

WORKING NOTES

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FACTS AND ANALYSIS OF SOCIAL AND ECONOMIC PROBLEMS

ANTI POVERTY SUBMISSION

The Government recently appointed an Interdepartmental Policy Committee to draw up a national Anti-Poverty Strategy. As part of their consultation process, this Committee invited submissions from organisations and individuals. This issue of Working Notes is a condensed and edited version of the submission made by the Jesuit Centre for Faith and Justice.

One article gives the results of a survey carried out by the Centre for the purpose of the submission. A second article identifies Education and Training as the main instruments in an anti-poverty strategy. Finally the principles, policies and priorities of a Strategy are outlined. (Copies of the Submission in full are available at £5.00 each including p + p).

RESULTS OF A SURVEY

Introduction

As part of the submission of the Jesuit Centre for Faith and Justice for an Anti-Poverty Strategy, it was decided to canvass the opinions of some of those directly affected by poverty, or living in areas where poverty is common. Constraints of time and access limited the survey to two locations in Dublin City, though it is important to note that poverty is just as common in rural as in urban areas. Two local authority housing areas regarded as disadvantaged were selected, Finglas on the north side of Dublin, and Cherry Orchard on the west side. The questionnaire consisted of twenty suggested actions or policies by state

agencies which might combat poverty. Respondents were asked to number in order of priority the five items they considered to be the most important. The questionnaire was left with respondents for some time to allow them to study it and make a considered response. The survey was undertaken as it is important that the views and experiences of those directly affected by poverty are taken into account in order to inform both the development and implementation of an anti-poverty strategy.

Response to Questionnaire

The responses are shown under two headings in column 3 and 4 in Table 1. The third column records the number of times each item on the questionnaire was ticked (or numbered) by

respondents. The total number of respondents was 72, and this is the maximum number of mentions any item could have received. The fourth column gives the percentage response for each item. Figures in this column refer to the percentage of respondents who ticked or numbered the item in question. Table 1 records the combined responses for Finglas and Cherry Orchard. The question asked at the top of the Questionnaire was: what is needed to reduce poverty in Ireland today?

Although the sample is small (72) the fact that the same three items were put at the top of the list in the same order in Cherry Orchard as in Finglas is significant and suggests that a larger sample would not have given a much different result.

COMMENT ON QUESTIONNAIRE RESPONSES

Employment Creation (Item One)

It is not surprising that the need to create more employment was seen as the priority. In both the areas surveyed unemployment is about 50%. There were few suggestions offered as to how employment could be increased, though a number of respondents said that more ordinary factory jobs were needed. One problem related to this is that because of their low levels of education and skills many of the people in these localities are not considered qualified for most of the jobs being created in Ireland today. Like many other countries in Western Europe, Ireland has undergone major social and economic changes, since the mid 1970's.

TABLE ONE

Rank	ACTIONS TO REDUCE POVERTY	Ticked by	%
1.	Create more employment	40	56%
2.	Reduce taxation for people on low incomes	38	53%
3.	Give people a chance to earn more money without affecting their welfare payments	36	50%
4.	Increase Social Welfare/other benefits for families with children	27	38%
5.	Increase Social Welfare Benefits	25	35%
6.	Increase tax allowances for families with children	21	29%
7.	Put more money into training	20	28%
8.	Put more money into education	18	25%
9a.	Encourage children to stay in school longer	17	24%
9b.	Increase taxation of well-off to make more resources available for poor	17	24%
10.	Provide more child-minding facilities?	15	21%
11.	Increase/Improve Employment Schemes or increase employment subsidies?	14	19%
12a	Target certain areas on which a lot of money is spent such as drugs, drink, gambling, smoking?	12	17%
12b.	Improve secondary benefit allowances for school-going children?	12	17%
13a.	Increase scope for supplementary welfare, emergency payments etc.?	11	15%
13b.	Give ordinary people a greater say in the way public money is spent?	11	15%
13c.	Increase eligibility for secondary benefits?	11	15%
14.	Provide more advice on employment opportunities through Job Centres etc.?	7	10%
15.	Reduce Social Welfare Benefits?	5	7%
16.	Bring more people into tax net by targeting 'black economy'?	4	6%

Responses to Questionnaire: "What is needed to reduce poverty in Ireland to-day"

(N=72; each respondent was asked to tick five items only in order of importance; items were not listed in order shown above)

These changes have resulted in major alterations to the nature of the labour market.

The primary change is a drop in the demand for labour, particularly in unskilled occupations and traditional industries. In Ireland, this has coincided with an increase in the numbers of young people entering the labour market for the first time. One consequence of this is to increase the number of better educated young people competing, both with one another and with older less educated workers, for fewer employment opportunities. Within such a labour market employers tend to choose from the better educated job seeker even for unskilled occupations. This contributes to inflated entry standards to a range of occupations in the labour market. As a result, job seekers, in particular older males and early school leavers with low levels of education, tend to become marginalised. Thus there are modern factories in Cherry Orchard, for example, but due mainly to their levels of education and skills few people living in Cherry Orchard work in them.

For those individuals who find it increasing difficult to compete in the open labour market and whose characteristics result in their voluntary or involuntary exclusion from the competitive labour market the main question is, what action within an anti-poverty strategy will enable them to participate in the norms of society and also give them an acceptable standard of living? One possible answer is to provide manual labour jobs or low-skilled jobs for two particular groups: those over 45, who were in manual or low-skilled jobs all their lives, but who have become redundant; and young people, early school leavers, who have been unemployed now for a long time and/or have personal problems which makes their commitment to retraining problematic. Such jobs would need to be subsidised on a permanent basis by the Exchequer. Many voluntary bodies and religious groups would be able to provide such jobs (e.g. caretakers, cleaners, handymen etc.). The resistance to permanent subsidies is more ideological than financial. To give a single person, for example, a job at £150 a week would result in a net cost to the exchequer of about £12.50 per week.

(See Working Notes Issue 20.)

The strong response to the item "create more jobs" on the questionnaire does not bear out the view that urban unemployed people have become work-shy. Most unemployed people want a job. The European Values Study highlights the commitment unemployed people have to a job. This study found that the unemployed were marginally more likely than employees to consider work very important. This is a particularly important point as there is increasing concern that the availability of indefinite state support weakens the incentive to work.

The Unemployment and Poverty Traps Item 2, 3 and 6

The present surplus supply of labour tends to push labour prices down and there is less pressure on employers to increase the wages on offer to fill vacancies, in particular for low skilled jobs. One consequence of low wage job opportunities is that for certain long-term unemployed, with particular family commitments, accepting employment at low levels of wages is not financially attractive. In many instances the low level of wages on offer becomes less financially attractive when combined with the effects of the Tax/PSRI system and its relationship with the welfare system. This situation generates unemployment and poverty traps. The responses numbered 2, 3 and 6 above highlight this problem.

In carrying out the research in Cherry Orchard views were expressed which on first hearing seemed to be in sharp contrast, but on closer examination were seen to be the same problem seen from two different sides. A person in one house would complain bitterly that they could not afford to take up a job because their rent would go up, they would lose their medical card, and they would have to pay tax. The person in the next house would complain equally bitterly that while they were working from dawn to dusk their neighbour next door who was drawing the dole was better off. Both people were about equally well (or badly) off and both were equally frustrated.

The survey results also highlight a strong desire to improve the opportunity for unemployed people to earn additional income while drawing social welfare. This reflects the opportunities individuals have to undertake short periods of irregular once-off work opportunities. Employers or individuals may have short periods of work available which they are prepared to offer to unemployed people, if they continue to sign on and receive a cash payment, (for example, a morning a week which may only last a few weeks or full time work lasting two to three weeks). The work may be offered in this manner because it is the only way in which it is financially viable for one or other of the parties involved and/or the tax/PRSI and welfare systems are too

restrictive/costly to declare the work.

Under the present system individuals undertake such work in a clandestine manner and to do so is seen as anti-social. Individuals who are already financially in poverty are not normally in a position to turn down such opportunities even if they feel it is wrong. There is a case to be made for greater flexibility in the welfare system to enable welfare recipients to improve their financial situation without them feeling they are breaking the rules. This issue has a demand and supply side element, both of which need to be addressed.

At present there are a range of schemes in

BOX ONE : RECOMMENDATIONS

- 👍 The possibility of tax allowances for children should be looked at closely again. Though such allowances are often considered regressive (benefiting the rich more than the poor), the fact that many of the poorest households contain above-average numbers of children is not sufficiently taken into account in this evaluation. The fact that 21 per cent of respondents considered increased tax allowances for families with children as a priority item suggests that many low-paid workers and unemployed people are not concerned that such allowances might be regressive. Tax allowances for children would be expensive, of course, but not as expensive as formerly, since family sizes are getting smaller.
- 👍 Consideration should be given to the introduction of a tax allowance for individuals in local authority housing when they enter employment. This would be similar to the present mortgage interest allowance.
- 👍 The conditions for eligibility for welfare while undertaking irregular work should be simplified and the amount of money the unemployed can earn increased.
- 👍 Eligibility for Family Income Supplement (FIS) should be assessed on net earnings (after tax/PRSI).
- 👍 The amount of money the partner of a welfare recipient can earn from employment without affecting welfare payments should be increased.
- 👍 Action needs to be taken to coordinate the general level of Social Welfare benefits and the determination of Local Authority Rents.
- 👍 Social welfare allowance for children should be increased.
- 👍 Major changes in the provision of education and training (see following article).

place which seek to ease the effects of the unemployment trap. These include the Part-time Job Incentive Scheme, Back to Work Allowance Scheme and PRSI Exemption Scheme. It was noted that during the door-to-door interviews, people who said that dole recipients should be allowed to earn additional money seemed unaware of these schemes, or, at any rate, did not mention them. It is important that information about the objectives and benefits of these schemes is widely circulated in an easy-to-understand format.

In practice the unemployment and poverty 'traps', in spite of their name, are not a major cause of either unemployment or poverty, though they clearly generate a lot of anger and frustration among certain groups. The main cause is a shortage of well-paid jobs. As outlined above most unemployed people would prefer to work, but many feel the gains from working are insufficient to compensate for the trouble and expense of going to work. They perceive that although they are already in poverty they would still be in poverty if they worked. The greatest impact of the removal of poverty and unemployment traps would be to enable particular unemployed people to compete more effectively on the labour market for low paid job opportunities.

Increased Social Welfare Benefits, Items 4 and 5.

The responses numbered 4 and 5 show, not surprisingly, that many respondents considered that in the absence of financially attractive employment opportunities increased social welfare benefits, especially for families with children, would reduce poverty. The Commission on Social Welfare has repeatedly made the point that the level of social welfare payments leaves many individuals and families below the poverty line. In Cherry Orchard and Finglas in 1995 the very modest increase in social welfare rates for families without young children was completely absorbed by an increase in Local Authority rents which exceeded the rate of inflation. This is an example of the lack of coordination at a national level in tackling poverty. This issue is addressed below. A number of respondents in Cherry Orchard suggested that social welfare

payments could be targeted better, for instance by giving vouchers in respect of certain items, or by better timing of back-to-school payments.

Conclusion

The issues outlined above are important and suggest several recommendations. (See Box One). Although the responses numbered 1 to 6 are given a high priority by the respondents, we would contend that they are mainly short-term measures to alleviate poverty, and that only a carefully targeted investment in education and training would lead to the kind of structural changes needed to bring about an enduring reduction in poverty levels. This investment would have to be combined with the management of a 'culture shift' among lower socio-economic groups to allow them to benefit from such investment. The need for this is shown by the relatively low score for the response numbered 9a where only 24% of respondents considered it a priority to increase the level of educational qualification of lower working-class children.



AN ANTI-POVERTY STRATEGY

Introduction: the Causes of Poverty

In recent times the debate on poverty has been dominated by discussions on the distinction between 'absolute' and 'relative' poverty. This distinction is largely academic. As Townsend has stated, people are poor if they lack the means to engage in the activities which are customary or encouraged in their society. In this definition relative and absolute poverty become one and the same.

Poverty is related to the wealth of a country and the distribution of that wealth. The gross national product of a country largely depends on the ability of its citizens to add value to raw materials and components. ('Components' is a very wide term and could include such things as e.g. premises and office equipment, as in an estate agency). A worker in a clothing firm can take a piece of cloth, and cut it and sew it to shape a garment. The cloth and thread was valued at, say, £1, but the finished garment is valued at £5. The worker has added £4.00 value. Another worker in a computer software company can take a computer disk and write a programme that will

handle a company's accounts. The disk was valued at 50p but with the programme added it is worth £500. In this case the worker has added £499.50 value. The wealth or poverty of the people of a country depends on the added value created in that country. It also depends on the way that the wealth created in this way is distributed.

In Ireland, where poverty exists, it is for a number of reasons.

Firstly, many of the older indigenous industries no longer add sufficient value to provide a wage considered good by Irish standards. This is mainly due to wage competition from third world and developing countries and technological advances. It is particularly true of the clothing and footwear industries. Many of the people working in this sector earn very low wages. Moreover there are many people who formerly worked in these and similar industries are now unemployed because of the contraction of these industries. Their skills are no longer in demand, and there is inadequate provision for providing them with new skills.

Secondly, there is high unemployment in Ireland, and social welfare payments leave recipients below the poverty line, as defined above. High unemployment and poverty exist because it has not proved possible to create enough jobs which pay an adequate wage.

Thirdly, one of the reasons why there are not enough high-wage jobs to absorb the unemployed is that many of the unemployed do not have the education or skills suited to high-added-value industries and services. Industrial expansion, much of it from multinational companies, has absorbed a much higher proportion of well-educated and skilled people than of poorly educated and unskilled.

Fourthly, the distribution of national income in Ireland is very skewed, with the richest ten per cent of the population on average fifteen times better off than the poorest ten per cent. Fifthly, housing policies have had the effect of concentrating large numbers of unemployed people into 'ghettos' where a culture of failure and low expectation is nurtured. The prevailing ethos in these areas make it more difficult to encourage educational attainment.

The distinguishing characteristic of those most vulnerable to unemployment and poverty is their low

level of educational attainment. A recent ESRI Report shows that nearly all of those unemployed for over five years had no second level qualification, and over half did not even have a Primary Certificate. Education plays a central role in the creation and reproduction of disadvantage.

Education and Training as an Anti-Poverty Strategy

Any anti-poverty strategy must address the five issues outlined above. However all these issues are inter-connected, and it is the contention of this article that if the third issue above, that of education and training, could be addressed, the other issues would be resolved over time.

If the education and skills of the citizens at large could be brought up to desired levels:

(1) Everybody would be qualified to compete for some of the employment opportunities on offer. While unemployment might persist, it is more likely that it would be shared among the population at any one time and over time, thus reducing the gulf between employed and unemployed. This would result in a redistribution of employment.

(2) More people from disadvantaged areas would be qualified to participate in the high-added-value sector, thus creating the conditions for the gradual substitution of low-value-added jobs for higher added-value jobs, reducing the inequalities that exist in a two-sector society.

(3) The more qualified and skilled people we produce, the greater the likelihood of high-tech indigenous or multinational companies setting up here and creating employment.

(4) A greater equalisation of opportunities would reduce polarisation and ghettoization of communities.

How to Improve Standards of Education and Training

The task of bringing education and training up to desired levels has a number of dimensions:

1) It will be necessary to continuously identify school and university subjects, and skills, that will offer

employment potential well into the next century. The content and teaching of these courses will have to be such that appeal to children from a lower working class culture.

2) It will be necessary to find a way to fund the expansion of education and training facilities necessary to bring about the improved standards required. The expansion and improvements needed would be quite large, with heavy expenditure required at first, second and third level. The 1986 Census recorded 16,000 15-16 year olds as having ceased full-time education. This was almost 12% of the relevant age cohorts.

3) It will be necessary to encourage parents to keep children in school longer, and to encourage children themselves to stay. Given the sophistication of modern industry and services, young people need to stay in training and/or education until they are at least 18. Otherwise they will not have the knowledge or skills or organisational ability needed to add sufficient value to components that would leave a margin for a decent wage.

Our interviews with people in disadvantaged areas suggest that two of the biggest barriers to continuing school attendance are cost, and household income foregone.

Costs of keeping a child at school are considerable and it is now widely recognized that 'Free' Education is not free. For poor children, giving up school is an escape from nagging teachers and complaining parents. A good deal more well-targeted assistance needs to be given to low-income parents to encourage them to keep their children in school or in training.

Consideration should also be given to giving weekly allowances directly to school-going children over fifteen years of age, where social welfare is the main family income. Allowances are already given in Youthreach programmes and Community Training Workshops.

There are other practical steps that could be taken to improve levels of education in lower working class homes:

More school attendance officers should be deployed. They have played a crucial part in the success of inner-city initiatives such as the Youth Encounter Projects. School attendance officers make an impact

chiefly through their informal influence on the children and their families. There have been no school attendance officers in many areas of Greater Dublin for many years, due to an electoral boundary anomaly.

The full implementation of the Child Care Act, both in the letter and the spirit, is essential if children at risk, and their parents, are to be given adequate help. Such help would include the increased provision of nurseries, neighbourhood resource centres, neighbourhood youth projects for young people at risk, homemakers and community-based child care workers.

4) Pre-school programmes such as Lifestart should be given formal support and encouragement by the government. Programmes of this kind have shown encouraging results in helping parents in the training and education of their children during their earliest years, particularly in disadvantaged families.

5) Adults who have missed out on education and training should be given every encouragement and assistance to acquire skills and qualifications. Not only is this in keeping with their dignity as citizens, but there is a valuable spin-off in their families and communities, in that education and training are seen as having value. Adult programmes such as VTOS should be given priority status in the education system.

KEY POINTS OF AN ANTI-POVERTY STRATEGY

The Principles

It is unlikely that an anti-poverty strategy could succeed unless it were given total priority by government and people. The approach to date has been a mixture of ad hoc measures and a vague hope that 'a rising tide will lift all boats'. A serious anti-poverty strategy would mean that:

- A range of specific activities would be chosen to combat poverty;

- All other activities undertaken by government should be evaluated in terms of their likelihood of increasing or decreasing poverty;

- Where choices have to be made because of limited resources, actions which produce long term and lasting results should be preferred to those with only short-term and limited results;

- Those activities assessed as having the greatest impact on poverty should be excluded from financial cutbacks. Cuts should never be 'across the board'.

The Strategy

The only strategy likely to eliminate poverty in the long term is one that would enhance the potential of individuals and social groups who are currently socially excluded. This particularly refers to the unskilled socio-economic group, from whose ranks most of the long-term unemployed are drawn, and whose younger members are most at risk of becoming long-term unemployed.

The Policy Priorities

The normal age at which education and training ends should be regarded as at least 18, and all government decisions bearing on education, training and social welfare should reflect this; specific steps should be taken to encourage children from lower socio-economic groups to continue education and training until at least 18.

Adult education for disadvantaged

groups must be regarded as a priority area in the allocation of funding.

Institutional Changes Needed

A top-level Interdepartmental Committee would need to be set in place to oversee the implementation of an Anti-Poverty Strategy.

The Departments of Finance and Education, in particular, must adopt as a priority the funding of education and training of disadvantaged groups.

In every government department an 'ombudsman', reporting to the Interdepartmental Committee, should be appointed to review the impact of decisions, actions, and plans of that department on poverty and disadvantage.

Every local authority and public agency should also be required to "poverty proof" their actions and programmes.

The process of consulting should included a nationwide door-to-door survey (on the lines of that described in this Newsletter) in disadvantaged areas.

GRASSROOTS

The GRASSROOTS group is running an all-day Seminar for members of religious orders living in disadvantaged areas on 27th April, 1996. Further details in next issue of Working Notes or from Bill Toner, SJ at 01-874-0814.

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