

WORKING NOTES

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FACTS AND ANALYSIS OF EMPLOYMENT AND UNEMPLOYMENT

AREA BASED COMPANIES

In January 1991, the Government and the Social Partners entered into a new corporatist agreement which follows on its predecessor the 'Programme for National Recovery'. The new agreement 'The Programme for Economic and Social Progress', states its objectives as "The development of a modern efficient market economy capable of continuing and sustainable economic and employment growth, the benefits of which would be equitably distributed" (P.E.S.P. :7) This objective is to be achieved by way of a partnership between the government and the social partners i.e. The farmers, employers and the trade unions.

Like the P.N.R., the P.E.S.P. contains an incomes policy and a variety of policy statements of intent on wider social and economic issues. In the area of employment and training the primary aspiration is "The creation of employment and the consequent reduction of unemployment and involuntary emigration", which the programme goes on to state is the primary policy objective of government. (P.E.S.P.:43).

Section VII of the P.E.S.P. deals with the issue of long-term unemployment. The programme proposes a strategy to tackle the problem which will involve the establishment of integrated linked programmes containing elements of education, training and work experience. These programmes are to focus on the identified needs of each local blackspot. The strategy is to be implemented in the form of a 'partnership' between the local communities, social partners and statutory agencies. The P.E.S.P. states that the local communities will be the 'primary movers' of the strategy. A local company will be formed to carry out the strategy in each area. (See page 5).

Community Groups as Primary Movers

The proposal that the communities should be the primary movers would seem a positive step, though. This idea must not turn out to be mere window-dressing but must instead create a clear sense that the strategies and actions to tackle the problem are coming from within the communities. In addition the structures of the companies must also give each community a real ownership of the process.

A recent Combat Poverty Agency report advocates such an approach when it states that a solution to community problems which develops mainly from external factors "Creates dependency and a strong tendency for the development to collapse after a short period of time". (C.P.A. :54) The success of the companies, in the long run, would seem, therefore, to depend on how much the notion of 'primary movers' becomes a reality.

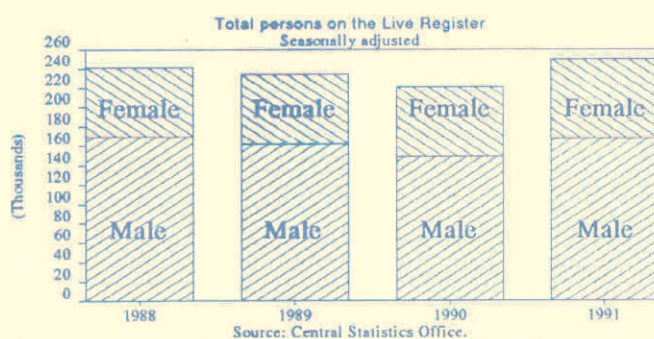
What does 'primary movers' mean? The idea that communities are the prime movers would imply that the communities have to play a major part in the design, development and delivery of the company strategy and that the other members of the companies recognise, support and facilitate this leading role. This approach is necessary for a number of reasons;

- A) The local communities are the ones most effected by problems associated with poverty and unemployment. Therefore, their views and experiences must be taken into account and acted on.
- B) Many of the problems the companies have been established to tackle stem from a lack of consultation with communities in the past. For

example, the ghettoisation of certain urban areas, highlighted by a concentration of unemployment and welfare dependency, has been created on the one hand by a lack of any effective community development policies and, on the other, the introduction of other policies such as the £5,000 grant scheme for local authority tenants which destabilised many communities. Such policies were introduced without any consultation with local communities.

C) Many communities would have established structures, organisations and ways of working, within their local areas. Full consultation would be necessary to ensure an effective 'fit' of the new companies into these existing structures and to ensure that the companies do not disturb existing working relationships within the communities. This is necessary for example in Tallaght where a 'partnership' supported by the Community Development Fund already exists and in Limerick where the P.A.U.L. project is operating the Third Poverty Programme.

Once the structures are established it would be important that community organisations are given the resources to enable them to become 'primary movers' and that a lack of resources is not an obstacle preventing them becoming full 'partners'. Thus, for example, grants should be made available to the participating community groups, to cover the expenses of the additional workload which their involvement in the companies will cause and to give them additional personnel and equipment.



The Companies and National Policies

The setting up of a local initiative to address long-term unemployment raises a number of questions as to what its task is and how the methods used to carry out its task, relate to national education, training, economic and employment policies. It is clear that the task of the companies will not be to run programmes, of their own, since the amount of money allocated in the 1991 Budget of £500,000 to cover all 12 pilots is too small. The

P.E.S.P. states that control and expenditure for programmes will rest with programme agencies such as, FAS, VEC etc. If this is the case, are the companies only advisory? Or will the companies have real power both to target money into locally focused programmes and change the structure of these programmes, to suit local needs, if necessary? Are such local structures inhibited if the eligibility and the design of programmes such as the Social Employment Scheme, and the Vocational Training Opportunities Scheme, are determined at National or European level? What discretion, or power, therefore, if any, will the companies have in adapting these programmes to local needs and in introducing and developing new initiatives?

These issues highlight the difficulty of establishing a locally based response to long-term unemployment without addressing wider national policy issues. The success of the area based initiatives is put into doubt if their establishment is not accompanied by the development of complimentary measures at national level. Such measures should include reforms in the structures of state agencies to make them more accountable at local level. Other complimentary measures, at a national level, are needed in such areas as Tax and P.R.S.I. reform to ensure they are not a barrier to employment creation, increased investment in all forms of adult education, reform in social welfare eligibility to ensure long-term unemployed can participate freely in educational and training programmes and reforms in grant support system for industry away from capital and in favour of labour. It would be difficult to see the companies achieve a reduction in the numbers of long-term unemployed, if the activities of the companies are given no support at national level, in the form of measures to increase employment growth in the economy as a whole. The success of the area based companies depends to a large extent on the development of parallel national policies to support the companies and the political will to ensure that present structures are reformed so that they do not obstruct the work of the companies.

A Redistribution of Jobs

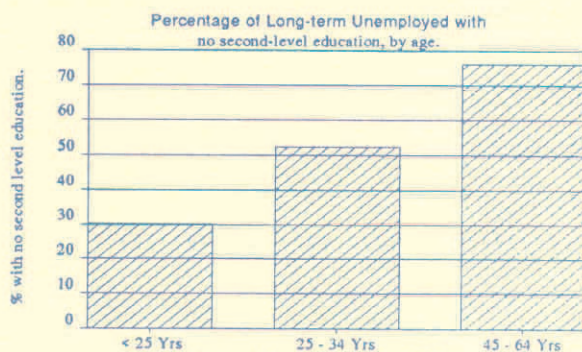
The P.E.S.P. proposal on long-term unemployment is a special measure which will attempt to assist the long-term unemployed compete more effectively on the labour market. It is, therefore, not necessarily in itself a programme to create additional employment, though this may form part of the companies strategy. If the companies are about the redistribution of job

chances, a function of the company must be to establish positive discrimination towards the local long-term unemployed within the labour market. Positive discrimination is necessary in order to assist individuals overcome the factors which cause them to become long term unemployed.

There is no quickfix solution, outside of creating large numbers of suitable jobs, to the complex and interrelated problems that long-term unemployed individuals have to overcome in order to enable them compete for existing jobs.

Difficulties experienced with obtaining employment, due to age or educational/skill deficiency can best be overcome by the creation of long term development programmes. These programmes should contain elements of training, education, work experience and should be individually focused. Developing activities around this area, should form a major part of the companies work. Such activities would include:

- 1) Building links between training, work experience, education, and mainline training, and restructuring programmes in these areas to ensure that they link effectively.
- 2) Identifying and removing barriers to participation in training and education. This would focus on social welfare eligibility and payment rates for programmes but would also take into account other difficulties, such as a lack of childcare facilities and problems of access due to transport or location.



But education/training programmes no matter how structured or effective, are of no benefit without a link into employment. Part of the companies work would be to identify in the first place the type of training/education needed and then to ensure that the training/educational activities, link into the employment opportunities likely to be available in the area. Within this context this would mean a commitment by the employers and trade unions, as

social partners, to recruit the long-term unemployed coming through these programmes. Such a linked strategy is proposed by the Combat Poverty Agency which sees this strategy as an important part of any actions to enable disadvantaged individuals gain a foothold in the mainstream of the economy (CPA:123).

SUMMARY

This article has looked at some of the issues which arise around the establishment of area based responses to long-term unemployment contained in Chapter V11 of the Programme for Economic and Social Progress. This part of the P.E.S.P. would appear to be about the redistribution of employment opportunities towards the long-term unemployed, in order that they may take advantage of the increase in employment that the programme states will be created as the other measures contained in the P.E.S.P. are implemented. The area based responses propose to re-direct resources towards the long-term unemployed at a local level, through the structures of area based companies. It is disappointing, that this measure is mainly about a redistribution of resources and does not contain any concrete proposals to commit additional resources to the problem.

The article raises a number of questions as to what the structures and functions of the companies will be and highlights the importance of active community involvement. It also questions the ability of locally focused initiatives, alone, to effectively address the complex problems associated with long-term unemployment and points out that local initiatives need the support of parallel national policies.

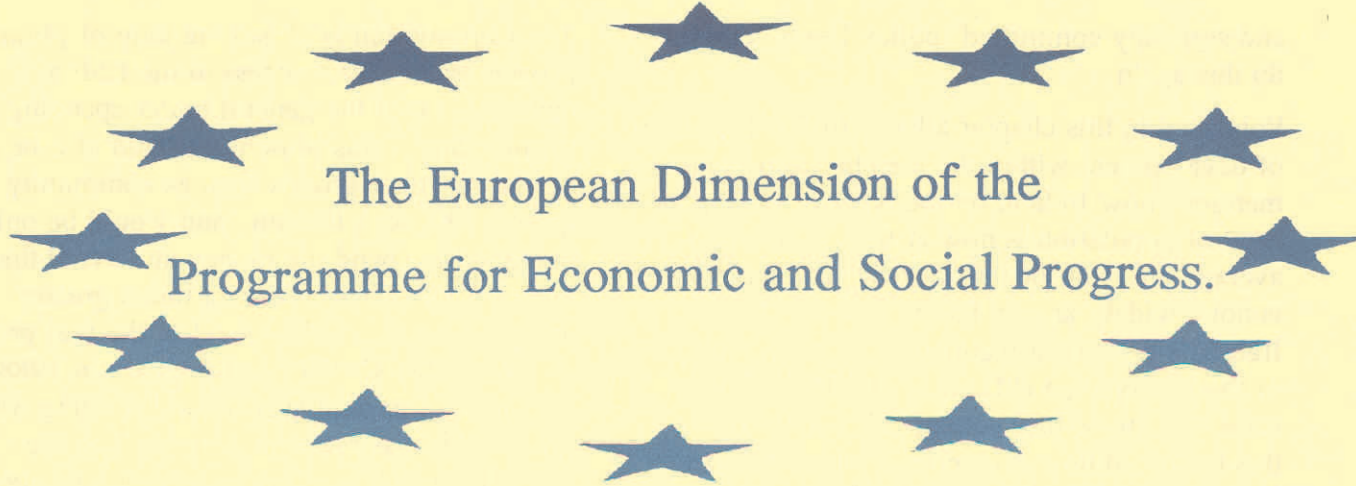
Despite the many question marks that hang over the area based responses the recognition of the need to establish special initiatives to tackle long-term unemployment, at a local level, is an important and welcome development. The proposal that the communities should be the "primary movers" is also for the first time, a recognition of the importance of community involvement in tackling the problem.

The twelve pilot areas provide the opportunity of testing out the effectiveness of local structure in addressing long-term unemployment, and in ensuring that the structures, if established on a more permanent basis, reflect community needs. The area based responses should be welcomed but it should be recognised that they are not in themselves an answer to the crisis of long-term unemployment and poverty but are only one element in a series of measures necessary to tackle long-term unemployment.

REFERENCES:

- 1). PESP:- Programme for Economic and Social Progress. January 1991, Dublin.
- 2). CPA:- 'Urban Poverty, The Economy and Public Policy'. Dublin 1991.

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The European Dimension of the Programme for Economic and Social Progress.

Since 1973 Ireland has benefited greatly from membership of the European Community. Without the large financial inputs we have been receiving from the European Structural Funds our Education, Infrastructure and Agriculture would be a lot poorer.

As part of the vision for the single market of 1992 the Commission through its structural funds is concerned to achieve what is known as economic and social cohesion. This is a policy which aims to redress the imbalances that exist between areas as vastly different as the Extremadura of Spain and the Black Forest in Germany. Under this programme certain regions have been pinpointed as needing most funding. These are known as objective 1 areas. The whole island of Ireland has been earmarked as an objective one area. In total these areas receive 85% of the money from the structural funds.

One of the principle structural funds, the European Social Fund (E.S.F.) has given the Irish government a budget of £500m for the years 1990-1993. The principle beneficiaries of this are the Department of Education, FAS and the National Rehabilitation Board. These large sums of money translate on the ground level into programmes as varied as social employment schemes and post-graduate studies.

In the current international climate of recession when bankruptcies and redundancies are almost a weekly occurrence, unemployment looms daily larger on both the national and the international horizon. These developments call for well thought out economic and social policies that target those most in need.

Chapter 8 of the Programme for Economic and Social Progress is most notable for its brevity rather than its content as regards what it calls the

European Dimension. It broadly advocates the principle argument of the NESC report number 88 but fails to propose how to achieve these policy goals. What is clearly lacking and so clearly needed are initiatives such as the recent move by Albert Reynolds to co-ordinate the lobbying of the four poorest countries in the European community (Spain, Portugal, Greece and Ireland). This co-operation will attempt to determine the nature of the economic and social policies that emerge at such a critical time in the history of the Commission. What must not be forgotten is, when countries receive E.C. transfers there is the further problem of internal polarisation within countries and regions. What is clearly lacking here are concrete measures to redress the serious social problems our Country faces. As regards social policy, as distinct from economic policy, within this chapter the single most intriguing idea is the notion of what is rather euphemistically called a "progressive convergence of social policy in an upward direction" (P.E.S.P.:80). What does this mean in real terms? Is this some form of deferred responsibility from a national to a supra-national level which in some way excuses the government from really tackling such issues as unemployment.

Ireland has an official unemployment rate of 19% and a dependency ratio which will be the second highest in Europe by the year 2000. These are frightening statistics. Ireland as a country had a good input into the Social Action Programme which was run by the Commission in the 1970's and Ireland has one of the best track records in pulling down Community funding. Therefore, following the recent move by the four poorest countries to co-ordinate their efforts, there is no reason why our national lobby

and seriously committed 'policy heads' can not do this again.

Point two in this chapter alludes to the disparities of development within the member states and mentions how Ireland on the basis of GDP per head of population is now at 68.8% of the EC average, up from 64.9% in 1987 (P.E.S.P.:79). It is not a widely known fact that by 1995/96 Ireland's per capita income could be around 75% of the EC average (I.B.B.:5). Under existing rules, regions with a per capital income above this threshold do not receive priority treatment from the Structural Funds. With Portugal, Greece and the East German Lander falling behind Ireland in terms of economic development this could imply less funding for Ireland. Worrying, not only because it is unlikely that our own exchequer will find alternative funding but also because unless this forecasted growth is spread evenly throughout the country (which from previous experience would seem unlikely) it will mean even further polarisation within Irish society.

NESC report no 88 argues that the social dimension of the Internal market will be an important aspect of positive integration (N.E.S.C. no.88). However it is imperative that we remember economic union will bear unnecessarily heavier costs upon those least capable of bearing them. As a country with a myriad of social problems we should be at the forefront of influencing what becomes the European Social Policy Agenda. Especially as Social and Economic policies and become more and more inextricably linked.

The Commissions mid-term review of the operation of the Structural Funds since 1989 is expected in November 1991. It is an eagerly awaited report as its conclusions will have a bearing on the future policy orientation of final spending. According to the April Newsletter of the Irish Business Bureau in Brussels there has been considerable under spending within the European Social Fund because: 1. The system which is in place is far too bureaucratic. This is in opposition to its stated aims as the programme approach was intended to achieve the opposite effect. 2. Some governments are experiencing budgetary difficulties in finding the necessary co-financing. (I.B.B.:4)

There is an increasing move to link the Social Fund with programmes that generate wealth.

The Commission is already talking of giving the private sector direct access to the ESF as a consequence of the general under-spending phenomenon. This principle should also be an option for other groups such as community groups who seek funding, and would be only too delighted to spend the money and avoid the bureaucracy. There is now a much greater appreciation at political level of the real problems of the 'regions' than was the case in 1988 when the decision to double structural funding was taken. This was recently witnessed by the Spanish Government who are seeking a special fund to assist the poorer regions of the community. In true Spanish style they have threatened to veto progress on political and economic union if these needs are not taken into account.

The main question we must ask ourselves is how we as a country can contribute to the development of economic and social policies that equitably redistribute resources, and prevent the further polarisation within a society already at the periphery of Europe.

DID YOU KNOW ?

- ☐ The Commission is apparently planning a new social programme with a further 100 initiatives in the pipeline.
- ☐ At long last the notion of having European Citizenship, in the sense of granting civil and socio-economic rights, has already achieved a broad measure of support across all Countries.

REFERENCES

- PESP:- Programme for Social and Economic Progress, January 1991 Dublin.
IBB:- Irish Business Bureau. Issue No. 30 April 1991, Brussels.
NESC:- Ireland in the European Community report No. 88. August 1989, Dublin.

AREA BASED STRATEGIES SOME FACTS!

What are the Area Based Companies about?

- ☐ The N.E.S.C. report 'A Strategy for the Nineties' states that the long-term unemployment problem requires urgent attention in the form of a radical approach to the problem using "targetted special employment measures."
- ☐ Drawing on the N.E.S.C., the P.E.S.P. proposed an integrated approach to the problem by targeting resources, in a planned way, into unemployment blackspots. The companies are the structures through which this proposal is to be implemented.

The objectives of the companies as stated in P.E.S.P.

- ☐ To ensure a "redistribution of job chances towards the long-term unemployed".
- ☐ To break the self-perpetuating cycle of long-term unemployment.
- ☐ To establish a progression, and linked programmes in education, training and work-experience in order to ensure the long-term unemployed do not end up "back where they were".
- ☐ To ensure that a high priority is attached to addressing the problems of the long-term unemployed and that resources "on the required scale" are devoted to the problems.

The Twelve Pilot Areas.

- | | | | |
|---|--|--|--|
| <input type="checkbox"/> Inner City Dublin. | <input type="checkbox"/> Coolock/Darndale. | <input type="checkbox"/> Dundalk. | <input type="checkbox"/> S.W. Wexford. |
| <input type="checkbox"/> Tallaght. | <input type="checkbox"/> Ballymun. | <input type="checkbox"/> Limerick. | <input type="checkbox"/> North Mayo. |
| <input type="checkbox"/> Finglas. | <input type="checkbox"/> Cork. | <input type="checkbox"/> W. Waterford. | <input type="checkbox"/> S.W. Kerry. |

Who will be involved ?

- ☐ The companies will be established as companies limited by guarantee.
- ☐ They will each have 18 Directors with six representatives from each of the following:
 - ◆ Community interests. ◆ Statutory Agencies. ◆ Social Partners.
- ☐ The make up of the six community representatives will vary from area to area.
- ☐ The statutory agencies will be drawn from agencies such as FAS, VEC, IDA, Local Authorities, Health Boards, Dept. of Social Welfare.
- ☐ The social partner directors will be drawn from the farmer, union and employer organisations.
- ☐ The nominating bodies are the following;

Farmers

Employers

Unions.

I.F.A.

F.I.E.

I.C.T.U.

I.C.M.S.A.

C.I.F.

I.C.O.S.

C.I.I.

- ☐ Whereas the companies must be established, in the first instance, with the six, six, six, structure, there is the possibility of co-opting additional directors at a later stage, though this issue is still unclear and may vary from area to area.