

WORKING NOTES

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FACTS AND ANALYSIS OF SOCIAL AND ECONOMIC ISSUES

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ZERO-RATED VTOS

There is a range of active labour market measures to enable the unemployed to improve their levels of education, training and work experience. These include a variety of FAS training courses. Then there is the Community Employment Programme (CE) which provides the unemployed with the opportunity to undertake part-time work-experience in the community, voluntary and public sectors. The CE enables the participant to undertake training up to the value of £300. Finally there is the Vocational Training Opportunities Scheme (VTOS) run by the VEC's which gives unemployed people the opportunity to undertake full-time second level education.

The variety of education, training and work-experience options available to the unemployed raises a number of questions. Which option should they access? What factors will influence their decision?

Influential Factors

A number of factors will tend to influence the decision an unemployed person makes regarding which measure to access or indeed whether to access a measure at all. One factor is the prospect of obtaining employment. If they feel the likelihood of obtaining employment is low unemployed people will tend to be reluctant to access either education or training as they wonder what it is education and training *for*.

Related to this factor is the individual's

perception of the effectiveness of a particular programme to improve prospects of employment in the short, medium or long-term. If for example, they believe by participating on a particular measure, like a CE, that they have a good chance of getting a job, then they are more likely to go on it.

Another factor is the "investment" of time and commitment required before an individual sees a return for his or her efforts. If there is not a match between the expected rewards and the level of commitment and time required to participate, then an unemployed person may feel it is not worth the effort.

Money As A Factor

While the above factors are important, of particular influence is the level of the allowances an individual receives for participating in a programme. Financial rewards are an important consideration for everyone. This is true whether in respect of the level of wages for a job, or the amount of money an individual receives from participating on a VTOS, a CE or FAS training programme.

There are non-financial benefits to a person who participates on a labour market programme. However, financial considerations are important as an unemployed person still has commitments to meet, for example, food to buy, clothing, and other daily living expenses. In addition a decision to participate may lead to additional

expenses such as travel, clothing and childminding costs, etc. An unemployed person would tend to measure the financial gains from participating, against Social Welfare payments, including the value of secondary benefits. This

participation. This raises an important question for policy makers, Do different allowances mean that unemployed people choose a particular programmes simply because they have a higher allowance?

A person claiming Long-term Unemployment Assistance for self, dependent adult and two children would receive by participating on a FAS Training Programme, VTOS and CE.

	VTOS Full-time	FAS Training Full-time	CE Part-time
Allowance	£126.40	£136.40	£142.70
Other Benefits	May receive travel and meal allowance. All books and materials supplied. Retains secondary welfare benefits	May receive travel and meal allowance. Retains secondary welfare benefits	£300 training allowance. Retains secondary welfare benefits

The Social Welfare Rate is £126.40 plus Fuel and butter vouchers, medical card, rent allowance, etc.

A single person claiming Long-term Unemployment Assistance would receive by participating on a FAS Training Programme, VTOS and CE.

	VTOS Full-time	FAS Training Full-time	CE Part-time
Allowance	£62.50	£62.50	£81.30
Other Benefits	May receive travel and meal allowance. All books and materials supplied. Retains secondary welfare benefits	May receive travel and meal allowance. Retains secondary welfare benefits	£300 training allowance. Retains secondary welfare benefits

The Social Welfare Rate is £62.50 plus fuel and butter vouchers, medical card, rent allowance, etc.

Note: Both the VTOS and FAS Training Allowance are net payments. The CE allowance is a gross payment. From the 6 April 1996 CE participants have to pay PRSI at 5.5% on their gross payment above the £80 PRSI exemption limit. Dependent on individual circumstances a CE participant may have to pay PAYE.

would tend to be used as a "benchmark" figure for deciding whether it is financially worth while participating on a particular programme.

Different Allowances

At present difference allowances apply to the various labour market programmes. Currently the financial rewards for undertaking a VTOS or FAS training programme are less than that for a CE. (See Table above and Table on page three). The financial differences will tend to encourage the unemployed onto the CE instead of, for example, the VTOS. The demand to participate on the CE programme may not reflect its quality and effectiveness as a labour market measure but could in part be due to the additional financial benefits received from

Levels of formal education have become an important factor in determining an individual's labour market position and their chances of finding employment. This is supported by various research reports and was highlighted in recent research work carried out by this Centre, which found that the Leaving Certificate is now used as the main entry standard to employment across a range of occupations, including those classified as unskilled.

It can be argued therefore that properly resourced and delivered adult educational programmes such as the VTOS are an effective measure in addressing the labour market difficulties faced by the long-term unemployed. In fact they can have a greater long-term benefit,

than, for example, programmes such as CE. Are the current VTOS allowances sufficient to encourage the long-term unemployed to improve their levels of formal education? Should participants on the full-time VTOS, at a minimum, receive an allowance equal to that of the part-time CE?

Differences As A Barrier To Integration

Many reports have stressed the need to develop an integrated and progressive set of measures tailored to the needs of the unemployed individual. This is seen as a central strategy in any policy to address the labour market disadvantage of the long-term unemployed.

The Task Force on Long-term Unemployment recently recommended the establishment of a Local Employment Service (LES) to ensure the development of an integrated strategy at a local level. The proposed framework for an effective

for the individual who is unemployed.

Conclusion

The focus of this article is the effects generated by the different systems of allowances which currently apply to the various programmes. The level of the allowances is only one of a number of factors that need to be addressed when considering the effectiveness of active labour market programmes for the unemployed. Other factors include: Eligibility criteria and entry standards; quality of the programme in terms of content and delivery; ease of transfer from one programme to another; levels of allowances; relevance of the programme content to the labour market. However, a central part of any labour market strategy should be to enable an unemployed person to decide which programme to undertake based solely on whether it will enhance their future employment prospects. In this regard the level of the allowances for the

PERCENTAGE INCREASE RECEIVED BY PARTICIPANTS ON PROGRAMMES COMPARED TO WELFARE RATES

	VTOS Full Time	FAS Training Full Time	CE Part Time (Based on Gross Payment)
LTU - Claiming for self, dependent and two children	Zero %	8%	13%
LTU - Single person	Zero %	Zero %	30%

LES is that of "a bridge for the individual long-term unemployed person (or one in danger of becoming long-term unemployed) between the world of unemployment and the world of work." (*Report of the Task Force on Long-term Unemployment*). To implement this strategy and to "build" the bridge it is necessary to remove any barriers that might inhibit an individual's ability to choose between, or move from different programmes. This includes addressing the financial difference between the allowances. This becomes a barrier when, for example an unemployed person has a choice between a CE and a VTOS. From a financial point of view they would tend to choose the CE. In the same way if a person was to move from a CE to a VTOS as the next step over the "bridge" to reintegration, the lower VTOS allowance may become a disincentive. As a result the difference in the allowance inhibits the implementation of a progressive set of actions

different programmes becomes an important issue. It can be argued that the same system of allowances should apply across the range of labour market programmes. This would ensure that financial considerations are removed as a factor when an individual is faced with a choice of which programme to undertake.

GRASSROOTS SEMINAR

GRASSROOTS is an association of members of religious orders living in disadvantaged areas. The GRASSROOTS/CORI Seminar on spirituality and structures which takes place on 27 April is now booked out and there is a waiting list. A full programme for the Seminar will be distributed to participants shortly. Further details from Bill Toner S.J.
Tel. 01-874-6814 (01-855-6814 after 1 April 1996).

CULTURAL VARIATIONS: A CHALLENGE TO DOGMATISM?

The Growing Respect for Cultural Diversity

'Culture' refers to the way in which a group of people live, think, feel, organise themselves, and celebrate. This century has seen, on the one hand, the destruction of many cultures, through a combination of aggression, greed, technology, the search for new resources and so on. But, this century has also witnessed a growing respect for the diversity and richness of cultures. Customs and values discovered by anthropologists in so-called 'primitive' societies have given the more 'developed' societies food for thought. We think of the 'Green' movement as a product of this generation, yet it is now realised that many tribes have lived for centuries in close and thoughtful harmony with their environment. There are tribes in which aggression is unknown, others in which money is despised, others again in which the gender roles of our society are almost reversed.

Governments and other institutions are gradually responding to this new respect for the richness of minority cultures. Part of the thinking behind the agricultural policies of the European Union, and of Japan, is the wish to preserve rural cultures. Many governments have now moved to protect minority languages. The churches have shown greater sensitivity in adapting their styles of liturgy and worship to suit indigenous customs and attitudes.

Is There Such a Thing as 'Best Practice'?

While cultural diversity can be admired and enjoyed, it often raises the question: Is there such a thing as 'best practice' which should transcend cultural boundaries? What degree of divergence from such 'best practice' is tolerable? For instance, a visitor to Greece will notice the number of young men buzzing about on motor cycles who are not wearing crash helmets. This may be due either to a Greek 'macho male' image, or it may be due to the heat. But should it be tolerated or condemned? In parts of Africa the taking of

bribes by minor officials such as police and customs officers is routine? Should this be overlooked as merely part of African culture?

There are more serious questions than this. In recent times women's issues have been the focus of attention. Worldwide, there are wide variations in the social status of women and in the kinds of behaviour that are expected of them. In the west we are conscious of such things as the requirement in some Moslem countries that women keep their faces covered, or that married women stay at home. There are also more extreme customs and situations to be found such as female circumcision, compulsory sterilisation, and restrictions on child-bearing.

In Ireland cultural variations around women's issues are, on the surface, minor. But for instance within the travelling community the recent Nexus Report found that young adolescent Traveller girls are expected to be available for childcare duties and as such are not necessarily encouraged to think in terms of a career or job in the same way as settled girls are. From the point of view of the middle-class settled community this is an anomaly. But equally, from the point of view of many travellers the move away from differentiation of male and female roles among the settled community seems anomalous.

Another difficult question is this: are we to assume that the existence of any culture, no matter what it includes, in itself a good thing, so that the passing of any culture or any part of it is regrettable? In some cases clearly not: few regret the passing of the Thuggee culture in parts of India, with its proclivity for ritual murder. But even in less extreme cases it has to be borne in mind that culture is, among other things, an adaptation to particular circumstances to ensure survival. Feudalism had its day, but it is no longer viable. If we encounter it in today's world should we be any more tolerant of it, or is this to confuse toleration with nostalgia?

How Far Does Toleration Go?

Thus some cultural variations face us with an apparent dilemma. Should we simply accept that there are cultural variations that are to be respected? Or, in matters that appear to touch on rights and freedoms, should we make a judgement that there is only one morally correct way of dealing with these issues?

Within the European Union this dilemma has become quite sharply focused. The British, in particular, have deeply

resented many of the new rules and regulations emanating from Brussels which seem to threaten cherished cultural features such as the pint or the packet of crisps. More significant is the derogation successfully sought by Britain from the EU Social Charter. This Charter calls for far-reaching improvements in working conditions, the protection of workers, and the widening of discrimination law. It also requires companies to give more information to, and consult with, their workers. Britain sought exemption from this Charter on economic grounds but the underlying reasons appear to be cultural. The British still clearly place great store on the 19th century philosophy of *laissez faire* or 'leave alone' which demanded that governments should not interfere with business or with markets, including labour markets. The British are also strong believers in the rights of managers to manage, and are suspicious of worker involvement in management. This may be due in part to the traditional class distinctions of British society.

In this country one can detect a certain smugness regarding our own cultural 'correctness' and our conformity with EU Directives. We tend to judge other cultures adversely against our own. Yet other countries do the same, and some Europeans would consider us quite 'backward'. For instance the Danes would be appalled at our lack of childcare provision. To complicate the matter further, some of the nationalities we regard as backward in their treatment of women would be shocked at the incidence in Ireland of 'latchkey children', physical abuse of women, and sexual promiscuity. In many countries Ireland's rate of unemployment would be regarded as intolerable; we tend to regard this as an economic problem, but some analyses, such as that by the Swedish economist, Therborn, in *Why Are Some Peoples More Unemployed Than Others?* suggest that it is as much cultural as economic.

An interesting variation in cultural attitudes is revealed in the differing views about 'workfare' (the requirement to 'earn' dole) in different countries. In the U.S. and New Zealand, for instance, it is seen as a reasonable measure. In Ireland it is regarded as morally repugnant. This raises a crucial question about cultural variations, namely, to what extent are there issues of *morality* involved. If we judge that some particular norm of behaviour is *good*, is every departure from it *bad*? If Americans think workfare is morally good, must they regard our welfare system as morally bad? Conversely, must we believe that the American welfare system is morally wrong if it involves workfare? If our answers to such questions are no, are we then condemned to a form of moral relativism where anything goes?

A Range of Acceptable Behaviours?

Perhaps the best way to approach cultural diversity is to accept that in most areas of life there is a wide *range* of acceptable customs and behaviours. What has to be avoided is, on the one hand, a doctrinaire approach which sees only one possible way of doing things; and, on the other hand, a total relativism which refuses to evaluate or challenge anything. It is certainly right that people should feel passionately about issues, and campaign vigorously on their behalf. It is also important that *some customs and types of behaviour*, such as child prostitution, be regarded as outside the pale. But leaving to one side the extremes of relativism and licence, there is a *need for an acceptance* that there are different ways of looking at things, not all of which can be judged (as this point in time) as morally bad. It is also important, as a general rule, that people be inserted in a *culture before they pass definitive judgement* on this or that practice, since most cultures function in an integrated way.

Opting for tolerance still confronted with a number of hard questions. For instance, since we are not Spaniards, should we be more tolerant of bullfighting in Spain? And if not, are we happy that the Arabs should campaign against the consumption of alcohol in our culture? History also warns us that any attempt to set ranges of acceptable behaviour is fraught with difficulties and dangers. In the middle ages all kinds of activities were regarded as acceptable which are now regarded as barbaric, such as slavery, torture, and the castration of young male singers. Morality evolves. Many people despair of making any moral judgements, though it is only through making such judgements and enshrining them in laws and norms of behaviour that we make any advances at all.

Yet at the end of the day, the exercise of a tolerant attitude carries more promise than becoming anchored into doctrinaire positions. Toleration is itself a liberating force. Slavery flourished in an intolerant age, and perished in a more tolerant one. Intolerance produces frozen mind-sets. The Ireland of the fifties prided itself on its intolerance of the bad, opposing communism and pornography with equal vigour. But it failed to see many of the beams in its own eye. In a tolerant society people reflect more, and sooner or later they become clearer about the really important issues.

TECHNOLOGY AND UNEMPLOYMENT

Does Technology Create Unemployment?

The question asked in a recent opinion poll about the breakdown of the IRA cease-fire shows a dilemma in the asking and answering of certain questions. People where asked, Who do you think was responsible for the breakdown of the cease-fire, the IRA or the British Government? In the Republic, most people asked blamed the British Government, yet their responses to other questions made it clear that they were not in any way exonerating the IRA. If the respondents had been given a chance many might have said: Of course the IRA were responsible, but inaction by the British Government provoked them.

A similar dilemma arises with regard to questions about the impact of technology on employment. If you ask people, does technology cause unemployment?, you get a variety of responses. Economists and business people are very defensive of technology. They see technology as one of the engines of growth, and as the main contributor to the better standard of living that most of us enjoy today. But unemployed people and their families have a different perspective. The unemployed man who has lost his job because of automation, may easily blame technology as the cause of his misfortune.

So a fuller statement might be: Yes, technology does displace jobs, but whether it causes unemployment depends on the way society handles it.

Conventional economic theory would say that technology may displace jobs in one firm or sector; but since there is no decrease in wealth produced, new jobs will be produced in another department of the same firm, in some new firm or in some other sector of the economy. For instance, some of the wealth produced by technology is spent in restaurants, so there will be plenty of new jobs available in catering. And indeed those of us lucky enough to be in jobs will

agree that we dine out more often than we or our parents did twenty years ago.

Why No Increase in Jobs?

In practice there are several reasons why jobs are not created in sufficient numbers to compensate for the impact of technology:

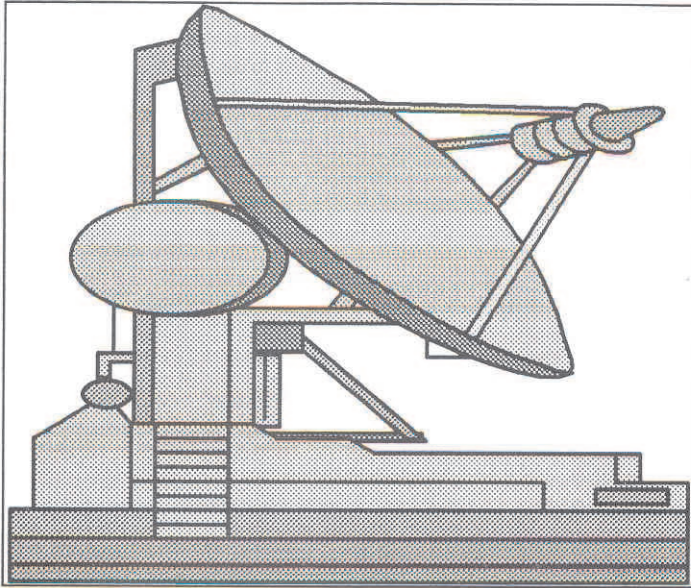
(a) Jobs do not grow on trees. Even restaurants take time to set up. Entrepreneurs with ideas have to come forward, capital has to be accumulated, premises acquired and prepared, staff recruited and trained. When people are displaced from jobs, it could take years before a similar number of jobs are created elsewhere. As the Delors White Paper stated:

"We are once again passing through a period in which a gap is opening up between the speed of technical progress, which is concerned primarily with how to produce and which therefore often destroys jobs, and our capacity to think up new individual or collective needs which would provide new job opportunities."

(b) The new jobs are often not created in the same place as the jobs were lost. Some jobs have been displaced in Ireland by robots, but the manufacture of robots is heavily concentrated in one area of the United States and in Japan. Countries which have high levels of technology often attract more high-tech jobs, often at the expense of other countries. Thus technology in Japan has not led to great unemployment in Japan, but may have contributed to it elsewhere. (However, recent figures suggest that unemployment in Japan has been underestimated and is now about 9%).

(c) In general, advances in technology raise the level of education required by workers. With growing automation there is less and less demand for unskilled labour. There is a popular view that many new jobs just involve pressing buttons, but the reality is that more and more manufacturing operators need to operate computers or other high-tech equipment and thus need higher levels of literacy and numeracy than before. Machine operators in most modern factories are required to have leaving certificate. Many older workers displaced by automation do not have secondary qualifications. These people are marginalised by technology and easily slip into long-term unemployment.

It is also true that an over-supply of labour can lead to employers using ever-higher levels of education as a pre-entry standard - so called 'qualifications inflation'. This means that employer 'choosiness' as well as technological advance contributes to the exclusion of less-qualified people. However in the absence of any steps to broaden recruitment criteria the net result is the same.



The fact that low wages are continually offered for certain kinds of service jobs seems to show that employers can get someone to work for the wages offered. If they could not, the laws of supply and demand would dictate that they offer higher wages in order to fill these jobs. But so far this is not happening. This would support the view that there are not enough jobs being created in the economy. The new service jobs, low-paid as they are, are being filled in practice by the many thousands of young single people who enter the labour market every year. This trend creates a category of people, in particular poorly-educated married people with large families, who are effectively excluded from the labour market and become long-term unemployed.

In those states in the U.S. where it is hard to qualify for welfare, people have to take up low-paid service jobs to survive, so unemployment is (technically?) lower. The absence of a welfare net means that there is heavy downward pressure on wages, and sufficient jobs are thereby created to absorb most of the unemployed, of all categories, in low-paid employment.

(d) Technology displaces more jobs in countries or regions where young people tend to leave school early. In the European Union, the proportion of people of normal school-leaving age who leave the education system with a secondary qualification is only 42%, as against 75% in the U.S., and 90% in Japan. It is no coincidence that in the EU, 17 million people are now out of work and youth unemployment stands at 20%.

(e) Technology tends to affect all industries, not just manufacturing. Although employment in service industries may be increasing, they too make use of technology, some of which reduce staff numbers (e.g. microwave ovens) and some of which require good levels of education or training to operate (e.g. computerized booking systems).

(f) Technology may create jobs elsewhere in the economy but a lot of them are low paid. Many service industries are labour-intensive, and this gives rise to downward pressure on wages. Many services are easily substitutable at home e.g. cooking and laundering. Thus many service jobs are low-paid. Where there is a social welfare net, as in Ireland, it may not be financially worthwhile for certain categories of unemployed people to take up employment.

(g) One would have expected technology to have reduced the length of the working week, and indeed of working life, more than it has done so. One reason why this has not happened is that many technological skills are scarce and require much investment in training, particularly where the use of valuable equipment is involved. Thus the situation has arisen where many people who are in employment are overworked, while other people are unemployed. If those currently unemployed because of low skill levels had the skills to enable them to participate fully in the labour market, it might be possible, through restructuring of jobs, to cut up to two hours off the current working week (or about two years off working life). The important point here is that while work-sharing is sometimes proposed as a partial solution to unemployment, it would only work if education and skill levels of the whole population were at an adequate level.

The Response to 'Technological' Unemployment

Although the impact of technology on the labour market is potentially disruptive, there are many macro- and micro-economic measures which governments and other agencies can take to minimise it. For instance demand can be stimulated in various ways. If

the German government had been able to keep interest rates lower over the last few years more of the slack in the EU labour market would have been taken up through increased demand. If governments could have done more to prevent early school leaving, fewer young people would have been marginalised by rapid technological advance. Employers could also be asked to take more responsibility for the impact on jobs of technology introduced by them. For instance they could be asked to invest in new job-creating enterprises, or at least in counselling for long-term unemployed. At the moment 'technological' unemployment (to borrow a phrase from the Delors White Paper) is regarded as an 'act of god' for which nobody is prepared to take responsibility.

In the final analysis, continuous improvements in education and skill levels are the best antidote to 'technological' unemployment, and offer a means for the ordinary citizen to exploit technology rather than fear it. In Ireland the percentage of pupils currently attaining Leaving Certificate is rising by almost 1% per

annum and is currently about 80%. The Government target is to increase this figure to at least 90% by the year 2000. It has to be accepted that even if this ambitious target is achieved it will not eliminate unemployment, because new jobs cannot be created at a rate sufficient to compensate for jobs shed elsewhere. Countries like Sweden and Denmark that have a strong industrial base and better-developed education, training and retraining systems than ours, still have a stubborn unemployment problem. The big difference is in long-term unemployment. In 1993 the percentage of the total unemployed who were long-term unemployed was 58% in Ireland, 25% in Denmark, and only 12% in Sweden (in 1991 only 4% of the unemployed in Sweden were long-term unemployed). Thus even where unemployment is a fact of life, the marginalisation of particular social groups and their consignment to long-term unemployment does not have to be.

New Booklet Combines Theology With Social Analysis

Cherry Orchard in Dublin 10 was in the news recently because of civil disturbances in the area. This adds a particular interest to a booklet produced by the Cherry Orchard Faith and Justice Group, in which a number of local people, and some theologians, male and female, explore what theology can offer in trying to understand and change conditions of social deprivation.

The booklet is called ***One City, Two Tiers***. It should be available for £1 in most bookshops, or can be obtained for £1.50 incl. p&p by phoning 01-874-0814 (01-855-6814 after 1 April 1996).

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