON THE CHOICE OF MODES OF TRANSPORT: THE CASE OF LARGE CONURBATIONS. 33rd Round Table ECMT (December 1976)

Choice of modes of transport, urban patterns and urban life. Size of towns and transportation. Urban patterns and transportation. Investment planning. The pattern of insfrastructure. Pricing and subsidies. Encourgagement for new technologies. Legislative incentives.

(75 76 05 1) ISBN 92-821-1038-9
50 pages £1.80 $3.75 F15,00

"OECD Industrial Relations Programme". Special Studies:

JOB SATISFACTION ATTITUDES SURVEYS, *by Jack Barbash* (August 1976). "Document" Series

Against a background of changing attitudes to work, the author (a labour economist) identifies the problems associated with job satisfaction attitude surveys and discusses their value to governments and enterprises.

(81 76 04 1) ISBN 92-64-11537-4
38 pages £0.90 $2.00 F8,00

"The OECD Social Indicator Development Programme". Special Studies:

N° 3 - DATA SOURCES FOR SOCIAL INDICATORS OF VICTIMISATION SUFFERED BY INDIVIDUALS WITH SPECIAL REFERENCE TO THE POTENTIAL OF VICTIM SURVEYS (November 1976). "Document" Series

Examines the potential of victim surveys as a data source for social indicators of victimisation and compares their potential with that of other data sources, in particular medical and police statistics.

(81 76 05 1) ISBN 92-64-11556-0
58 pages £1.30 $3.00 F12,00

SOCIAL SCIENCES POLICIES: NORWAY (October 1976)

(92 76 03 1) ISBN 92-64-11576-5
188 pages £3.60 $8.00 F32,00

RECURRENT EDUCATION. Policy and Development in OECD Member countries: JAPAN (December 1976). "Document" Series

Examines the variety of facilities, including the use of different media, which exist beyond the formal school system and looks at the participation in them of age groups and categories of the population. The latter part of the report outlines administrative measures which have expanded both the scope and size of "social education" in recent years, paying attention to the different responsibilities and roles within the administrative structure.

(96 76 09 1) ISBN 92-64-11579-X
62 pages £1.50 $3.00 F12,00

"REVIEWS OF NATIONAL POLICIES FOR EDUCATION": AUSTRIA. Higher education and research (November 1976)

(91 76 08 1) ISBN 92-64-11555-2
124 pages £2.60 $5.50 F22,00

"OECD Informatics Studies" Series:

N° 11 - CONFERENCE ON COMPUTER/TELECOMMUNICATIONS POLICY (October 1976)

Examines the potential for economic and social progress stemming from the combination of computer, telecommunications and related technologies. Problems in the allocation of national resources. The adequacy of our present institutional structures in the computer and telecommunications policy area are also discussed.

(93 76 03 1) ISBN 92-64-11547-1
340 pages £6.40 $14.50 F58,00

GUIDE TO LEGISLATION ON RESTRICTIVE BUSINESS PRACTICES

The OECD has published an updated edition of its Guide to Legislation on Restrictive Business Practices. The Guide is not only a compendium of laws but is especially a manual of comparative law giving, on each set of enactments, the authoritative comments of expert government officials in the country concerned. Each country's legislation, as published, is accompanied by a review of the historical background, a selection of administrative and court decisions and a bibliography.

The Guide consists of four bound volumes, each containing about 500 pages of text. The twenty countries covered and the European Communities are divided among the four volumes as follows:

Volume I	:	Australia, Austria, Belgium, Canada, Switzerland, Germany, Denmark.
Volume II	:	Spain, Ireland, France, United Kingdom.
Volume III	:	Italy, Japan, Luxembourg, Norway, Netherlands, Portugal, Sweden, Finland.
Volume IV	:	United States, ECSC, EEC.

The Guide is kept periodically up to date by means of supplements available on subscription.

(26 76 01 1)
The 4 volumes £110.00 $250.00 F1.000,00
Subscription to the ninth series of supplements (500 new pages)
ISSN 0304-3282 ..... £6.70 $15.00 F60,00

Where to obtain OECD Publications

ARGENTINA
Carlos Hirsch S.R.L.,
Florida 165, BUENOS-AIRES.
Tel. 33-1787-2391 Y 30-7122.

AUSTRALIA
International BCN Library Suppliers Pty Ltd.,
161 Sturt St., South MELBOURNE, Vic. 3205.
Tel. 69.7601.
658 Pittwater Road, BROOKVALE NSW 2100.
Tel. 938 2267.

AUSTRIA
Gerold & Co., Graben 31, WIEN I.
Tel. 52.22.35.

BELGIUM
Librairie des Sciences,
Coudenberg 76-78, B 1000 BRUXELLES I.
Tel. 512-05-60, 513-37-36.

BRAZIL
Mestre Jou S.A.,
Rua Guaipá 518, Caixa Postal 24090,
05089 SAO PAULO 10. Tel. 256.2746/262.1609.
Rua Senador Dantas 19 s/205-6
RIO-DE-JANEIRO - GB. Tel. 232.07.32.

CANADA
Publishing Centre, Supply & Services Canada,
270 Albert Street, Ottawa, ONTARIO,
K1A OS9.

DENMARK
Munksgaards International Booksellers,
Nørregade 6, DK-1165 COPENHAGEN K.
Tel. (01) 12.69.70.

FINLAND
Akateeminen Kirjakauppa,
Keskuskatu 1, 00100 HELSINKI 10.
Tel. 625.901.

FRANCE
Bureau des Publications de l'OCDE,
2 rue André-Pascal, F 75775 PARIS CEDEX 16.
Tel. 524.81.67.
Principaux correspondants
13602 AIX-EN-PROVENCE : Librairie de
l'Université. Tel. 26.18.08.
38000 GRENOBLE : Arthaud. Tel. 87.25.11.

GERMANY
Verlag Weltarchiv GmbH,
D - 2000 HAMBURG 36, Neuer Jungfernstieg 21.
Tel. 040-35-62-500.

GREECE
Librairie Kauffmann,
28 rue du Stade, ATHENS 132. Tel. 322.21.60.

HONG KONG
Government Information Services,
Sales of Publications Office,
1A Garden Road. Tel. H-252281-4.

ICELAND
Snæbjörn Jónsson & Co., h. f.,
Hafnarstræti 4 and 9,
P.O.B. 1131 - REYKJAVIK.
Tel. 13133/14281/11936.

INDIA
Oxford Book and Stationery Co. :
Scindia House, NEW DELHI I. Tel. 45896.
17 Park Street, CALCUTTA. Tel. 240832.

IRELAND
Eason & Son, P.O.B. 42,
40-41 Lower O'Connell Street, DUBLIN I.
Tel. 74 39 35.

ISRAEL
Emanuel Brown :
9 Shlomzion Hamalka Street, JERUSALEM.
Tel. 234807.
35 Allenby Road, TEL-AVIV. Tel. 51049/54082.
48 Nahlath Benjamin Street, TEL-AVIV.
Tel. 53276.

ITALY
Libreria Commissionaria Sansoni,
Via Lamarmora 45, 50121 FIRENZE.
Tel. 579751/2/3.
Via Bartolini 29, 20155 MILANO. Tel. 365083.
Sub-depositari :
Herder Editrice e Libreria,
Piazza Montecitorio 120, 00186 ROMA.
Tel. 674628.
Libreria Hoepli
Via Hoepli 5, 20121 MILANO. Tel. 865446.
Libreria Lattes
Via Garibaldi 3, 10122 TORINO. Tel. 519274.
La diffusione delle edizioni OCSE è inoltre assicurata dalle migliori librerie nelle città più importanti.

JAPAN
OECD Publications Centre,
Akasaka Park Building,
2-3-4- Akasaka, Minato-ku
TOKYO 107. Tel. 586-2016.

KOREA
Pan Korea Book Corporation
P.O. Box N° 101 Kwangwhamun, SEOUL
72.7369.

LEBANON
Documenta Scientifica/Redico,
Edison Building, Bliss Street,
P.O. Box 5641, BEIRUT. Tel. 354429-344425.

THE NETHERLANDS
W.P. Van Stockum,
Buitenhof 36, DEN HAAG. Tel. 070-65.68.08.

NEW ZEALAND
The Publications Manager,
Government Printing Office,
WELLINGTON : Mulgrave Street (Private Bag),
World Trade Centre, Cubacade, Cuba Street,
Rutherford House, Lambton Quay.
AUCKLAND : Rutland Street (P.O.Box 5344).
CHRISTCHURCH : 130 Oxford Tce (Private Bag).
HAMILTON : Barton Street (P.O.Box 857).
DUNEDIN : T. & G. Bulding, Princes Street
(P.O.Box 1104).

NORWAY
Johan Grundt Tanums Bokhandel,
Karl Johansgate 41/43, OSLO 1.
Tel. 02-332980.

PAKISTAN
Mirza Book Agency,
65 Shahrah Quaid-E-Azam, LAHORE 3.
Tel. 66839.

PHILIPPINES
R.M. Garcia Publishing House,
903 Quezon Blvd. Ext., QUEZON CITY,
P.O. Box 1860 — MANILA. Tel. 99.98.47.

PORTUGAL
Livraria Portugal,
Rua do Carmo 70-74, LISBOA 2. Tel. 360582/3.

SPAIN
Libreria Mundi Prensa, Castelló 37, MADRID 1.
Tel. 275.46.55/276.02.53.
Libreria Bastinos de José Bosch,
Pelayo 52, BARCELONA 1. Tel. 222.06.00.

SWEDEN
Fritzes, Kungl. Hovbokhandel,
Fredsgatan 2, 11152 STOCKHOLM 16.
Tel. 08/23.89.00.

SWITZERLAND
Librairie Payot,
6 rue Grenus, 1211 GENÈVE 11.
Tel. 022-31.89.50.

TAIWAN
Books and Scientific Supplies Services, Ltd.
P.O.B. 83, TAIPEI.

TURKEY
Librairie Hachette,
469 Istiklal Caddesi, Beyoglu, ISTANBUL,
Tel. 44.94.70.
and 14 E Ziya Gökalp Caddesi, ANKARA.
Tel. 12.10.80.

UNITED KINGDOM and CROWN COLONIES
H.M. Stationery Office
P.O. Box 569, LONDON SE1 9NH,
Tel. 01.928.6977, Ext. 410.
or
49 High Holborn
LONDON WC1V 6HB (personal callers)
Branches at : EDINBURGH, BIRMINGHAM,
BRISTOL, MANCHESTER, CARDIFF, BELFAST.

UNITED STATES
OECD Publications Center,
Suite 1207, 1750 Pennsylvania Ave, N.W.,
WASHINGTON, D.C. 20006. Tel. (202) 298.8755.

VENEZUELA
Libreria del Este,
Avda F. Miranda 52, Aptdo. 60337, Edificio
Galipan, CARACAS 106.
Tel. 32.23.01/33.26.04/33.24.73.

YUGOSLAVIA
Jugoslovenska Knjiga, Terazije 27,
P.O.B. 36, BEOGRAD. Tel. 621.992.

Orders and inquiries from countries where Sales Agents have not yet been appointed should be sent to OECD Publications Office, 2 rue André-Pascal, F 75775 Paris CEDEX 16.

Director: Maurice Jacomet

Printed in France - Imprimerie Blanchard, 6, avenue Descartes - Paris Le Plessis-Robinson

Organisation for Economic Co-operation and Development

ISSN 0029-7054