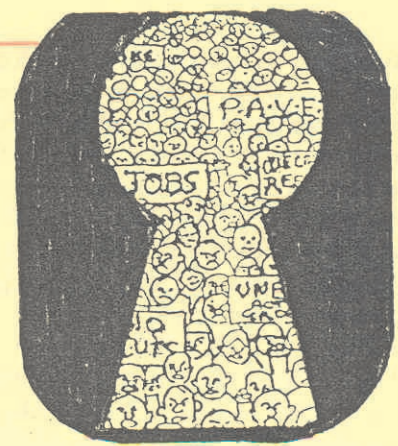


# WORKING NOTES



No. 6, September 1988

## a third sector?

Talk about a "Third Sector" to the economy has grown as the employment performance of the private and public sectors has gone from bad to worse.

The "Third Sector" refers to the many and varied initiatives being taken at a local level by groups who have concluded it is useless in the present political climate to wait for market forces or government policies to bring them the jobs or improved services they need.

Some of these initiatives aim at establishing small commercial businesses. In them, however, profit is for employment and not employment for profit. The bottom line is that ongoing satisfactory work be provided for a given number of people in the local community. "Third Sector" commercial businesses, then, stand for a "localisation of economic development" that is in sharp contrast to the "internationalisation of business" that large Irish companies are beginning to preach as they prepare for the Single European Market.

Most employment alternatives in the Third Sector, however, are not trying to be commercial. In them, community and voluntary groups are getting on with providing a needed service (social welfare advice, drugs counselling, child minding, artistic expression, etc.) There is a deep concern that the design, management and administration of the service remains the responsibility of the community or voluntary group in question and this distinguishes them sharply from ordinary public services. They want people and communities to take part

in meeting their own needs and not depend totally on the outside 'professional'.

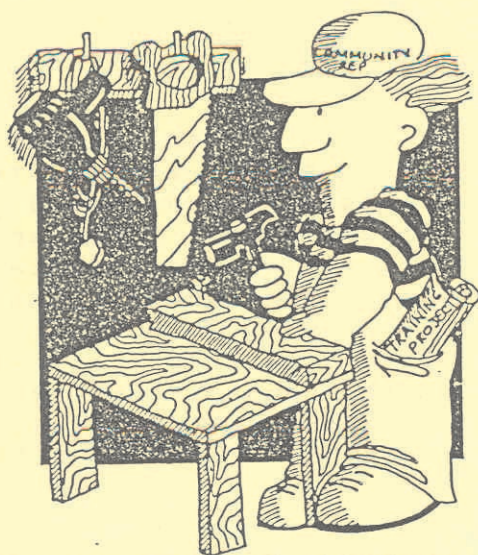
The term "Third Sector" should be immediately dropped if it is intended to mean a sector (even some day) of comparable employment importance to the present public and private sectors. The Irish economy needs to generate a flow of 20,000 new jobs each year just to keep step with the growth in the numbers seeking work. A 'sector' where the existing stock of employment is around 11,000 has, clearly, a very limited contribution to make. It is right to be wary about any preaching of a coming dawn for workers' co-operatives and community enterprise. Responsibility for providing jobs on the scale required today still rests firmly with the private sector and government.

The Third Sector, however, has a very great significance when we consider its location and the people employed in it. If it is small change in the national context, it can be big money for the local economies of depressed rural areas and deprived urban estates.

The Third Sector is concentrated in areas of high unemployment and emigration and employs a disproportionately large number of people who have, what the market economy considers, low levels of expertise and training. As such, the Third Sector plays a vital role in stemming the deterioration and in beginning the renewal of marginalised areas and disenfranchised social groups. Its importance, therefore, is totally transformed when we ask - not 'how big is it?' - but 'output from where?' and 'employment of whom?'



Support for the Third Sector, therefore, should not be in expectation of an avalanche of jobs but out of a concern to remedy one of the worst consequences of high unemployment, namely its concentration in certain areas and among certain social groups. Policies to support the Third Sector are better focussed as positive discrimination measures - instruments of enlightened regional and social policy which are restoring to dependent areas and people the dignity of work and of participation in decision-making.



In this context, of Third Sector activity as crucially important to weak areas and weak social groups, what types of policy improvements are immediately worth pressing for?

(1) Vigilance is still needed that schemes such as Social Employment and Teamwork are not used to undermine pay and conditions in other employments. However, in many cases, the people employed by the voluntary and community groups through these Schemes are 'working' in the fullest sense of that word. The nature of their service is totally undervalued when the Government insists that their employment can only be temporary. The groups are being relentlessly forced into a training role to the detriment of the quality of the service being provided, causing frustration in the people temporarily employed and straining the administrative capacity of the employing group. Everyone should campaign against the enforced temporary nature of these Schemes.

(2) We should campaign for the retention and expansion of the Community Enterprise programme that was introduced in mid-1983. The funds allo-

cated to this programme have always been of cinderella proportions yet it took the largest cut of any special labour market scheme in this year's budget (down 16 per cent to £2.6m). Why this should be so is hard to fathom. The programme is about "local economic development through the creation of sustainable employment, in community-sponsored or worker-controlled businesses, that are not primarily for profit". It is the most flexible of the special labour market schemes, developmental in its intention and has been enjoying a very rapid take-up since its first introduction. Three hundred local groups had availed of it by the end of 1986, expected to increase by 50 a year to 500 by 1990. More than any other programme, it fosters commercial developments on the part of groups and is, thus, often taken up by those seeking an ideological alternative to capitalist private enterprise. (Is that why it has not received half as much funding as the Enterprise Allowance Scheme introduced in the same year?) The programme is presently totally under-resourced.

With greater resources the CEP could, for example, at last do something about the prohibitive insurance costs that practically every Third Sector initiative faces, simply because they are based in areas with multiple social problems. Access to reasonable insurance cover would be a tremendous lift to this Sector and surely is not an impossible technical challenge to the State?

(3) In the pursuit of social justice and of allowing unemployed people in deprived areas greater participation in economic life, the enormous economic power of local authorities, health boards and educational authorities in these areas should be used much more imaginatively. In every way possible, without endangering existing jobs, the involvement of unemployed people in administering the services upon which their own community depends should be actively sought.

N. B. there is one type of Third Sector activity which merits particular attention. Workers' and community co-operatives engaged in commercial activity have a national significance notwithstanding the small numbers employed in them. They model a demo-



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Who makes up the present Third Sector in the Irish economy ?

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\* approximately 520 people employed in some 47 workers' and community co-operatives that were trading commercially (as of mid-1986). Their total sales were reckoned to be £6.3m.

\* a further 6,000 people employed, at any one time, by community and voluntary groups availing of the Social Employment or Team-work Schemes.

\* a further 4,500 people engaged, at any one time, under the Community Youth Training Programme, in Community Training Workshops and on those courses, which used to be run by the old AnCO External Training Division but which, like the CYTP and CTWs, are at the initiative and under the management of local groups.

THIS ROUGH SKETCH OF WHO MAKES UP THE THIRD SECTOR SUGGESTS IT PRESENTLY EMPLOYS SOME 11,000 PEOPLE PRODUCING GOODS AND SERVICES CONSERVATIVELY ESTIMATED AT £44.3m.

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cratic form of ownership of the workplace (workers' co-ops) and a strength of local allegiance (community co-ops) that invites a transformation of traditional labour-capital relationships in the rest of

the economy. They bring control over people's jobs closer to the people and communities dependent on them. This, then, is a topic to which WORKING NOTES intends to devote a future issue.



# labours alternative

The proposals for medium-term economic policy (entitled Labours Alternative) put to the Labour Party by Dick Spring, are of considerable interest for people concerned about unemployment. LA does not describe an employment creating policy as such, it is more a document describing how to establish the pre-conditions for a return to full employment and more equitable distribution of wealth. His proposals are not standard Labour orthodoxies and deserve to be given serious thought.

First, LA proposes a reformed public and a regulated private sector. Gone is the old idea that the private sector has failed and therefore the state must nationalise all around. Public sector operations, such as the semi-state bodies have also failed, and in any case, whether a company is public or private owned, it must (except in rare circumstances) be governed by the same law of competitiveness and commercial viability or profitability. If Ireland is to produce jobs for those who need them, then

Ireland must initiate commercially viable enterprises producing competitively priced goods and services. The function of government is to develop the policies which will support this development, which include creating what LA calls an 'environment for enterprise'.

Second, where private enterprise or co-operative ventures are doing this adequately, government should leave well enough alone. Because, however, native Irish industry is weak, there is an important role for government in building up carefully selected Irish businesses into strong stand-alone companies which will hopefully lead to a greater proportion of the profits produced by Irish workers being retained within the country. These profits are needed, not only for improving the lifestyle of those of us lucky enough to have jobs, but to expand these businesses and thus increase employment. In some cases, the state should own and run certain industries and services, with the same criteria of competitiveness as obtain for private industry, the state cannot sink money forever into chronic money-losers.

Third, the tax system must be reformed. Roughly, what Spring proposes is

that taxes be shifted away from PAYE workers and employers' PRSI and towards tax on property (land, houses, wealth, etc.) and on corporations. This makes sense, because as he admits, the overall tax take cannot currently be reduced while at the same time high tax rates (while not merely being inequitable as presently structured) amount to a tax on working and drive some of the most skilled workers abroad to places where taxes are much lower.

Fourth, LA proposes that the IDA be reconstituted with responsibility for attracting overseas investment to the country, and that the National Development Corporation (NDC) take responsibility for native industry. (At present the NDC is extremely limited

in what it can do). The NDC is envisaged as taking a major role in stimulating, guiding and regulating Irish industrial development. Its success will depend, among other things, on there being 'an increasing flow of potentially profitable projects': a culture of enterprise and innovation, plus full mobilisation of available capital, are needed to generate increased employment.

Labours Alternative is sure to arouse controversy but it deserves credit for its honesty and its willingness to question sacred cows. For people anxious to tackle unemployment, it should be a help to fresh thinking. Governments need more than good intentions and good will if they are to create jobs. ■



# employment update

Recent Labour Force Survey data published by the Central Statistics Office (CSO) provides an up to date picture of the employment situation in Ireland. The total number at work declined by 45,000 (4%) from 1,124 in 1983 to 1,079,000 in 1985. Between 1985 and 1987 it remained steady at around 1,080,000. The latter is good news as prior to this some further decline in the total at work had been expected. The figures show that between '85 and '87 a decline in employment in agriculture and in construction was offset by a increase in the services sector, while manufacturing employment remained steady. Somewhat less positively, it is possible that the stability of the total number at work has been achieved in part by an expansion in part-time employment. What is the significance of these new figures? One commentator, Prof. Gerry Sexton of the ESRI, concluded that while the better than expected employment situation was obviously to be welcomed "the changes are not of a sufficient magnitude to make a serious dent in the unemployment and emigration levels".

Not everybody has been so cautious in their assessment of recent developments. Professional optimists as ever, the IDA launching its 1987 annual report in July, proclaimed that confidence is returning to the econo-

my and 'thousands of jobs are being created'. According to the report 'In 1987, 11,470 first time jobs were created and filled in IDA backed companies in the manufacturing and international services sectors. Also the IDA 'has taken as its central and core target the stimulation of 37,000 jobs in the three years 1988-90...This is 6,000 jobs more than attained in the preceding three years'. An improvement in job creation performance would certainly be welcome.

All this must be seen in context. The report shows that the IDA's 1987 performance was 'approximately at the same level as in 1986' which (according to their '86 report) was 'on a par with the 1985 figure'. So thousands of jobs were being created while unemployment was rising steadily. On their own these figures tell us very little. For example those quoted for jobs created are not net figures for the manufacturing sector. As we saw above total manufacturing employment has been static since 1985. Some indication of whether the overall situation is changing and to what extent will be given by the April 1988 labour force survey, first results of which are due to be published in October. ■

WORKING NOTES carries information and analysis of the unemployment situation and related issues. We welcome feedback and dialogue on material covered in the bulletin. Use these working notes in any way you like, but please acknowledge the source if you are reproducing them. ■