

# Labour Market Proposal

The past four years have seen Ireland return to the phenomenon of widespread unemployment. The transition from near full-employment to high-unemployment has been one of the major characteristics of this recession.

The implications for people, families, social cohesion and the exchequer's finances have been serious. Economic forecasts indicate that unemployment will remain high in the period ahead.

This dramatic turnaround in the labour market contrasts with the fact that one of the major achievements of recent years had been the increase in employment and the reduction in unemployment, especially long-term unemployment. In 1991 there were 1,155,900 people employed in Ireland. That figure increased by almost one million to peak at 2,146,000 in mid-2007.

Unemployment numbers are now at a record high. According to the CSO's Quarterly National Household Survey, there are 308,500 people unemployed and many more under-employed (not working as many hours as they would like to). In quarter 2 2012 the unemployment rate reached 14.8%.

Of particular concern is the growth in long-term unemployment. There are now 185,100 people unemployed for more than 12 months, representing 60% of the total unemployed (up from 54% a year earlier). As the recession has deepened and persisted, this figure has continued to climb - the long-term unemployment rate is now 8.8% up from 2.2% of the labour force in early 2009. Evidence from the past underscores the need to take long-term unemployment seriously. People who fall out of touch with the active labour market tend to struggle to re-enter it. Policy should be active in avoiding this problem.

## Proposal:

Introduce a new programme to ensure real employment at the going hourly rate for the job is available to 100,000 people currently long-term unemployed. Participation must be voluntary.

It should be modelled on the *Part-Time Job Opportunities Programme* that was piloted in the 1994-1998 period. (The current Directors of *Social*

*Justice Ireland* led this pilot programme.) Details of the pilot programme are reported in the box below.

The new programme:

- ⇒ Would create 100,000 part-time jobs for unemployed people;
- ⇒ Paid at the going rate for the job;
- ⇒ Participants working the number of hours required to earn the equivalent of their social welfare payment and a small top-up
- ⇒ Up to a maximum of 19.5 hours a week.
- ⇒ Access on a voluntary basis only;
- ⇒ Jobs would be created in the public sector and the community and voluntary sector;
- ⇒ Participants would be remunerated principally through the reallocation of social welfare payments.
- ⇒ Working on these jobs participants

would be allowed to take up other paid employment in their spare time without incurring loss of benefits and would be liable to tax in the normal way if their income was sufficient to bring them into the tax net.

**Consequently, *Social Justice Ireland* believes that a Part-Time Job Opportunities programme should be established along the lines of the programme piloted in the 1994-1998 period. Additional funding of €50m should be allocated in Budget 2013 - which could grow to €150m in the future if 100,000 places were created. The funding currently being spent on social welfare payments to participants on this programme should be switched to their new employer.**

## PTJO Pilot Programme 1994-1998

The early 1990s saw high unemployment levels in Ireland and little prospect of jobs being available for some time even though the economy was beginning to recover. Jobless growth was the reality. A proposal made by the current Directors of *Social Justice Ireland* was formally adopted by the Irish Government and announced in Budget 1994.

The proposal sought to create real part-time jobs in the community and voluntary sector principally. Long-term unemployed people could access these jobs on a voluntary basis. They were paid the going rate for the job and they worked the number of hours required to earn the equivalent of their social welfare payment with a small top up. The going rate for the job was agreed with the relevant trade unions and employers.

This programme was piloted in Finglas/Blanchardstown, Co. Laois, Waterford City, four towns in South Tipperary (Clonmel, Carrick-on-Suir, Cashel and Tipperary Town), North Kerry and the offshore islands. It created 1,000 part-time jobs in 162 community and voluntary organisations in those pilot areas within six months of its establishment. These jobs were sustained throughout the pilot period. More than 500 of the original participants departed to take up full-time employment or full-time education during those years and all were replaced by new participants. The market economy is unable to provide anywhere near to the number of jobs required to reduce unemployment anytime soon. This programme contributes to *Social Justice Ireland's* view that public policy should change so that 1) it recognises that people have a right to work; 2) that unemployed people should not be forced to spend their lives doing nothing when jobs don't exist; and 3) that all meaningful work should be recognised.

### Summary of Proposal on the labour market

Introduce a new Part-Time Job Opportunity Programme to provide real, part-time jobs for 100,000 long-term unemployed people.

### Impact of this proposal on Government's Income and Expenditure in Budget 2013

Transfer of social welfare payments for participants.

**Increased expenditure: €50m**