

May
2011

ISSN: 1649-4954

SOCIAL JUSTICE IRELAND

Policy Briefing

Social Justice Ireland

Arena House

Arena Road

Sandyford

Dublin 18

Phone: 01 2130724

www.socialjustice.ie

Work, Jobs and Unemployment

There will be no major reduction in the numbers long-term unemployed for quite some time no matter what market-based solutions are put in place. While initiatives focused on improving job creation and protecting jobs that already exist are very welcome and necessary they should not be allowed create an illusion that Ireland's unemployment crisis will be resolved in the period immediately ahead. The scale of unemployment is now so high that more radical initiatives are required particularly if long-term unemployment is to be reduced.

Social Justice Ireland is proposing that Government create a Part-Time Job Opportunities Programme aimed at taking 100,000 people off the live register over a three-year period. This programme was successfully piloted in six different parts of the country (1994-98) during Ireland's last period of high unemployment.

The past three years have seen Ireland return to the phenomenon of widespread unemployment.

Despite the attention given to the banking and fiscal collapse, the transition from near full employment to high unemployment has been a significant and shameful story of this recession.

The implications for people, families, social cohesion and the exchequer's finances are serious.

CSO data and economic forecasts for the remainder of 2011 indicate that unemployment will stabilise at an annual rate of just over 14 per cent of the labour force for 2011 having been 4.6 per cent in 2007. We are in a very challenging period where high levels of long-term unemployment once again are a characteristic of Irish society.

This Policy Briefing considers the implications and challenges which arise for Government and society from this situation.

We analyse the present situation and review the impact on various sectors of the working-age population before outlining a series of proposals for responding to this unemployment crisis.

The proposed Part-time Job Opportunities programme:

- ⇒ Would create 100,000 part-time jobs for unemployed people;
- ⇒ Paid at the going hourly rate for the job;
- ⇒ Participants working the number of hours required to earn the equivalent of their social welfare payment and a small top-up;
- ⇒ Up to a maximum of 19.5 hours a week.
- ⇒ Access on a voluntary basis only;
- ⇒ Jobs would be created in the public sector and the community and voluntary sector;
- ⇒ Participants would be remunerated principally through the reallocation of social welfare payments.
- ⇒ Working on these jobs participants would be allowed to take up other paid employment in their spare time without incurring loss of benefits and would be liable to tax in the normal way if their income was sufficient to bring them into the tax net.

Inside this issue:

The labour force	2	Part-Time Jobs Proposal	5
The Live Register	2	The work of carers	6
The numbers unemployed	3	Key Priorities	7
The working poor	4	Need to recognise all work	8

Policy Briefing is a regular publication issued by Social Justice Ireland. It addresses a wide range of current policy issues from the perspective of those who are poor and/or socially excluded. Comments, observations and suggestions on this briefing are welcome.

The labour force

The recent dramatic turnaround in the labour market contrasts with the fact that one of the major achievements of the last twenty years had been the increase in employment and the reduction in unemployment, especially long-term unemployment. In 1991 there were 1,155,900 people employed in Ireland. That figure increased by almost one million to peak at 2,146,000 in mid-2007; during

early 2006 the employment figure exceeded two million for the first time in the history of the state.

Overall, the size of the Irish labour force has expanded significantly and today is over 2.12 million people, almost one million more than in 1991 (see chart 1).

However, during the past two years emigration has returned resulting in a

decline in the labour force (first recently arrived migrants returned home, then native Irish began to leave) employment has fallen and unemployment has dramatically increased.

CSO figures indicate that during the first quarter of 2009 the numbers employed fell below two million and by late 2010 they had fallen further to reach 1.82m workers.

Chart 1: The Numbers of People in the Labour Force and Employed in Ireland, 1991-2010.



Source: CSO, Quarterly National Household Survey - various editions

The Live Register

While the live register is not an accurate measure of unemployment it is a useful barometer of the nature and pace of change in employment and unemployment. In-

creases suggest a combination of more people unemployed, more people on reduced working hours.

Table 1 shows the number of people

signing on the live register increased rapidly across 2008-2010. By January 2011 the numbers signing-on the live register had increased more than 240 per cent from three years earlier.

Table 1:		Numbers on the Live Register (unadjusted), Jan 2008 - Jan 2011		
Year	Month	Males	Females	Total
2008	January	116,200	65,300	181,400
	May	130,700	71,100	201,800
	September	156,100	84,200	240,200
	December	194,600	95,400	290,000
2009	January	220,400	105,900	326,300
	May	265,500	128,700	394,100
	September	278,000	141,900	419,900
	December	282,900	140,700	423,600
2010	January	291,600	145,300	436,900
	May	290,400	147,500	437,900
	September	289,800	152,600	442,400
	December	288,800	148,300	437,100
2011	January	292,000	150,700	442,700

Source: CSO Live Register, February 2010 and March 2011

The Numbers Unemployed

At the outset it is important to outline what the term 'unemployment' means. There are two measurement sources often quoted, the Quarterly National Household Survey (QNHS) and the Live Register. The former is considered the official and most accurate measure of unemployment although it appears only four times a year unlike the monthly live register data.

The CSO's QNHS unemployment data use the definition of 'unemployment' supplied by the International Labour Office (ILO). It lists as unemployed only those people who, in the week before the survey, were unemployed and available to take up a job and had taken specific steps in the preceding four weeks to find employment.

Any person who was employed for at least one hour is classed as employed. By contrast, the live register counts everybody 'signing-on' and includes part-time employees (those who work up to three days a week), those work-

ing but on short weeks, seasonal and casual employees entitled to Unemployment Assistance or Benefit.

As chart 2 shows, the period from 1993 was one of decline in unemployment. During mid-2001 Irish unemployment reached its lowest level at 3.6 per cent of the labour force. Since then the international recession and domestic economic crisis have brought about increases in the rates.

During 2006 unemployment exceeded 100,000 for the first time since mid-1999 with a total of 104,800 people recorded as unemployed in mid 2006.

While QNHS figures for early 2011 will not be available until mid-2011, table 2 gives some indication of the transformation that occurred between 2007 and late 2010. In that period both the numbers in the labour force and the numbers employed fell.

Unemployment increased by almost 195,000 people bringing the unemployment rate up from 4.6 per cent to just over 14 per cent.

By late 2010 almost 300,000 people were unemployed. The table also reports the rapid growth in the number of long-term unemployed (unemployed for more than 12 months).

The CSO data report that there are now over 150,000 people in long-term unemployment and that this figure has doubled in one year; simply given the current crisis many of those who en-

Our forthcoming Socio-Economic Review 2011 will provide additional analysis on unemployment in Ireland

tered unemployment in 2007 and 2008 have remained unemployed for more than 12 months and have therefore become long-term unemployed.

For the first time on record, the late 2010 figures indicated that long-term unemployment accounted for more than 50 per cent of the unemployed. It is expected that this figure will rise further, towards 200,000, during 2011.

Chart 2: The Numbers of Unemployed and Long-Term Unemployed in Ireland, 1991-2010.

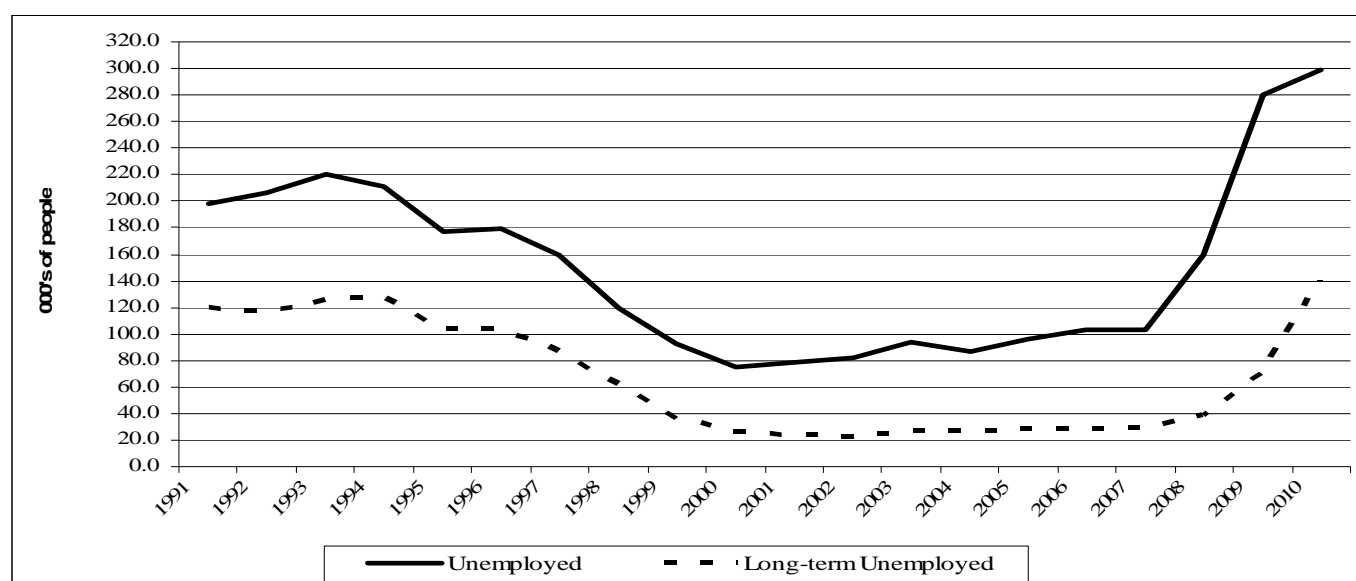


Table 2:	Labour Force Data, 2007 - 2010			
	Q3 2007	Q3 2008	Q3 2009	Q4 2010
Labour Force	2,253,100	2,266,600	2,202,300	2,122,200
In Employment	2,149,800	2,107,100	1,922,400	1,823,200
Unemployed	103,300	159,400	279,800	299,000
of whom LT Unemp	28,800	38,100	71,400	153,900
Unemployment Rate	4.6	7.0	12.7	14.1
LT Unemployment Rate	1.3	1.7	3.2	7.3

Sources

Chart 2: CSO, QNHS various editions

Table 2: CSO, QNHS March 2011

Note: LT: Long-term (12 months or more)

The working poor

It is important to realise that having a job is not, of itself, a guarantee that one lives in a poverty-free household. 5.5 per cent of those who are employed are living at risk of poverty. Translating this into numbers of people suggests that among Ireland's employed at least 90,000 are at risk of poverty.

This is a remarkable statistic and it is important that policy begin to address this problem. Policies which restore and protect the value of the minimum wage and attempt to keep those on that wage out of the tax net are relevant initiatives in this area.

Similarly, attempts to increase awareness among low income working families of their entitlement to the Family Income Supplement (FIS) are also welcome; although evidence suggests that FIS is experiencing dramatically low take-up and as such has questionable long-term potential.

However, one of the most effective mechanisms available within the present system to address the problem of

the working poor would be to make tax credits refundable.

During the past year *Social Justice Ireland* published a detailed study on the subject of refundable tax credits. Entitled '*Building a Fairer Tax System: The Working Poor and the Cost of Refundable Tax Credits*' the study identified that the proposed system would benefit 113,000 low-income individuals in an

All of these six initiatives in Budget 2011 reduced the living standards of working poor households.

efficient and cost-effective manner. When children and other adults in the household are taken into account the total number of beneficiaries would be 240,000. The cost of making this change would be €140m.

Instead of helping the working poor in Budget 2011 the Government 'hit' these households in six different ways

by reducing their income or increasing their costs, especially for households with children. In Budget 2011 the Government:

1. Reduced the minimum wage.
2. Put the working poor into the tax net.
3. Introduced a Universal Social Charge the working poor must pay.
4. Reduced Child Benefit payments.
5. Increased charges for some services.
6. Introduced new charges for services that had been free up to then.

All of these six initiatives reduced the living standards of working poor households.

Our proposal to make tax credits refundable would reduce the unemployment trap, make Ireland's tax system fairer, address part of the working poor problem and improve the living standards of a substantial number of people in Ireland.

The study is available on our website at www.socialjustice.ie.

Work and people with disabilities

The results of the 2004 QNHS special module on disability revealed that of all persons aged between 15 and 64, 10.9 per cent indicated that they had a longstanding health problem or disability (CSO, 2004).

This equates to 298,300 people in Ireland, of whom 155,800 were male and 142,500 were female.

Of those individuals only 37 per cent (110,800) were in employment. This is a figure considerably below the participation rate of the overall population which stood at 61 per cent.

Furthermore, of those employed approximately one-quarter worked part-time while the remaining three-quarters were in full-time employment.

This low rate of employment among people with a disability is of concern. Apart from restricting their participation in society it also ties them into

state dependent low-income situations. Therefore it is not surprising that Ireland's poverty figures reveal that people who are ill or have a disability are the group with a very high risk of poverty.

Social Justice Ireland believes that further efforts should be made to re-

Only 37 per cent of people with disabilities aged 15-64 is employed and a quarter of these are in part-time jobs. Policy-makers need to recognise the additional costs incurred by a person with disabilities when taking up a job.

duce the impediments faced by people with a disability in achieving employment. In particular consideration should be given to reforming the current situation where many people with disabilities face losing benefits, in particular their medical card, when they take up employment.

Public policy often ignores the additional costs faced by people with a disability in pursuing their day-to-day lives.

For many people with disabilities the opportunity to work is denied to them and they are trapped in unemployment, poverty or both.

Some progress appeared to be made in Budget 2005 to increase supports intended to help people with disabilities access employment. However, sufficient progress has not been made.

New policies, including measures to address the additional costs faced by this group in taking up employment, need to be adopted if high unemployment levels among people with disabilities is to be addressed successfully.

Part-Time Job Opportunities Programme could create real jobs for 100,000 long-term unemployed people

In our pre-Budget 2011 Policy Briefing *Social Justice Ireland* outlined a proposal for a Part Time Job Opportunities Programme.

We proposed that the government introduce a new programme to ensure real employment at the going hourly rate for the job is available to 100,000 people currently long-term unemployed.

Participation must be voluntary and the scheme should be modelled on the Part-Time Job Opportunities Programme that was piloted in the 1994-1998 period. (The current Directors of *Social Justice Ireland* led this pilot programme.)

Details of that pilot programme are outlined in the box on the right.

If the numbers long-term unemployed are to be reduced any time soon an intervention on the scale proposed here is urgently required. Market-based initiatives are very welcome but will go nowhere near what is required to reduce the numbers long term unemployed.

The proposed programme:

- ⇒ Would create 100,000 part-time jobs for unemployed people;
- ⇒ Paid at the going hourly rate for the job;
- ⇒ Participants working the number of hours required to earn the equivalent of their social welfare payment and a small top-up;
- ⇒ Up to a maximum of 19.5 hours a week.
- ⇒ Access on a voluntary basis only;
- ⇒ Jobs would be created in the public sector and the community and voluntary sector;

⇒ Participants would be remunerated principally through the reallocation of social welfare payments.

⇒ Working on these jobs participants would be allowed to take up other paid employment in their spare time without incurring loss of benefits and would be liable to tax in the normal way if their income was sufficient to bring them into the tax net.

Social Justice Ireland believes that a Part-Time Job Opportunities programme should be established along the lines of the programme piloted in the 1994-1998 period.

Additional funding of €150m would be required and the funding currently being spent on social welfare payments to participants on this programme would be switched to their new employer.

Part Time Job Opportunities (PTJO) Pilot Programme, 1994-98

The early 1990s saw high unemployment levels in Ireland and little prospect of jobs being available for some time even though the economy was beginning to recover. Jobless growth was the reality.

A proposal made by the current Directors of *Social Justice Ireland* was formally adopted by the Irish Government and announced in Budget 1994.

The proposal sought to create real part-time jobs in the community and voluntary sector principally. Long-term unemployed people could access these jobs on a voluntary basis.

They were paid the going rate for the job and they worked the number of hours required to earn the equivalent of their social welfare payment with a small top up.

The going rate for the job was agreed with the relevant trade unions and employers.

This programme was piloted in

- Finglas/Blanchardstown,
- Co. Laois, Waterford City,
- Four towns in South Tipperary (Clonmel, Carrick-on-Suir, Cashel and Tipperary Town),
- Co. Kerry and
- the offshore islands.

It created 1,000 part-time jobs in community and voluntary organisations in those pilot areas within six months of its establishment. These jobs were sustained throughout the pilot period.

More than 500 of the original participants departed to take up full-time employment or full-time education during those years and all were replaced by new participants.

The market economy is unable to provide anywhere near to the number of jobs required to reduce unemployment anytime soon.

This programme contributes to *Social Justice Ireland's* view that public policy should change so:

1. that it recognises that people have a right to work;
2. that unemployed people should not be forced to spend their lives doing nothing when jobs don't exist; and
3. that all meaningful work should be recognised.

The work of carers

The work of Ireland's carers receives minimal recognition in spite of the essential role their work plays in society. According to the Carers Association people caring full-time for the elderly and people with disabilities are saving the state approximately €2.5 billion a year in costs which it would otherwise have to bear. In its Pre-Budget Submission in 2010 the Carers Association calculated there were 160,917 carers in Ireland providing 3,724,434 hours of care which was valued at more than €2.5bn.

Results from the 2006 Census give similar indications. It found that 4.8 per cent of the population aged over 15 provided some care for sick or disabled family members or friends on an unpaid basis. This figure equates to almost 161,000 people. The dominant caring role played by women was highlighted

by the fact that 100,214 (62.25 per cent) of these care providers were female. When assessed by length of time, the Census found that almost 41,000 people provide unpaid help to ill or disabled family members and friends for 43 hours a week or more, a working week considerably in excess of the standard working week for paid workers (CSO, 2007: 119-121).

Social Justice Ireland welcomed the ongoing examination of this area by the Oireachtas Joint Committee on Social and Family Affairs. We also welcomed the commitment in *Towards 2016* to develop a National Carers Strategy. However, the March 2009 announcement by Government that they were to abandon the finalisation and publication of this strategy is short-sighted. We strongly urge the new Government to reverse this decision and complete the

preparation of the strategy. It is crucial that policy reforms be introduced to reduce the financial and emotional pressures on carers. In particular these should focus on addressing the poverty experienced by many carers and their families alongside increasing the provision of respite care for carers and for those for whom they care. In that context, the twenty-four hour responsibilities of carers contrast with the recent improvements in employment legislation setting limits on working-hours of people in paid employment.

Our forthcoming Socio-Economic Review 2011 will provide additional analysis on these issues

Youth unemployment

While the increase in unemployment has been spread across people of all ages and sectors, table 3 (CSO Live Register, March 2011) highlights the rapid increase on the live register of those aged less than 25 years. Previous experiences, in Ireland and elsewhere, have found that many of those under 25 and over 55 find it challenging to return to employment after a period of unemployment.

This highlights the danger of major increases in long-term unemployment and suggests a significant commitment to re-training and re-skilling will be required. In the long-run Irish society can ill afford a return to the long-term unemployment problems of the 1980s. In the short-run the new-unemployed will add to the numbers living on low-income in Ireland and will impact on future poverty figures.

Asylum seekers and work

Social Justice Ireland remains very disappointed that the government continues to reject the proposal to recognise the right to work of asylum seekers.

We along with others have advocated for many years that where government fails to meet its own stated objective of processing asylum applications in six months, the right to work should be automatically granted to asylum seekers.

Detaining people for an unnecessarily prolonged period in such an excluded state is completely unacceptable. Recognising asylum seekers right to work would assist in alleviating poverty and social exclusion among one of Ireland's most vulnerable groups.

Table 3: Persons under 25 yrs on the Live Register, Jan 2008 - Jan 2011

Month and Year	Numbers	Month and Year	Numbers
January 2008	36,900	December 2009	84,400
May 2008	42,700	January 2010	85,900
September 2008	53,700	May 2010	85,600
December 2008	62,000	September 2010	88,700
January 2009	70,300	December 2010	81,300
May 2009	83,900	January 2011	82,200
September 2009	89,800	February 2011	82,100

Key Priorities: Work, Unemployment and Job Creation

CORE POLICY OBJECTIVE

To ensure that all people have access to meaningful work

Social Justice Ireland believes that in the period ahead Government and policy-makers generally should adopt the following policy positions in responding to the recent rapid increase in unemployment:

- Resource the up-skilling of those who are unemployed and at risk of becoming unemployed through integrating training and labour market programmes.
- Maintain a sufficient number of active labour market programme places available to those who are unemployed.
- Adopt policies to address the worrying trend of youth unemployment. In particular, these should include education and literacy initiatives as well as retraining schemes.
- Recognise that many of the unemployed are skilled professionals who require appropriate support other than training.
- Prioritise initiatives that strengthen social infrastructure such as the school building programme and the social housing programme.
- Resource a targeted re-training scheme for those made unemployed from the construction industry in recognition of the fact that this industry is never likely to recover to the level of employment it had in recent years.
- Recognise the scale of the evolving long-term unemployment problem and adopt targeted policies to begin to address this.
- Ensure that the social welfare system is administered such that there is

minimal delays in paying the newly unemployed the social welfare benefits to which they are entitled.

- Reverse the Budget 2011 cut of 15 per cent (15,410 places) to the FAS allocation for training the unemployed as indicated in the Programme for Government.
- Introduce a Part Time Job Opportunities Programme to create 100,000 positions for long-term unemployed people.
- Funding for programmes supporting community should be expanded to meet the growing pressures arising from the current economic downturn.
- A new programme should be put in place targeting those who are very long-term unemployed (i.e. 5+ years).
- Seek at all times to ensure that new jobs have reasonable pay rates and adequately resource the inspectorate.
- As part of the process of addressing the working poor issue, reform the taxation system to make tax credits refundable.
- Develop employment-friendly income-tax policies which ensure that no unemployment traps exist. Policies should ease the transition from unemployment to employment.
- Adopt policies to address the obstacles facing women when they return to the labour force. These should focus on care initiatives, employment flexibility and the provision of information and training.
- Reduce the impediments faced by people with a disability in achieving employment. In particular ad-

dress the current situation where many face losing their benefits when they take up employment.

- Recognise the right to work of all asylum seekers whose application for asylum is at least six months old (and who are not entitled to take up employment).
- Recognise work that is not paid employment. Everybody has a right to work, i.e. to contribute to his or her own development and that of the community and the wider society. This, however, should not be confined to job creation. Work and a job are not the same thing.
- Request the CSO to conduct an annual survey to discover the value of all unpaid work in the country (including community and voluntary work and work in the home). Publish the results of this survey as soon as they become available.
- Give greater recognition to the work carried out by carers in Ireland and introduce policy reforms to reduce the financial and emotional pressures on carers. In particular these should focus on addressing the poverty experienced by many carers and their families alongside increasing the provision of respite care for carers and for those for whom they care.

For more information on work, unemployment and job-creation in Ireland see our website: www.socialjustice.ie

The need to recognise all work

A major question raised by the current labour-market situation concerns assumptions underpinning culture and policy making in this area in Ireland and across the world. One such assumption concerns the priority given to paid employment over other forms of work.

Most people would agree that everyone has a right and a responsibility to work. The dominant policy framework across our world today defines work as 'having a job' or 'being in paid employment'. The only work that is valued is work that fits into this category.

A major challenge arises, however, when one has to face the question: how can this right/responsibility be exercised in a world without full employment and without the prospect of full employment in the foreseeable future? This is the situation in which Ireland, the EU, the US and most OECD coun-

tries find themselves today. However the question is not addressed. Rather people are fobbed off with promises of jobs around some upcoming corner.

Most people recognise that a person can work very hard even though they

How can people's right and responsibility to work be exercised in a world without full employment and without the prospect of full employment in the foreseeable future?

do not have a conventional job. Much of the work carried out in the community and voluntary sector fits under this heading. So too does much of the work done in the home.

People can exercise their right and their responsibility to work by actively engaging in unpaid work but for this to be viable for any appreciable length of time some form of income support must be available. *Social Justice Ireland's* support for the introduction of a

basic income system comes, in part, from a belief that all work should be recognised and supported.

A recent study for an Oireachtas Committee showed the cost to the state of replacing the 475,000 volunteers working for charitable organisations would be a minimum of €205 million and could cost up to €485 million per year.

Social Justice Ireland believes that government should more formally recognise and acknowledge all forms of work.

We believe that everybody has a right to work, i.e. to contribute to his or her own development and that of the community and the wider society.

However, we believe that policy making in this area should not be exclusively focused on job creation.

Policy should recognise that work and a job are not always the same thing. This is especially true in a situation where long-term unemployment is unlikely to fall any time soon.



**Social Justice
Ireland**



We're on the web

www.socialjustice.ie

Recent Publications from *Social Justice Ireland*

- Analysis and Critique of Budget 2011.
- The Future of the Welfare State
- Building a Fairer Tax System: The Working Poor and the Cost of Refundable Tax Credits
- An Agenda for a New Ireland: Socio-Economic Review 2010
- Beyond GDP: What is progress and how should it be measured?

All of these are available on our website at www.socialjustice.ie. Printed copies can be purchased from the Social Justice Ireland offices.

Support Social Justice Ireland

If you wish to become a member of *Social Justice Ireland* or make a donation to support our work you may do so through our website at www.socialjustice.ie or by contacting our offices directly.

Social Justice Ireland is a research and advocacy organisation of individuals and groups, lay and religious, throughout Ireland who are committed to working to build a just society where human rights are respected, human dignity is protected, human development is facilitated and the environment is respected and protected.

Social Justice Ireland

**Arena House
Arena Road
Sandyford
Dublin 18**

Phone: 01 2130724

Email: secretary@socialjustice.ie

Web: www.socialjustice.ie

Charity number: CHY19486