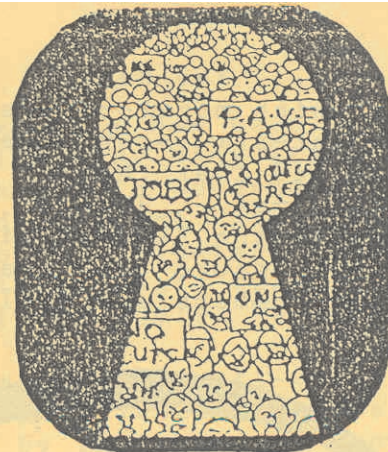


# WORKING NOTES

No. 8, January 1989.



## trade union solidarity

Trade Unions have been a major force for bringing about better pay and working conditions for workers. The statue of Jim Larkin outside the GPO in Dublin symbolizes the ongoing struggle by the movement to improve working conditions and living standards. Practical support by the trade union movement for the unemployed at a time of high unemployment is an enormous challenge to the vision presented by the trade union movement, its sense of struggle for better living conditions for all, and its sense of solidarity.

At the beginning of the century there were less than 50,000 trade unionists in the whole of Ireland. Since then the numbers have been multiplied ten times and today there are about 477,000 men and women who are members of 70 trade unions in the Republic of Ireland. This level of unionisation, at 56% of all employees, is higher than most other EC countries.

What part are trade unions playing in working for the unemployed? Clearly their power for bringing about change remains one of the most important factors in reducing the current unemployment figure of 242,946 (Total live register, 30 December 1988).

### TRADE UNIONS AND JOBS

The commitment of the trade union movement expressed in its 'CONFRONTING THE JOBS CRISIS' (September 1984) is unambiguous: "the first priority for the trade union

movement is the creation and maintenance of jobs for all able and willing to work. The major issue facing Irish society over the next decade is the need for a rapid development of the economy so as to create the tens of thousands of jobs required for young people coming on to the labour market, to provide work for the unemployed, as well as to ensure the resources for essential social services".

Since then the Trade Union movement - through the Irish Congress of Trade Unions (ICTU) - has entered an agreement with government, employers and farmers, the 'PROGRAMME FOR NATIONAL RECOVERY'. Fiercely debated by the unions when it was being introduced, the Programme has been accepted by them because it has been seen as the best deal that they can get in terms of job-creation guarantees, commitments about the defense of jobs in the public sector, and wage/salary levels during the 1987/1990 years.

Accepting a corporatist strategy (government-employers-unions-farmers) has meant that trade unions have a voice on the broad strategy of government policy in social and economic matters. At a time of strong anti-union attitudes among employers, declining membership, and a range of changes brought about by technology, unions have felt that it is better to be committed to a programme with some guarantees, rather than be left out in the cold.

Key questions still remain about how serious the commitments to employment creation in the Programme for National Recovery are. It guarantees the creation of 20,000 new jobs each year during the three years of its



operation. The Central Review Committee which monitors the Programme, in its interim report (December 1988) has claimed that the job commitments are being met. However careful monitoring of the figures will be necessary to ensure that claims for job creation numbers are real.



Questions remain about some figures for sectors such as forestry, where jobs lasting twelve weeks were counted as jobs created. Another key issue is whether the guarantees on job creation in the Programme are adequate, given the continuing high level of job losses in industry and given the extremely high overall level of unemployment and emigration. According to the Minister for Industry and Commerce, Mr. Ray Burke, the actual NET increase in manufacturing jobs (i.e. jobs created less jobs lost) was 3,000 in 1988.

Alongside new job creation, trade unions have acted to try to protect existing jobs at a time of government cut-backs in spending. The Programme for National Recovery guaranteed that no compulsory redundancies in public sector jobs would be sought, and despite huge cutbacks in spending on health, local government etc this has been the case. However, thousands of public sector jobs were lost in 1988 through voluntary redundancy measures. Such reductions in employment will have a very damaging impact on staffing levels and morale in many essential public services.

Besides the immediate action of trade unions in tackling unemployment as outlined in the job creation guarantees in the Programme for National Recovery, the long-term strategy for employment creation in the Irish economy must be addressed in a coherent and convincing way by the trade union movement.

Perhaps the main issue facing the economy is the extent to which state involvement in enterprise is a vital ingredient in successful enterprise development. 'Confronting the Jobs Crisis' argues for major state involvement and the development of public enterprise. Advocates of private enterprise, right-wing politicians and many academic economists, propose that things should be left to the free play of the market and greater self-reliance, that governments should confine themselves to creating the right environment, and that jobs will follow.

Trade unions have supported a much greater involvement of the state in the development of industry: "This approach provides for a more active interventionist role for the state, representing the interests of the people, in the economy. It ensures that the state has a more active role in initiating and directing developments in the economy, particularly in industry and agriculture, by whatever combination of stick and carrot may be required" (Jobs Crisis p. 2).

#### TRADE UNIONS AND THE UNEMPLOYED

The trade union movement has been one of the main voices speaking for those presently unemployed in Ireland. For example the pre-budget submission of the ICTU calls for an Anti-Poverty Plan to complement the Programme for National Recovery. It calls for immediate special social welfare increases for the long-term unemployed and their families.

#### 'Centres for the Unemployed'

Perhaps the main practical support for the unemployed by the trade union movement has been in the support for the setting up of 13 Centres for the Unemployed throughout the country since 1986. The Centres have been managed by local committees representing local Trades Councils, unemployed and community groups. The Centres have been successful at helping highlight issues and campaigning for the unemployed, at providing information and advice on rights and at supporting a wide range of social and educational activities.

The Centres have faced difficulties, often arising from over-dependence on FAS funding which determines their



activities, programmes, staffing levels etc. Greater independence in funding is necessary for their ongoing development. Practical commitment by trade unions in helping fund the Centres for the Unemployed is a priority, and recommendations in this regard are to be brought to the 1989 Annual Conference of Congress.

Besides the question of financing, important policy issues about the role of the Centres for the Unemployed need to be addressed. How important a role has campaigning by the Centres on behalf of the unemployed and is this supported in practice? How should the contribution of these Centres be assessed? Is head-counting of those attending courses or requesting welfare advice, for example, an adequate measure of the quality of their work, and the effectiveness of their contribution? What in fact are the most important functions of Centres for the Unemployed.

## CONCLUSION

By and large this has been a very difficult time for many Irish workers. Cut-backs in Government spending have led to great unease in the public sector. Voluntary redundancies have left morale very low in many areas of the public service.

In addition many many anti-union attitudes are prevalent - to some extent shaped by Thatcherite economic policies here, as well as in Britain. Because of Job losses over the past years, trade unions have suffered declining membership, and reduced funds.

The central challenge facing unions in Ireland in the coming years is that of going beyond the concerns of the stronger, articulate groups of workers and responding to the continuing challenge of the low-paid and the unemployed. ■



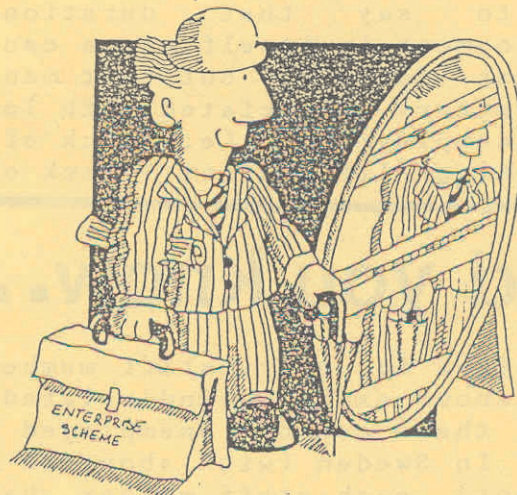
# anyone for self-employment?

The notion that the unemployed can address their situation through self-employment has achieved a certain popularity with the Government, with public opinion, and among some voluntary groups. The results of a recent ESRI study show that promoting self-employment among the unemployed has a very limited impact on job creation and, in particular, it is unlikely to be an option for the long-term unemployed.

The report 'Self-Employment and the Unemployed' (ESRI No. 140, October 1988), evaluates the Enterprise Scheme (earlier known as the Enterprise Allowance Scheme). Under this scheme people unemployed for 13 weeks or more who wish to start their own businesses receive an allowance for 52 weeks. There are a number of possible measures of the achievements of the Enterprise programme.

1. Businesses established: Allowances under the scheme are paid for 12 months. Three months after the allowance ceased, one third of the businesses supported had ceased operating while after two years, i.e. twelve months after payment of the allowance had ceased, 60% of all the businesses supported remained. This 'rate of

survival' is about par for the course for business start-ups.



2. Jobs created: When calculating the overall effect on job creation of the Enterprise Scheme a number of factors have to be taken into account. These include, in addition to the number of people who become self employed, the numbers of further employees taken on. On the minus side they include the jobs lost in other firms as a result of competition from the new firms set up under the scheme and a calculation for the jobs created under the scheme which would have been created anyway. As a result the study finds that after two years for every hundred entrants to



Enterprise, about "34 person years of net additional employment/self-employment will be produced".

How can this low level of net job creation be explained?. The report shows that three quarters of the businesses set up under the Enterprise scheme were in the services sector - e.g building services (including self-employed painters, plumbers, etc.), retail shops, taxi drivers, hairdressers etc. According to the study "It seems likely, that the majority of such businesses are competing against similar firms in what is already an overcrowded market". New firms can only succeed in these areas and create jobs, by taking business and therefore jobs away from existing firms.

3. Who gets the jobs? The study points out that those who are short-term unemployed are more likely to benefit, while "Enterprise seems unlikely to be of benefit to those who experience the greatest difficulty escaping from unemployment - such as the long-term unemployed or early school leavers". In fact "businesses set up by respondents who had spent a long time unemployed were less likely to survive". This is not to say that duration of unemployment in itself was a cause of business failure, but that many of the factors associated with long-term unemployment, (e.g lack of educational qualifications, lack of re-

sources) were also factors militating against success in self employment.

This becomes clear when we list the factors associated with businesses most likely to survive which included:

Personal Characteristics: possession of relevant experience gained via previous employment/self-employment or formal training, aged 25-44, having at least some formal educational qualification.

Organisational features of business: business operated from specific premises rather than from home, larger rather than smaller, initial investment of own capital.

## CONCLUSION

The study specifically focuses on the Enterprise scheme and the authors conclude "we do not see Enterprise as being a major programme in combatting unemployment, though we feel that it has a minor role to play". More generally the study should act as a note of caution to voluntary groups, Centres for the Unemployed, etc. against giving too much emphasis in their work to promoting self-employment. It is possible that the costs to such groups, in terms of commitment of scarce energy and resources, might outweigh the likely benefits.



## did you know. . .

In Ireland for every staff member in the labour exchange and related services there are 660 unemployed persons? In Sweden (with about 2% unemployment) each staff member has on average only 22 unemployed persons to cater for. As far as personal attention goes it looks as though the unemployed Irish person is 30 times worse off than his/her Swedish counterpart. Of course Sweden really is top-drawer when it comes to treating the unemployed as persons with rights and dignity. How does Ireland compare with a country of similar culture like the UK, or of similar wealth-level like Portugal? The UK ratio is 1:193 and the Portuguese ratio is 1:209, in comparison with either of which the Irish ratio of 1:660 is over three times as great.

We're not all bad: as regards expenditure on job-training and unemployment assistance, Ireland rates at about the same as Britain, a fair bit better than the USA and vastly more than Portugal. As regards provision of trained personnel, Ireland rates very badly. Our ratio of 1:660 must surely reflect a lack of real commitment to the unemployed, both on the level of provision of information and re-training, and on the more basic level of respecting the dignity of the unemployed.

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.