

TACKLING THE ECONOMIC AND SOCIAL CRISIS

EAPN Ireland Employment Working Group Position Paper

Introduction

The EAPN Ireland Employment Working Group includes representatives from a range of anti-poverty and social inclusion organisations which is co-ordinated by the European Anti-Poverty Network Ireland to monitor and engage with developments in employment policy. Much of the focus of the group has been on the European Employment Strategy and its implementation in Ireland.

The priority for the Working Group are those people who are distant from the labour market, those who are unemployed and those in low income, low skilled precarious jobs.

The vision of the Employment Working Group is the creation of an inclusive labour market with decent, quality jobs which is supported by accessible and affordable services. The Group is also committed to campaigning for an adequate income for welfare recipients.

This position paper was developed as the result of a roundtable which took place in February 2009 and brought together representatives from a range of organisations to discuss the current economic and social crisis and its impact on the most vulnerable in accessing and participating in the labour market. It aims to present solutions and ways forward in addressing the current crisis.

The position paper concentrates on five main priorities:

1. **Creating jobs**
2. **Sustaining jobs**
3. **Training, education and labour market programmes**
4. **Tax and social welfare**
5. **Employment rights and equality**

Context

Within the current economic difficulties facing Ireland the biggest social crisis emerging is that of unemployment. Over the past year the Live Register (June 2009) has increased by 92% to 413,500. It is important to note that at the height of the unemployment crisis in 1980s the Live Register never went over 300,000. The Central Statistics Office is always keen to point out that the Live Register is not a measurement of unemployment per se as it includes people working casually, part-time, and signing-on for credits. There has been a 172% increase in the number of people in casual and part-time employment, they now constitute 16% of the Live Register in comparison to 12% in June 2008.

The Quarterly National Household Survey for Quarter 1 2009 showed a 7.5% fall in employment levels. There are now 1.97m people in employment, the lowest level since the middle of 2005. The three sectors that saw the biggest decreases in employment were construction; wholesale and retail; and industry. Between them they accounted for 77% of the decline.

Given the international nature of the economic crisis facing Ireland, exacerbated by Government policies, unemployment will unfortunately continue to rise. Though Ireland changed dramatically over the Celtic Tiger years, the reality is that the majority of people now losing their jobs will find it hard to find work in the 'Smart Economy' the Government is pursuing. Long-term unemployment is now back to mid 1999 levels at 2.2%. A skills deficit has been identified between where most of the labour force are at and where most of the jobs are likely to be created. This issue has been well documented by the Expert Working Group on Future Skills Needs.

In finding solutions to this crisis it is vital that a focus on those vulnerable groups most distanced from the labour market is maintained and developed. They were most likely to have suffered low income and/or inequality during the boom years. Their situation and exclusion will be exacerbated in the current economic crisis and how it is addressed. Choice and sustainable outcomes that are effective routes out of poverty must be key principles of any response. In particular activation strategies rolled out by employment services, education and training providers must seek to improve participants' long-term chances. They must also recognise the need to balance work, parenting and caring roles for lone parents and other vulnerable families.

1. Creating jobs

Ireland is a small and very open economy, highly dependent on global economic developments. However, it is imperative that Ireland takes steps to develop and implement job creation strategies.

- Identify areas with potential for significant job growth e.g. social infrastructure such as social housing and accommodation, schools and childcare facilities, the food industry, and 'green' jobs. Investing in social care can help to address the gender dimension to unemployment and to balancing work and caring responsibilities. The European Commission, as part of their Joint Employment Reports, continues to highlight the inadequacies of Ireland's provision of accessible and affordable childcare and other services which impinges on equitable access to employment.
- Ensure that the State's strategies to manage the banking crisis are structured in such a way as to support the start up of viable new enterprises rather than hinder them.
- Ensure a focus on small and medium enterprises as most employees in Ireland still work in these enterprises. To that end we should develop strategic supports for self-employment projects including:
 - Using and reviewing financial supports.
 - Mentoring supports to facilitate people without core business skills in developing business plans, accessing finance and implement best practice in management.
 - Particular attention should be paid to ensure these developments are equitable and inclusive so that people distant from the labour market e.g. migrants, lone parents, people with disabilities, Travellers and ex-prisoners can generate their own employment.
- It would be important to re-visit the concept of socially useful work, and the role labour market programmes like the Jobs Initiative have played in promoting social engagement. Volunteering also has a role to play in this regard and its potential should be explored.
- However, it is important that such developments, including the recently announced 'Work Placement Programme', create access to fruitful experiences for potential participants.

2. Sustaining jobs

It is critical that every effort is made to sustain as much employment as possible. Once a person has become unemployed, it is harder for them to find another job, the longer the unemployment lasts, the more difficult it becomes to get back to work.

- The response to the banking crisis is critical. The lack of availability of credit can leave perfectly viable businesses with no option but to let staff go. Government must ensure that in exchange for the vast public resources being invested in banks, sustainable enterprises are given access to the credit they require to stay in business.
- The social welfare system needs to incorporate flexible responses which would allow strategic delivery of social welfare supports in enterprises where hours are being reduced in order to maintain people in employment. This kind of support should be combined with high quality and labour market relevant training to equip employees. The new Government pilot 'Short Time Working Training Programme' is a positive development in this regard and lessons need to be drawn quickly and the scheme rapidly expanded beyond the 277 pilot places. It is important that the eligibility and duration criteria for such initiatives ensure that they meet the needs of those who most need them.
- It is essential that initiatives using state supports to sustain jobs are designed in a way that avoids exploitation by employers.
- To support the maintenance of employment and people's skills it is important to utilise 'transferable' skills as much as possible and support people to move between different types of employment and sectors.

3. Training, education and labour market programmes

If the Government's stated aspiration for a 'smart economy' is to be realised – and those who have already suffered educational disadvantage are not to be systematically excluded – a strategic overhaul of education and training provision is urgently required.

- To ensure that long-term unemployment does not become entrenched demands a more proactive and preventative approach. The priority should be to ensure that supports are made available to the people who need them, when they need them. In the past duration on a social welfare payment was used to target supports for 2nd and 3rd level education. Through the development of tools such as profiling, information should now be available to ensure that scarce public resources are used most effectively and those most vulnerable to long-term unemployment are engaged with sooner rather than later.
- Research shows that it is participation in mainstream education that is most likely to secure better employment opportunities (see Kelly, McCoy and Watson, 2007). Many of those currently unemployed will need decent career guidance to enable them to identify their own strengths and abilities and how these can be developed through education to lead to better employment opportunities. Focus should be on ensuring optimal outcomes from programmes not on minimising input costs.
- Quality in provision is vital. Training must enhance participants' employability, ensure accreditation and be of sufficient duration to address educational disadvantage where it presents. Such provision must have built-in viable progression routes for those most distant from the labour market.
- The Government must invest in improving the skills level of the most vulnerable sectors and maintain investment in education and training, in order to position the country well for the recovery. To this end the Government's National Skills Strategy must be implemented.
- Where at all possible, education and training should be combined with some labour market experience such as the traineeship model, based on proven international models. Research and evaluation shows that participants in this type of provision have much better chances of progressing into decent employment.
- Flexibility in education and training provision is vital given the variety of needs that must be met such as commuting times, literacy and numeracy supports and balancing participation and family life.
- Community Employment should be retained and restructured to ensure more positive and sustainable outcomes for participants from vulnerable groups and those distant from the labour market. It should provide for a balance between the needs of those newly unemployed to develop skills and get back to work quickly while continuing to meet the needs of those who have remained distant from the labour market.
- Employment services should also be capable of providing an effective gateway to the full complement of education and training provision for all unemployed people.

4. Tax and social welfare

Though there is much talk of deflation many essential goods and services have seen price inflation over the past year for example education, health and public transport. Low paid workers need to be able to earn sufficient in net wages to keep them out of poverty: a policy goal Ireland failed to achieve even during the boom years (The CSO, EU – Survey of Living Conditions shows that 6.7% of those in work in 2007 were at risk of poverty). Also contrary to much recent public commentary social welfare recipients experience poverty rates considerably higher than the national average ('at risk-of-poverty rate' for unemployed people was 38.7%, for lone parents 37.6% and people with an illness or disability 37%).

- A broader tax base is required that secures a more stable income stream for the State and moves it away from an over reliance on volatile expenditure taxes or from over burdening employment.
- Anyone earning the National Minimum Wage or less should be outside of the tax net including the income levies.
- Social welfare is vital in preventing people falling into poverty and lowering social welfare payments reduces the capacity of people to participate in society, reintegrate and take up opportunities. Therefore, no further cuts to social welfare supports should be entertained. The recent changes to Rent Supplement have increased accommodation costs by many welfare recipients between €15 and €20 per week.
- There is a need to review barriers to access to social welfare supports for migrant workers. This must address 'duration issues' related to the 'Habitual Residency Condition' which determines eligibility and prevents many unemployed migrant workers from accessing social welfare. Issues of misinformation and the incorrect application of HRC must be addressed.
- Now is a golden opportunity to reform the social welfare system, address poverty traps and make it more employment friendly.

5. Employment rights and equality

It has become an employer's market and there is a need to tackle the demand side of the labour market. There is a need to ensure that the requirement of greater flexibility from employers does not lead to increases in exploitation and inequality for employees and those seeking work. Any rise in exploitation will most likely remain hidden as workers will be more reluctant to come forward to make complaints with fewer options of alternative employment.

- Employment law needs to be strongly enforced and the National Employment Rights Authority (NERA) needs to be vigilant in ensuring that all employers are abiding by employment law including pay and conditions, and redundancy processes. A particular focus on low-paid, low-unionised sectors where the more vulnerable are employed would be important.
- The Government needs to prioritise the passage of the Employment Law Compliance Bill including amendments that allow NERA Inspectors to introduce 'on the spot' fines against employers who are found to break the law in the first instance. The Bill should also legislate that all workers, regardless of their legal status, have the right to exercise their employment rights, to ensure that there are no barriers to legal redress.
- There is also a need to legislate for an entitlement to the benefits of proper collective bargaining for all workers which also prohibits discrimination against workers seeking to exercise it. Collective bargaining and unionisation is the most direct and effective avenue for workers to negotiate with their employers and ensure proper wages and conditions.
- Tackling racism, discrimination and anti-migrant sentiment in the current economic environment will be a challenge. Reports have already shown high rates of discrimination experienced by migrant workers in the workplace (ESRI & Equality Authority, 2008). Recent changes to the work permit system, which prohibits migrant workers with permits who are made redundant from taking up a new job unless it is has been publicly advertised for two months will become an enormous barrier to such workers and should be repealed.
- The anti-discrimination infrastructure must be re-established and properly resourced in order to carry out its role. The current two year delay in Equality Tribunal hearings is excessive and needs to be shortened as it discourages individuals to come forward in lodging legitimate complaints.

Conclusion

In addressing the current economic and social crisis it is vital that the needs of those most at risk of poverty, social exclusion and inequality are properly addressed. Otherwise the long-term cost of the subsequent socio-economic exclusion will be enormous.

There is, therefore, a need for an integrated and coordinated approach addressing policies across the five areas. This demands new and innovative strategies to ensure the retention and creation of new jobs, retaining existing standards around social welfare aimed at protecting the most vulnerable and implementing key policies such as the National Skills Strategy.

In October 2008 the EU passed the European Commission *Recommendation on the Active Inclusion of people excluded from the labour market*. It is essential that in developing local, national and European strategies to address the current crisis policies reflect the integrated approach in addressing the development of adequate income and quality services and employment.

It is essential that the Government take immediate action to address these proposals and begin to develop a more inclusive and equal society and labour market.

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