

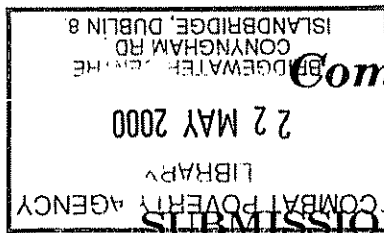


Policy Submission

**Submission to the
Donnison Inquiry on
Long-Term Unemployment
in Northern Ireland**

March 1996

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SUBMISSION TO THE DONNISON INQUIRY

Unemployment is a major problem for society in both parts of the island of Ireland. It causes many to live lives of hardship, pain and misery. It is the key cause of poverty and social exclusion. It destroys the self-confidence and self-respect of individuals. It undermines family structures. It contributes to the decimation and decline of many rural communities. It is a key characteristic of urban ghettos. It contributes to major social problems like poor health, crime, drugs and discrimination. It has long been a major contributory factor to alienation, disaffection and violence. It is a major reason why so many children grow up in poverty and often do badly in the education system and in turn become the next generation of long-term unemployed. It imposes an enormous burden on the economies of both Northern Ireland and the Republic and curtails overall economic advance on the island.

SCALE OF THE PROBLEM IN THE REPUBLIC

In the Republic the current official unemployment level of nearly 280,000 people is very high. However, the reality is that the actual level is still higher. Official figures do not count unemployed people over 55 (classified as pre-retired), people on temporary training courses and schemes nor all those women who are not registered as unemployed but would take a job if one was available. The real figure is probably nearer 350,000.

What is worse, the situation doesn't seem to be getting any better in spite of record growth and job creation performance - for example employment increased by 50,000 between April 1994 and April 1995 but the impact on the live register was minimal. The Conference of Religious of Ireland in a pamphlet "Tackling Poverty, Unemployment and Exclusion" quote a paper by Donal de Buitleir estimating that total net gain in jobs needed would be 437,000 if unemployment is to be eliminated by the year 2000. Key factors here are the growth in the size of the labour force, continuing reduction in the numbers employed in agriculture, increased participation in the labour force by women and returning emigrants. As CORI point out if Dr de Buitleir had used the live register total instead of the lower labour force

estimate of current unemployment the net gain in jobs needed would have been still higher at some 500,000.

LONG-TERM UNEMPLOYMENT

However, it is not just the sheer scale of unemployment that is alarming. What is of particular concern is the very high proportion of those affected who are long-term unemployed. The long-term unemployed (i.e. a year or more out of work) accounted for 48 per cent (133,996) of the total registered unemployed (278,279) in April 1995. This represented an increase of 14 percentage points on the 1980 figure and 6 percentage points on the 1992 figure. Meanwhile, 67,955 were jobless for three or more years, the equivalent of a quarter of all unemployed and a half of the long-term unemployed. Again this is up 5 percentage points on the 1992 share.

Thus, in spite of the fairly widespread experience of unemployment in recent years, the reality is that the burden of unemployment is shared very unequally in the Republic. A recent study has revealed that those who were out of work all year had two-thirds of all weeks of unemployment. The situation is even worse in terms of career unemployment, with those out of work for over 5 years (accounted for by 4 per cent of adults) having half of all the years of unemployment. Obviously, as the duration of unemployment has grown, it has become concentrated on a minority who are out of work on a long-term basis.

POVERTY AND UNEMPLOYMENT IN THE REPUBLIC

Research undertaken by the Economic and Social Research Institute (ESRI) has shown that in 1987 households where the head was unemployed made up a third of all low income households and households with an unemployed head had a high risk of poverty. From this it can be concluded that unemployment, particularly long-term unemployment and exclusion from the labour market, is the main cause of poverty in Ireland. This is particularly true where the head of household is unemployed, where there are not other earners in the household, where there are dependent children in the household and where the person has been unemployed for more than a year or has experienced extended periods of unemployment over their career. The effects of long spells of unemployment, particularly for families where there are no earners is a run-down on savings or other accumulated resources, a susceptibility to debt and survival on a very low income over a prolonged period of time.

Since 1987 levels of unemployment have increased, particularly long-

term unemployment. It might thus be expected that households with an unemployed head now account for a greater proportion of those living in poverty. However, as a recent report from the Interdepartmental Policy Committee on the National Anti-Poverty Strategy has pointed out this may have been mitigated by a number of policy responses aimed at addressing this issue. For instance there have been a range of measures to stimulate employment and schemes aimed at reintegrating the long-term unemployed into the labour market. In line with recommendations made by the Commission of Social Welfare in 1986 social welfare payment rates, particularly long-term unemployment assistance, have increased substantially since 1987. Nevertheless they still remain below the minimally adequate rate recommended by the Commission on Social Welfare though all rates are now at least 90% of the minimally adequate rate and some exceed it. A more up to date picture will be available late this year when the first results of a new national study by the ESRI funded by the Department of Social Welfare and the Combat Poverty Agency become available.

WHO ARE THE LONG-TERM UNEMPLOYED?

Any consideration of the problem of long term unemployment needs to consider the question as to who are the long-term unemployed and to what extent are they a distinctive group.

The profile of the long-term unemployed shows a concentration of men aged from 25 years and upwards with low education and skills levels. It is particularly clear that middle-aged and older men with no qualifications are not getting the new jobs that are being created and that the older long-term unemployed are not benefitting from schemes that have been introduced to the same extent in terms of obtaining open employment.

In a submission to the National Anti Poverty Strategy the Irish National Organisation for the Unemployed (INOUE) has emphasised, on the basis of research done by the Chris Whelan of the ESRI, the central role that social class plays in the systematic distribution of poverty and unemployment. Analysis of the 1987 survey identified the emergence of a significant marginalised working class who experience a degree of deprivation distinctive from the remainder of the working class.

CHILDREN AND LONE PARENTS

Between 1973 and 1987 there was a relative deterioration in the

position of households with children. In 1987 a higher risk of poverty existed for families (23%) and for children (26%) as compared to non-child households (13%) and adults (17%). Nolan and Farrell have identified four reasons for the worsening position of households with children: unemployment, low pay, lone parenthood and government fiscal policy. Of these unemployment is the main reason for the high level of child poverty.

Another group found to be at a very high risk of poverty in 1987 were lone parent households. Research by Jane Millar and others for the Combat Poverty Agency has emphasised that lone mothers in Ireland have low rates of economic activity and that this is a key factor trapping them in poverty. Mothers' participation in the labour market is affected by a range of factors including the availability of work in general, traditional attitudes to mothers working outside the home, job segregation, low pay and lack of child care provision. There has been a substantial increase in the number of lone parents since 1987.

This depressing picture of families and children growing up in poverty adds a further reason for urgency in addressing the problem of unemployment. If we do not take radical steps to change the situation the impact of the current high levels of unemployment is likely to blight the lives of another generation and to further undermine the stability of our society.

FACTORS TO BE ADDRESSED

It is clear that there are a number of factors which contribute to unemployment, particularly long-term unemployment, which need to be tackled. These have been well summarised by the Interdepartmental Policy Committee for the National Anti Poverty Strategy. They are:

- low level of skills and educational attainments;
- barriers facing the long-term unemployed in finding jobs such as recruitment practices, employer reluctance and unemployment traps;
- persistence factors, including the loss of skills and lack of influence on the long-term unemployed in the labour market;
- the changing nature of work;
- policy factors including the impact of employment protection legislation and unemployment benefit systems and the extent to which labour market policy is "active" or "passive".

From all of this two key issues are apparent. First, adequate and sustainable employment growth is necessary if jobs are to be created. Secondly, that employment growth will only impact on poverty where jobs go those who are presently excluded, particularly the long-term unemployed.

THE PEACE PROCESS

Any consideration of unemployment also needs to take into account the context of the peace process. Both the potential economic and psychological benefits of peace, if the current difficulties are overcome, will provide an even stronger base for addressing unemployment. Indeed, if peace is to be embedded in both parts of the island it is vital that the issue of unemployment is addressed.

While poverty and unemployment are not the direct cause of violence it is striking how the areas in Northern Ireland with high levels of violence have a strong geographical correlation with the areas of greatest disadvantage and with working class areas. Thus it is reasonable to conclude that poverty, unemployment and the resulting sense of exclusion and alienation are important contributory factors which exacerbate and perpetuate violence. Furthermore, some of the areas in the Republic from which proponents of violence have drawn their support have a very similar profile of poverty, unemployment and social exclusion.

As long as widespread unemployment and poverty persist in both parts of this island they will undermine the building of a stable, pluralistic society that will have the confidence to accommodate political and cultural differences. For that reason alone the struggle to end unemployment is essential to both parts of the island.

THE ELEMENTS OF A SOLUTION

Outlined below are a summary of recommendations which could form part of an agenda to tackle long-term unemployment. Several of these are elaborated on in more detail in the attached Agency publications.

- i) Political Commitment: The first and key requirement is an absolute commitment to ending long-term unemployment and achieving full employment within a defined timescale. A clear target and timescale needs to be set by Government. For example the Republic's Minister for Finance, Ruairi Quinn, in the 1995 Budget set a target of achieving full employment by the

year 2010.

- ii) Leadership: Leadership will need to be shown by key institutions in both parts of the island. These include the social partners, the voluntary and community sector and the churches. They must give the lead in arguing the moral and economic case for building a fairer and more inclusive society rather than developing a society dominated by rampant individualism and greed. They must join the struggle to challenge the complacency and self-interest of the comfortable. They must join with others in working to break down the considerable barriers that can be raised by institutional inertia in our overly centralised and compartmentalised political and administrative system. This will require a commitment by the whole society to ensure that the benefits of economic growth and new jobs are shared more fairly. There must be no equivocation or prevarication. This must become a new consensus or crusade in both parts of the island. Only then will the necessary coordinated set of policy measures be put in place and the necessary sacrifices be made. In the Republic the National Economic and Social Forum, bringing together as it does all the key interests in society (including the unemployed), has played a key role in forging a new consensus on the urgency of tackling unemployment. Consideration should be given to establishing a similar forum in Northern Ireland and perhaps an All-Ireland Forum on Unemployment.
- iii) National Anti Poverty Strategy: The Government has committed itself in the Republic to drawing up a comprehensive anti poverty strategy whereby all government departments and agencies will be required to make tackling poverty and social exclusion a key strategic aim. A key theme within this strategy will be tackling unemployment, especially long-term unemployment, and specific targets are to be set in this regard. The strategy also involves ongoing consultation and involvement of those affected by poverty and social exclusion in the policy making process. A similar commitment could usefully be considered in Northern Ireland.
- iv) Coordinated and Decentralised Approach: There needs to be a coordinated response at the national policy level and this should be complemented by an integrated response at local level involving statutory agencies, local government, the social partners and the voluntary and community sector working

together in partnership in the most disadvantaged communities, both urban and rural, with the highest levels of unemployment.

- v) Measures to Enhance Job Creation: Measures required are likely to include more focus on indigenous industry, encouragement of self-employment and enterprise, promotion of the social economy, appropriate changes in the tax system to reward job creation and encouragement of worksharing through measures like reduced overtime, reduced working week and job sharing.
- vi) Special Employment Measures: These will need to ensure that those who have been unemployed for longest and are in the greatest need have an improved chance of acquiring the jobs that are available. Hence, the need for a focused employment policy which would have the express aim of targeting the long-term unemployed over other labour market categories. Key elements of this will include enhanced incentives to employers to take on the long-term unemployed, a large scale direct employment programme for the older and very long-term unemployed and reform of the employers' PRSI to encourage increased recruitment of low skilled and low paid workers.
- vii) An Adequate Minimum Income Standard: Given the scale of the problem of long-term unemployment it is clear that it will not be resolved quickly. It is essential that while a solution is being implemented that the resources of those who are unemployed are adequate so that they do not become further excluded from society and that children do not grow up in poverty and become victims of recurring cycle of poverty. Thus every adult and child should be guaranteed, either through work (for instance minimum wage legislation), welfare or child income support or a combination thereof an adequate minimum income.
- viii) Radical Tax Reform: This should be aimed at removing the tax liability of the lower paid and the risk of poverty traps, broadening the tax base (i.e. increased capital and property tax), rebalancing the tax system in favour of employment creation and removing regressive elements like discretionary tax reliefs unless they can be shown to have a positive direct impact on unemployment.
- ix) Assault on Educational Disadvantage: This should be aimed at dramatically reducing the number of young people who leave

school with low or no qualifications. This will involve increased support for early childhood and primary education in particular.

An end to the selection at eleven. There will also be a need for a significant expansion of adult and second-chance learning opportunities.

- x) Support for Local Community Development, Women's Groups and Community Arts: Local community development, womens groups and community arts projects can mobilise the energies, skills and commitment of the most disadvantaged communities and give the unemployed an opportunity to participate directly in designing solutions to the problems they face. There should be extensive financial and practical support for such projects.
- xi) Support for Minority Groups: Special support for minority groups who have particular barriers to overcome in accessing the labour market, such as people with disabilities, Travellers and lone parents will be essential.

25th March 1996

KEY SOURCES

Combat Poverty Agency, "Sharing the Benefits", Dublin, 1996

Combat Poverty Agency, "Tackling Poverty - A Priority for Peace", Dublin 1994

Conference of Religious in Ireland, "Tackling Poverty, Unemployment and Exclusion", Dublin 1994

Interdepartmental Policy Committee on the National Anti-Poverty Strategy, "Poverty, Social Exclusion and Inequality in Ireland -An Overview Statement", Dublin, 1995

Irish National Organisation of the Unemployed, "Submission on the Formulation of the National Anti Poverty Strategy", Dublin, 1995

Millar, J, Leeper, S, and Davies, C, "Lone Parents and Public Policy in Ireland", Dublin, 1992

National Economic and Social Forum, "Ending Long-term Unemployment", Dublin, 1994

Nolan, B et al, "Poverty and Time: Perspectives on the Dynamics of Poverty", Dublin, 1994

Nolan, B and Callan T (eds), "Poverty and Policy in Ireland", Dublin, 1994

Nolan, B, and Farrell, B, "Child Poverty in Ireland", Dublin, 1990