



# Ending Long-term Unemployment

Forum Report No. 4

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## Executive Summary

1. This is the first in a series of Reports which the Forum will be devoting to employment and unemployment issues. Long-term unemployment is a major economic and social issue facing this country. Despite the favourable medium-term economic and employment outlook, the level of long-term unemployment is, however, expected to be no lower at the end of the decade than it is now. This is unacceptable and explains why the Forum has singled this issue out for particular attention at this stage.
  
2. **Section I** outlines a number of key points on the extent, nature and consequences of long-term unemployment in this country:-
  - the rate of long-term unemployment is in itself greater than the *total* unemployment rate in many OECD countries;
  - the longer a person is long-term unemployed, the more difficult it becomes to find employment; those unemployed for over two years have a 74 per cent chance of being unemployed a year later;
  - the long-term unemployed are concentrated in the prime age-group of 25 to 44 and have relatively low education and skill levels; almost half are without formal education qualifications; and
  - the costs of unemployment in economic terms are enormous (amounting to 7 per cent of our GDP) while the indirect costs and links with ill health, crime and poverty are also significant; these need to be taken into account in assessing the costs and financing of more effective policy responses.
  
3. **In Section II**, five sets of causes of long-term unemployment are identified:-
  - policy factors including the impact of employment protection legislation and unemployment benefit systems and the extent to which labour market policy is "active" or "passive";
  - the changing nature of work;
  - low level of skills and education attainment;
  - barriers facing the long-term unemployed in finding jobs such as recruitment practices, employer reluctance and unemployment traps;
  - persistence factors, including loss of skills and the lack of influence of the long-term unemployed in the labour market.

4. **Section III** summarises international thinking and policy responses to long-term unemployment; the main conclusions are:-
- the need to switch resources to more active labour market policy uses;
  - the more effective targeting of programmes to the needs of individuals or particular groups;
  - the central role and benefits of an Employment Service;
  - prevention of long-term unemployment is easier than its cure;
  - the dead-weight and displacement effects of employment subsidies and direct job creation measures may be acceptable in order to redistribute job opportunities to a target group such as the long-term unemployed;
  - the job potential of the social economy sector; and
  - the advantages and relative success of contract employment.
5. **Section IV** reviews existing policy and programmes for the long-term unemployed. The main deficiencies are:-
- the lack of clarity in policy objectives;
  - the limited nature and extent of interventions;
  - the particular difficulties facing women are not addressed;
  - the limited effectiveness of programmes in improving chances to find employment; and
  - the absence of a counselling/guidance/placement service.
6. **Section V** outlines the following policy frameworks for tackling long-term unemployment:-
- the UK Employment Policy Institute's proposal of the State offering a set of options which the individual would have to avail of or else forego social welfare benefits;
  - large-scale temporary job schemes advocated by a House of Commons Select Committee;
  - the INOU proposals for an Employment Service and a number of specific job proposals; and

- the CMRS proposals, including a programme of part-time work for 100,000 people.

7. **Section VI** presents the Forum's recommendations. The objectives and targets which underpin these are:-

- the ultimate objective must be the provision of employment opportunities for all who want them; and
- the only appropriate target is the elimination of long-term unemployment.

While these are ambitious, they are necessary in providing a focus and impetus for policy purposes, securing agreement on changes required in our society and are also feasible. A range of strategies are needed to achieve this target; these include:-

- early intervention in the education sector;
- the prevention of long-term unemployment; and
- the reintegration of the long-term unemployed.

8. For this purpose, the Forum submits the following integrated set of specific policy recommendations.

**(i) Early intervention in the education sector**

9. The Forum recommends:-

- that the significant savings from falling numbers should be used to provide appropriate options for children identified at risk of leaving school with little or no qualification; and
- that priority attention be given to the "Youthstart" initiative proposed by the EU Commission.

**(ii) Employment Service**

10. The Forum's central recommendation, which is supported by a variety of domestic and international evidence as to its cost-effectiveness and positive results, is the establishment of an Employment Service which would:-

- be responsible for implementing the two proposed strategies of preventing long-term unemployment and reintegrating the long-term unemployed;

- provide a guidance and placement service for the unemployed; and
- be the gateway to all employment and training programmes.

Among the main features of the proposed Service are:-

- registration by unemployed people would be voluntary;
  - the critical importance of active involvement and support by employers and trade unions;
  - different delivery models at local level; and
  - autonomy to carry out its functions with the eventual transfer of budgets in respect of programmes for the unemployed to the Service and the eventual separation of the purchase and delivery of such programmes.
11. The Forum recommends that the organisational structure and other operational details of the Employment Service should be examined by a Top Level Group representative of all the main Departments and interests involved on the ground. The eventual running costs of the Service might be an additional £30 million but every effort should be made to meet these costs from within existing and planned resource allocations.

**(iii) Supply-side Measures**

12. The four main options to improve the *quality* of labour supply of the long-term unemployed which the Employment Service would offer its clients are:-
- *pre-labour market assistance* to deal with personal or social problems, literacy and interview skills;
  - *education interventions* with the Service purchasing options such as the VTOS;
  - *training interventions* linked to particular employment opportunities; and
  - *employment experience* with the Employment Service "purchasing" temporary job placements, of up to 6 months, in the public and private sectors for its clients; this option, with no more than 10,000 placements annually, would be used to prevent a person becoming long-term unemployed or where a person was "employment ready" but where no job was immediately available.



**(iv) Demand-side Measures**

13. Three sets of measures are recommended to increase employment opportunities for the long-term unemployed:-

- the direct provision, through the Employment Service, of longer duration contract jobs aimed at the very long-term unemployed and/or their adult dependants in the public and voluntary sectors;
- the development of the social economy which the Forum intends to address in future Reports; and
- measures to increase private sector demand for the skills of the long-term unemployed through on-going reform of the tax and PRSI systems.

These contract jobs would have a number of features different to Community Employment:-

- a range of full-time and part-time positions would be provided; and
- people would enjoy the same status and working conditions as a regular employee.

14. The contract -type jobs proposed above should be effected through a re-vamping of the Community Employment Programme and these, together with the proposed temporary job placements, should be funded within the budget to fund the proposed expansion of that Programme.

15. The Forum believes that its proposals are realistic and, with the exception of the additional cost of the Employment Service, that the costs can be met from within the resources committed to programmes for the unemployed under the Programme for Competitiveness and Work. It stresses, however, that the level of resources devoted to tackling unemployment must, at a minimum, be maintained. Finally, the Forum calls for the support of unemployed people and their representative organisations, trade unions, employers and the community and voluntary sector to support and facilitate the successful implementation of its recommendations.

## Section I: Extent, Features and Consequences of Long-term Unemployment

### Extent of Long-term Unemployment

#### Ireland's relative position

- 1.1 One of the most disturbing features of the labour market performance of Ireland and other OECD countries has been the marked rise in the last decade or so in long-term unemployment (defined as people unemployed continuously for twelve months or more). The result is that many European countries now experience levels of long-term unemployment that would have been unthinkable a decade ago.
- 1.2 Ireland suffers from an exceptionally high relative level of long-term unemployment and had the highest long-term unemployment rate in the OECD in 1991. Table I.I below illustrates a number of points.

**Table I.I Standardised Unemployment Rates in Selected OECD Countries, 1991**

	<i>&lt; 12 months duration</i>	<i>12months+</i>
Belgium	2.7%	4.3%
France	5.7%	3.5%
Germany	2.3%	1.8%
<b>IRELAND</b>	6.4%	9.4%
Spain	8.1%	7.8%
Sweden	2.6%	0.1%
UK	6.2%	2.4%
US	6.3%	0.4%

Source: OECD, Eurostat<sup>1</sup>

<sup>1</sup> The data are based on Labour Force Survey definitions (and not registration data) and are therefore broadly comparable across the various countries.

Firstly, the long-term unemployment rate in Ireland amounted to 9.4 per cent which, in itself, was greater than the *total* unemployment rate in many OECD countries. Secondly, our long-term unemployment rate was more than three times that of Germany and the UK, more than twice that of Belgium and France and more than ten times that of Sweden and the US. Thirdly, and in marked contrast, the short-term unemployment rate in this country was not greatly out of line with that of other countries. In short, it is in relation to its rate of long-term unemployment that Ireland is almost unique among OECD countries.

### **Trends over time**

- 1.3 The rise in long-term unemployment in this country since 1980 has been very marked, despite a significant level of emigration in this period. In 1980, 35,000 people or only 2.8 per cent of the labour force had been unemployed for one year or more on the basis of Live Register data. The trend since then has closely reflected the upward trend in total unemployment, with the result that 109,000 or 8.3 per cent of the labour force were long-term unemployed in 1988, falling slightly to just under 98,000 or 7.5 per cent of the labour force in 1990, and then increasing to an unprecedented level of 135,000 in 1993 or almost 10 per cent of the labour force.

### **Age and sex composition**

- 1.4 Of the 135,000 currently registered as long-term unemployed, 97,000, or 72 per cent, are male. This is essentially a reflection of the fact that a much higher proportion of males are in the labour force, as the participation rate for females here is some eight percentage points below the EU average. However, the long-term unemployment rate for females is lower than that for males: 7.8 per cent compared with 10.7, but long-term unemployment among females has been increasing more rapidly than among males.

- 1.5 The long-term unemployment rate does not vary greatly by age, except for those aged over 55 years where it is lower, reflecting the impact of pre-retirement schemes. In general, however, the likelihood of an unemployed person being long-term unemployed increases with age, especially for men. Long-term unemployment is concentrated among the prime age-group of 25 to 44, with over half of the long-term unemployed falling within this group. One-fifth of the long-term unemployed are aged under 25.
- 1.6 Account needs to be taken also of the large number of women who are dependent on Social Welfare payments but who are not registered as unemployed. For instance, in 1992 there were some 92,000 women on the Live Register, but an additional 44,000 women were in receipt of Lone Parent's payment and almost 70,000 were classified as Dependant Adults. These categories, as well as young people who may not be eligible to register and persons on Disabled Person's Maintenance Allowance (DPMA), may share many of the characteristics of the long-term unemployed in terms of exclusion from the labour market.

### **Duration of long-term unemployment**

- 1.7 According to 1992 Labour Force Survey data, over half of the long-term unemployed have been unemployed for over three years and two-fifths for more than five years.<sup>2</sup> These are remarkable figures and paint a stark picture in relation to the duration of long-term unemployment. Live Register data indicate that a smaller proportion of the long-term unemployed are unemployed for over three years (44 per cent), but still indicate that very long-term unemployment is a marked and growing feature of our unemployment problem.

<sup>2</sup> This is based on people's subjective assessment of how long they have been unemployed whereas Live Register duration refers to continuous registration.

1.8 This information is complemented and reinforced by data on survival rates which show the probability of persons unemployed for a certain duration at a point in time remaining on to be unemployed into the next period. These data show that the longer a person is unemployed, the greater is the probability of that person remaining unemployed. For example:-

- o persons unemployed for under a year have a 30 per cent chance of being unemployed a year later;
- o those who have been unemployed for over one but less than two years have a 61 per cent chance of remaining unemployed one year later; and
- o those who have been unemployed for over two years have a 74 per cent chance of being unemployed one year later but this figure rises to over 80 per cent for males aged 25-44 and to 90 per cent for males aged 45-54.

### **Educational qualifications**

1.9 Table I.II below compares the educational qualifications of those at work with those who were short-term unemployed and long-term unemployed in 1992. As can be seen, the long-term unemployed have lower levels of qualifications compared to both other groups.

**Table I.II Educational Qualifications of Those At Work and Unemployed, 1992**

	At work	Unemployed	
		<12 months	12 months+
No qualifications	15%	25%	48%
Intermediate/ Group Cert	25%	38%	34%
Leaving Cert	35%	26%	13%
Third-level	25%	12%	4%

Source: CSO, Labour Force Survey , 1992 (Special Tabulation)

- 1.10 Almost half of the long-term unemployed are without formal educational qualifications (except, in some cases, the Primary Certificate), compared with one quarter of those unemployed for less than one year and 15 per cent of those at work. Only 17 per cent have Leaving Certificate level or higher, compared with 38 per cent for the short-term unemployed and 60 per cent for those at work. Those with the greatest educational disadvantages are the older long-term unemployed: almost two-thirds of the long-term unemployed aged 35 years or more in 1991 were without any qualifications and only 12 per cent of this group had attained Leaving Certificate level or higher.
- 1.11 The relationship between educational qualification and labour-market success is particularly strong for young workers: i.e. as educational attainments increase, unemployment rates fall sharply. For instance in 1992, the unemployment rate among young labour force participants (aged 15-24 years) with no qualifications was 52 per cent compared to 32 per cent for those who had attained the Intermediate or Group Certificate. Each year, roughly 20 per cent of school-goers leave the education system with no qualifications whatsoever or with poor qualifications. Given current labour market conditions, and in the absence of new policy initiatives, it is almost inevitable that many of these will eventually become long-term unemployed.

### **Occupational/socio-economic background**

- 1.12 Table I.III provides information on the occupational background of those in employment, compared to those unemployed for less than twelve months and to those unemployed for more than twelve months. Almost half of the long-term unemployed have a 'manual' background compared to 29 per cent of employees. More striking perhaps is that 23 per cent of those long-term unemployed are in the 'other' category, (compared with only 2 per cent of the short-term unemployed), reflecting the fact

**Table I.III Occupational Background of Those At Work and Unemployed, 1992**

	At work	Unemployed	
		<12 months	12 months+
Manual	29%	52%	48%
Transport/ communication	7%	7%	7%
Services/clerical	57%	46%	22%
Others (incl. not stated)	7%	2%	23%

Source: *CSO, Labour Force Survey, 1992 (Special Tabulation)*

that they may not consider themselves as having any occupational background, given the length of their absence from employment. It is also notable that less than one-quarter of the long-term unemployed have a services/clerical background, compared with 57 per cent of those employed and 46 per cent of the short-term unemployed. This is of particular significance as many new jobs in the future are likely to arise in this sector.

### Household dimension

1.13 Another notable feature of the "profile" of the long-term unemployed is that, according to information from the 1992 Labour Force Survey, almost two-thirds were classified as "household head" compared with 42 per cent of the short-term unemployed and 45 per cent for those at work. The ESRI Household Survey of 1987 found that over half of the long-term unemployed were married. As heads of households and married persons are more likely to have dependants, long-term unemployment also carries significant effects on households, some of which will be examined later.

1.14 A related aspect of this household dimension comes from evidence showing a similarity between the economic status of husbands and wives. A survey<sup>3</sup> conducted in Tallaght recently found that 53 per cent of the partners of employed men were employed, compared to only 31 per cent in the case of women whose partners were unemployed. This survey also showed that 56 per cent of the wives of unemployed men were unemployed, compared to only 30 per cent of those whose husbands were working. This supports the viewpoint that many households affected by unemployment and long-term unemployment may be characterised by almost total exclusion from the labour market. This has implications for policy design and programme delivery for the long-term unemployed which will be discussed later in the Report.

1.15 Another notable feature is that 38 per cent of the long-term unemployed live in Local Authority housing, compared with only 22 per cent of the short-term unemployed and 10 per cent of those in employment. This suggests that long-term unemployment may be geographically concentrated in certain areas.

## Conclusion

1.16 The educational, gender, age, socio-economic and household profile of long-term unemployment is essential to an understanding of the nature of the problem and to consideration of appropriate policy responses.

## Costs and Consequences of Long-term Unemployment

### Introduction

1.17 The EU's White Paper<sup>4</sup> states that "the economic and social costs of unemployment are enormous. They include not only the direct expenditure in providing social

<sup>3</sup> Cited in a paper prepared for the Forum by WRC Consultants, *Intervening in Long-Term Unemployment on the Part of Women: Some Issues for Consideration*, April 1994.

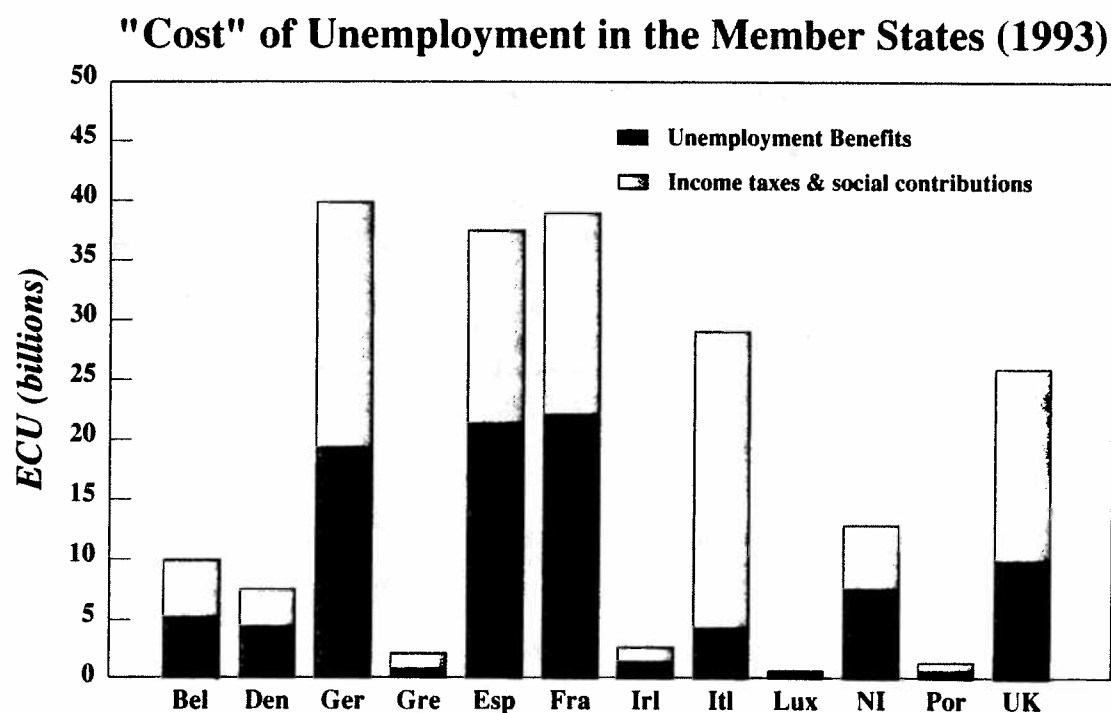
<sup>4</sup> Commission of the European Communities, *Growth, Competitiveness, Employment, The Challenges and Ways Forward into the 21st Century, White Paper*, 1993.



security support for the unemployed, but also the loss of tax revenue which the unemployed would pay out of income if they were working; the increased burden on social services: rising poverty, crime and ill health; and the rising levels of educational under-achievement". The focus of this Section is to identify more precisely what these costs are and, where possible, to quantify their order of magnitude.

### Direct costs of unemployment

1.18 Estimates of these costs for the EU as a whole and for individual Member States are provided in the White Paper (see graph). For the EU as a whole, the Commission estimates that the cost (in terms of expenditure on unemployment benefits and foregone revenue from income tax and social security contributions) amounted to ECU 210 billion in 1993 or almost 4 per cent of Community GDP. For Ireland, the estimated cost was IR£2.16 billion or 7 per cent of our GDP.



Source: Commission of the European Communities

- 1.19 An analysis in the UK which took account also of the additional indirect tax revenue which would accrue if an unemployed person was at work (and earning two thirds of average full-time earnings) found that the annual cost to the Exchequer per unemployed person in 1991/92 was just over Stg. £8000<sup>5</sup>, equivalent to IR£8,760.

### Unemployment and health<sup>6</sup>

- 1.20 There is a significant body of research on the effects of unemployment on both physical and psychological health as well as evidence to show that there may be links between mortality and unemployment. In this country, research results show that the (standardised) mortality rate in 1981 was more than twice as great for the unskilled manual and uncategorised socio-economic groups as for the professional/managerial ones. This does not, of itself, prove a link between unemployment and mortality, as other factors (including socio-economic group) may be "mediating" the impact and the direction of causation may run from health to unemployment and socio-economic status. However, work in the UK showed that even when account was taken of social class composition, mortality over a ten-year period was higher among men who were unemployed at the beginning of the period.
- 1.21 With regard to the effects in terms of ill health, data from the ESRI's 1987 Household Survey showed that those who were currently unemployed in the sample were more likely to report a long-standing illness than those in work: 16 per cent of those aged between 35 and 44 who were currently unemployed reported such an illness, compared to a figure of only 5 per cent of employees. To the extent that poorer health among the unemployed gives rises to increased usage of health services, this leads to additional costs to the Exchequer.
- 1.22 There are also links between unemployment and duration of unemployment and psychological distress. Again, using the 1987 ESRI Survey, it was found that just over one in three of the unemployed came above a pre-determined psychological

<sup>5</sup> Layard, R. and Philpott, J. *Stopping Unemployment*, Employment Institute, London, 1991.

<sup>6</sup> This Section is based on "Unemployment and Health" by Brian Nolan and Christopher T. Whelan in Eithne McLaughlin (ed), *Beyond the statistics: The effects of unemployment in Ireland*, Report of a Conference organised by Co-operation North, 1993.

distress threshold (i.e. they were classified as suffering from psychological distress) compared to one in fourteen of those employed. In addition, psychological well-being declined as unemployment duration rose from 1 to 4 years.

### **Unemployment and crime**

1.23 Research work has shown evidence of a link between crime and unemployment, although this is an area of some disagreement as the number of criminals is very small compared to the number unemployed. In general, it is difficult to establish a general link between aggregate unemployment and crime but there is evidence to support the view that there may be significant links for certain groups. For example, a recent study in the UK found a strong link between unemployment and crime rates for young men, particularly as regards burglary<sup>7</sup>. This is supported also by evidence from the US, quoted in the UK research, which concluded that "by allowing mass unemployment to continue, and letting young men shoulder a disproportionate burden of this, we condemn ourselves to rising crime now, and create criminals for the future".

### **Unemployment and poverty**

1.24 Work done by the ESRI has found that "by the late 1980's, unemployment was the single most important cause of low incomes and poverty"<sup>8</sup>. A link between unemployment duration and poverty was also found. A high risk of poverty was found in circumstances where the head of household was receiving unemployment assistance and, therefore, likely to be long-term unemployed. This risk was higher in circumstances where no other person in the household was working and where there were children.

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<sup>7</sup> David Dickinson, *Crime and Unemployment*, Cambridge, 1994.

<sup>8</sup> Brian Nolan and Tim Callan (eds.), *Poverty and Policy in Ireland*, 1994.

## **Conclusion**

1.25 The direct economic costs of unemployment in Ireland are very high and represent an enormous loss of resources to the Exchequer, the taxpayer and the economy as a whole. But the indirect costs and consequences for unemployed people themselves, including the effects on health and poverty are also very significant and result in their being marginalised and socially excluded. These dimensions carry both resource loss implications as well as contributing to serious social problems in our society. An appreciation of all these costs and consequences is essential to any debate about policies to tackle unemployment, including the costs and the financing of these policies.

## 2.1 Causes of Long-term Unemployment

### Introduction

- 2.1 This Section presents a review of the main thinking on the causes of long-term unemployment, drawing on research work done both in this country and abroad. As a starting point, it is useful to bear in mind that long-term unemployment is a function of both inflows from short-term unemployment and outflows from long-term unemployment. This review is mainly concerned with the stock (i.e. the absolute level) of long-term unemployment and, in particular, on the reasons why it does not appear to respond to improvements in the overall employment and unemployment situation. The causes of unemployment in general and factors such as the employment intensity of growth are not dealt with here; the focus is instead on the demand and supply side factors which contribute to the persistence of long-term unemployment.
- 2.2 Five broad sets of factors are identified as relevant to long-term unemployment. These are as follows:-
- i) *Policy Factors:* These include the impact of employee protection legislation, the relative level and duration of unemployment benefit/assistance payments and the extent to which labour market policy is active (i.e. concerned with preventing people from becoming and remaining unemployed) or passive (i.e. concerned with income maintenance).
  - ii) *Changing nature of work:* This explanation focuses on longer-run historical changes on how society and work are organised.

- iii) *Skill and education levels of the long-term unemployed:* This relates to the skill and educational features of the long-term unemployed, compared to other groups in the labour market.
- iv) *Barriers facing the long-term unemployed in finding and accepting jobs:* These include factors such as employer reluctance to hire long-term unemployed people and vacancy notification procedures and recruitment practices as well as the impact of the interaction between the Tax and Social Welfare systems on people trying to get out of long-term unemployment.
- v) *Persistence factors:* The argument here is that long-term unemployment is inherently persistent and that the longer one remains in long-term unemployment the more difficult it is to escape from it.

These factors are outlined in greater detail in the following paragraphs.

## Policy Factors

### General considerations

2.3 There are a number of aspects to this explanation. Firstly, it can be argued that employment protection legislation (this would include restrictions on firing, redundancy and notice procedures), while protecting the rights of existing workers, may have adverse effects on the amount of labour turnover in the economy and may make employers more reluctant to hire additional workers.

2.4 Secondly, the relative level and duration of unemployment compensation payments can affect the extent of long-term unemployment. It is argued that job search activity and competition in the labour market will be adversely affected, the higher the relative level of unemployment benefit/assistance payments (compared to earnings levels) and the longer such benefits are available. In Ireland, as with most other EU countries,

unemployment compensation payments are available indefinitely. In contrast, benefit duration is much more limited in North America and Scandinavia and, as noted in Section I, long-term unemployment is much lower in these countries than in the EU. As to research findings, evidence cited by the OECD found, using UK data, that a one per cent increase in benefits is associated with an increase in unemployment duration (for unemployed men) of around 0.3 per cent<sup>1</sup>. Another study quoted by the OECD found that differences in the unemployment benefits system could explain differences in the long-term unemployment rate across various countries.

- 2.5 Thirdly, the extent to which policy is active rather than passive - i.e. policy encourages or even restricts unemployment compensation to participation in job search, training etc. will affect the level of long-term unemployment. Sweden is often held out as the main proponent of an active labour market policy and long-term unemployment has traditionally been very low there.

### Irish context

- 2.6 Viewed in the overall, Ireland operates a fairly active labour market policy. For instance, OECD data (see Table III.I) show that expenditure on active measures as a proportion of GDP was fifth highest in Ireland among OECD countries in 1991 and 1992. These data also show that a third of total labour market expenditure in Ireland (as a proportion of GDP) goes on active measures. This is in line generally with that in other EU countries but well below that in countries such as Sweden and Germany (see Section III). However, when account is taken of the much higher level of unemployment and long-term unemployment in Ireland, compared to most other OECD countries, expenditure on active measures is relatively low.
- 2.7 With regard to the relative level and duration of unemployment benefit/assistance payments, the evidence is not clear-cut in the Irish context. In an OECD cross-country exercise, duration was found to "explain" some long-term unemployment in Ireland but, in overall terms, the exercise did not provide a complete explanation for

<sup>1</sup> OECD, *Employment Outlook*, Paris, 1993

long-term unemployment here. As regards the level of payments, a number of studies have identified replacement ratios as a cause for some of the increase in unemployment in the 1980's but there is no clear consensus in economic circles on this, or indeed, on other explanations of unemployment in Ireland. OECD data show that this country had the fourth lowest replacement rate of 14 countries for which data were available in 1990. In this context, it should also be noted that the *priority* rates for unemployment payments, as recommended by the 1986 Commission on Social Welfare, were finally implemented in the 1994 Budget. As these remain at 90 per cent of the Commission's recommended target rates, the Social Partners and Government are committed to further progress towards these target rates during the course of the current Programme for Competitiveness and Work.

- 2.8 With regard to employment protection, Ireland does not stand out as having legislation which is overtly "protective" compared to other EU countries. An EU Commission Report classifies Ireland in a group with the UK and Denmark as having the least restrictive regulations on firing workers on the basis of evidence relating to both employers' perceptions of these regulations and the rate of involuntary dismissals. The above-mentioned OECD exercise also sought to ascertain if there was a relationship between employment protection legislation and the incidence of long-term unemployment. It warns, however, of the limitations attached to this type of exercise, given that the range of factors considered did not constitute a comprehensive list of the factors that could affect long-term unemployment. In addition, the OECD acknowledges that the ways employment protection legislation could impact on long-term unemployment were not addressed. The results in the case of Ireland show a correlation between proxies for job security and more than half the long-term unemployment rate. However, there was a large unexplained component of long-term unemployment in Ireland which could not be explained by the various factors examined and which, the OECD indicated, pointed to other country specific factors that had not been taken into account.



## Changing Nature of Work

2.9 The proponents of this view argue that society is moving into a new technological era and that the traditional equating of "work" with having a job belongs to an understanding of work that emerged with the Industrial Revolution but is now becoming obsolete. It is argued that the juxtaposition of high world-wide levels of unemployment and long-term unemployment, the very sharp reductions in average time spent on the job and increasing levels of productivity point to the conclusion that there will not be full employment in the future. In a sense, therefore, it is argued that unemployment and long-term unemployment (as conventionally defined) are inevitable consequences from adherence to a traditional "full employment" paradigm in the face of these developments. This viewpoint is, however, contested by those who dispute the notion that full employment is unattainable. The implications of this approach and some policy proposals arising from it are discussed in Section V.

## Skill and Education Levels

2.10 This explanation focuses on the skill, educational qualifications and occupational background of the long-term unemployed - including the role played by educational policies in perpetuating disadvantage - and contrasts these with other groups in the labour market. The argument here is essentially that the long-term unemployed are relatively disadvantaged in current labour market conditions as they lack the necessary skills and education to compete for the types of new jobs being created in the economy. There is some evidence to support this in an Irish perspective. In Section I, data from the Labour Force Survey showed:-

- o that almost half of the long-term unemployed had no educational qualifications compared to 25 per cent of the short-term unemployed and 15 per cent of those in employment; and

- o that a greater proportion of the long-term unemployed compared to the other groups are located in the manual occupational groups, whereas the bulk of net employment growth is now (and is projected to continue to be) in non-manual services-related jobs.

It should be borne in mind, however, that these features do not support the conclusion that measures to bridge these educational and skill deficiencies would be either feasible or effective in themselves.

### Barriers Facing the Long-term Unemployed

2.11 There are a number of significant barriers facing the long-term unemployed in finding jobs and in taking these up when they become available. An important aspect of this is that employers may use duration of unemployment as a screening device in assessing job applications. There is evidence to support this in Ireland and elsewhere. A recent study in the UK found that long-term unemployed people came second last in a list of six sources of potential recruits by companies, while people with disabilities came last.<sup>2</sup> An ESRI survey<sup>3</sup> of private sector companies in 1991 found that the long-term unemployed accounted for just 6 per cent of recent recruits compared with 16 per cent from the short-term unemployed, 29 percent from employed persons and 26 per cent in new entrants from the educational system.

2.12 One reason for this may be that the long-term unemployed may not have access to information about job vacancies and may rely on vacancies notified through FÁS or through the newspapers. However, the vast bulk of vacancies are not filled through these channels in Ireland; a study commissioned by the Tallaght Centre for the

<sup>2</sup> Cited in a paper prepared for the Forum by William Roe, *Long-term Unemployment in the European Union*.

<sup>3</sup> Cited in a paper prepared for the Forum by WRC consultants, *Labour Market Policy and Long-term Unemployment*.

Unemployed<sup>4</sup> found that only 8 per cent of recruits taken on in the previous year were employed through "State agencies". In effect, the long-term unemployed are removed from the main channels of information about job vacancies.

- 2.13 A final aspect which deserves attention is that of the interaction between the Tax and Social Welfare systems which may operate to "trap" people in long-term unemployment, especially those with larger families. This is to be distinguished from the more general argument outlined earlier about the effects of the level and duration of benefit on unemployment duration. The concern here is that issues such as the fear of loss of Secondary Benefits and taxation treatment may create a disincentive for long-term unemployed people and/or their spouses to take up employment. The extent of these difficulties or their significance cannot be quantified but they could affect attitudes and perceptions (where these exist) as to the benefits of taking-up employment possibilities.

### Persistence Factors

- 2.14 The basic argument here is that the longer one is unemployed the harder it is to get a job and that long-term unemployment is inherently persistent. As noted in Section I, the probability of escaping from long-term unemployment decreases rapidly the longer the duration. At an individual level, long-term unemployment may lead to significant deskilling and demotivation. At a macro level, and partly as a result of this, the long-term unemployed may not be regarded by employers as "employable" and in a sense, the long-term unemployed cease to be part of the labour market. As such, the level of long-term unemployment does not lead to greater competition for jobs in the labour market and thereby to any moderating pressure on wages. In essence, therefore, long-term unemployment does not trigger any adjustment in the labour market which might lead to its reduction.

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<sup>4</sup> Tallaght Centre for the Unemployed, *When skills are not enough*, 1993.

## Summary and Conclusions

- 2.15 A broad range of factors have been identified which have been put forward as explanations for long-term unemployment. As regards policy factors, when account is taken of Ireland's high unemployment, the degree of policy activism is limited. There is no clear consensus on the effects of factors such as unemployment benefit levels and duration and employment protection legislation. The changing nature of work argument offers one historical or sociological explanation of unemployment and long-term unemployment, but the conclusion that full employment is no longer likely to be attained is disputed by economists and others. It is clear, however, that the relatively poor skills and education levels among the long-term unemployed represent a serious disadvantage in current labour market conditions. In addition, there are significant barriers facing the long-term unemployed in terms of access to information about vacancies and there is evidence that they are among the groups least likely to be taken on by employers. Finally, long-term unemployment is in a sense inherently persistent and the longer one is unemployed the more difficult it is to find work.
- 2.16 No one set of factors outlined in this Section are wholly responsible for the existence and persistence of long-term unemployment. Tackling one set of causes would be unlikely in itself to be successful unless accompanied by actions in other areas. Action to deal with both supply side factors (e.g. demotivation and deskilling of the long-term unemployed) and demand side factors (e.g. recruitment practices and absence of low skill jobs) are, therefore, required to deal more effectively with long-term unemployment. Account must also, of course, be taken of non-economic factors which influence and affect people's choices, motivation and attitudes.

## Section III: Thinking and Policy Responses at International Level

### Introduction

3.1 In the last year two major international reports relating, inter alia, to long-term unemployment have been published, namely the EU's White Paper, entitled *Growth, Competitiveness, Employment* (1993) and the OECD's *Employment Outlook 1993* which devoted a section of its report to the issue. Both of these reports are reviewed below, the OECD's because of its excellent analysis both of the long-term unemployment problem and the measures adopted to deal with it, and the EU's because it is likely to be the major influence on policy thinking at European Union level. In addition, there are the Reports from the EU-funded ERGO Programme which provide a useful description and overview of the measures adopted in EU Member States to tackle long-term unemployment.

3.2 The Forum also availed of advice from a number of experts on measures introduced in the different European countries in response to the long-term unemployment problem. Particular attention is given below to labour-market and social security policy developments in the UK, given the free movement of labour between the two countries and its relevance for policy purposes.

### Active Labour-Market Policies in OECD Countries

#### Introduction

3.3 As noted in Section I, one of the most disturbing features of the labour market in OECD countries over the past decade has been the marked rise in long-term unemployment. In response to this, OECD Labour Ministers at their meeting

in January 1992 endorsed a plan of action based on the concept of 'active' labour-market policies. These policies started in the 1960s but evolved significantly in the intervening period. Their objective is to improve (i) access to the labour market and jobs, (ii) job-related skills and (iii) the functioning of the labour market. These contrast with 'passive' labour-market policies, the main purpose of which is income maintenance for the unemployed.

3.4 The response to the rising levels of unemployment in the 1970s and 1980s in terms of active labour-market policies was to emphasise short-term job-creation measures and the reduction of labour supply, through for example early retirement. These were viewed as measures to deal with problems that were thought to be temporary. With the recovery of the 1980s leading to no major reduction in long-term unemployment and the recession of the early 1990s seeing an increase in the level of such unemployment to historically high levels, it was clear that such measures were inadequate. The response was to emphasise medium to long-term measures which recognised that the problem was 'structural' and that it would require significant labour-market adjustment.

3.5 This new emphasis was to shift the balance of labour-market expenditures from passive to active measures in the hope that the latter would (i) mobilise labour supply, (ii) improve the quality of the labour force and (iii) strengthen the search process in the labour market.

### **Labour-market expenditures**

3.6 Active labour-market programmes can be classified as follows:

- State employment services and administration (e.g. placement and counselling);

- labour-market training ( i.e. for unemployed *and* employed adults);
- youth measures (e.g. remedial education, training or work experience for disadvantaged young people); and
- subsidised employment (i.e. subsidies to increase employment in the private sector, support for unemployed persons starting their own enterprises and direct job creation in either the public or non-profit sector).

3.7 All OECD countries have had a mixture of such policies for many years. Expenditures on these policies in Ireland, expressed as a percentage of GDP, was highest in this respect in both 1985 and 1990. Data for all countries for 1992 are not available, but Table III.I provides such data for a selection of countries in that year.

**Table III.I - Labour-Market Expenditures as a percentage of GDP, 1992**

	Den	Ger	Irl	Sp	Swe	UK
Employment services	0.11	0.24	0.14	0.11	0.24	0.17
Training/youth measures	0.66	0.66	0.93	0.14	1.61	0.36
Subsidised work	0.39	0.52	0.29	0.32	0.46	0.02
<b>Total Active</b>	<b>1.16</b>	<b>1.42</b>	<b>1.36</b>	<b>0.57</b>	<b>2.31</b>	<b>0.55</b>
<b>Total Passive</b>	<b>3.69</b>	<b>1.32</b>	<b>2.89</b>	<b>3.07</b>	<b>2.71</b>	<b>1.69</b>
<b>Ratio Passive/Active</b>	<b>3.18</b>	<b>0.93</b>	<b>2.13</b>	<b>5.39</b>	<b>1.17</b>	<b>3.07</b>

Source: OECD

- 3.8 It will be noted that Sweden, which ranked second to Ireland in 1985 and 1990, had the highest percentage of GDP devoted to expenditures on active labour-market policies in 1992. Germany also overtook Ireland in this regard, having been ranked eight behind Ireland in 1990, reflecting its response to the labour-market problems that followed unification. The most striking difference, however, is that Germany and Sweden spend almost twice as much in relation to employment services (i.e. counselling, placement and vocational guidance) compared to the other countries listed.
- 3.9 Expenditures on passive measures (i.e. unemployment benefits etc.) depend, of course, on the level of unemployment and the level of benefits in relation to average incomes. Differences in the latter would explain the gap between Sweden and the UK in this regard.
- 3.10 An interesting statistic in the Table is the ratio of expenditures on passive to active labour-market measures. Germany and Sweden, both relatively low unemployment countries, stand out again in this regard, with both countries spending around the same sums of monies on active measures as on passive income-maintenance measures.

### **Evaluation of active labour-market programmes**

- 3.11 Evaluation of the effectiveness of the individual programmes and schemes must be qualified in a number of respects. Firstly, the schemes may have other objectives apart from their effects on the labour market but these were not taken into account. Secondly, while the studies take account of the 'dead-weight' effects of the schemes (i.e. the employment that would have occurred without the schemes) many could not adequately take account of the 'displacement' effect of the schemes. For example, a scheme may lead to employment for many on that scheme but this may be at the expense of others losing their jobs.



## Employment Services

- 3.12 The significance of Public Employment Service (PES) and related administration rests not only in their specific services but also 'in the fact that they tend to play a central role in promoting coherence between all elements of labour market policy'.<sup>1</sup> These elements include job information and counselling, administration of income maintenance (in some cases) and the admission of participants to active programmes. As such they have a particularly important role in dealing with labour-market problems.
- 3.13 Evaluations of various kinds and from different OECD countries have shown significant positive effects from individual counselling for the long-term unemployed. For example, a Dutch reorientation- interview scheme targeted at persons in unemployment for over three years was found to have a positive effect on their previously very poor job chances. In the US, a number of programmes offering job-search assistance were found to have a significant impact on employment, earnings and/or welfare dependency.
- 3.14 Of particular interest is the programme introduced by the French Government in February 1992 specifically designed to combat long-term unemployment. The main instrument of this programme was to evaluate, through individual interviews, the job prospects of those unemployed for more than a year as well as to tailor existing active labour market measures to their needs. By October 1992, almost one million interviews had taken place and these led to an actual job placement in 17 per cent of cases: a further 17 per cent were offered either a training programme or a job, both under a community work programme, a programme targeted at unemployed people with broadly adequate skills and qualifications but who are handicapped by social or individual factors. In only a quarter of interviews did no immediate solution or proposal result. Some 16 per cent of those interviewed were taken off the unemployment register, partly

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<sup>1</sup> OECD, *Employment Outlook*, Paris, 1993.

due to retirement and other special factors and partly because they did not fulfil the search criteria. It appears though that while the interview programme did improve job prospects for the long-term unemployed, this may have been at the expense of other (short-term) unemployed categories.

- 3.15 In summary, there is evidence from a number of countries to support the conclusion that counselling can have a particularly beneficial effect in terms of preventing those who are short-term unemployed becoming long-term unemployed. This is true particularly for the UK whose experience in this area will be commented on later.

### **Training**

- 3.16 In many countries, including Ireland, training is the largest category of active labour-market programmes and is often perceived as the principal alternative to unemployment offered by the PES Offices. The results in relation to training, however, are not encouraging.
- 3.17 For the broadly-targeted type of training programme, the overall impression says the OECD is 'most troubling'. Available evidence lends meagre support to the contention that such programmes are effective. For example, in Germany no type of training was found to have any significant impact on the flows out of either short or long-term unemployment, nor on the flows into unemployment. Similar findings apply to the Netherlands. More positive results were, however, found in the case of Finland and Sweden.
- 3.18 Quality training measures targeting specific sub-groups among the unemployed, or directed to the requirements of particular employers, generally appear to be more effective than broadly-targeted training programmes. One of the reasons for this may be that such programmes are often accompanied by a focused counselling effort on the part of the State employment agencies.

### **Employment Subsidies/Direct Job Creation**

- 3.19 Many countries offer subsidies to private sector employers to hire long-term unemployed persons. Again, it is useful to distinguish broadly-targeted programmes from narrow ones. The evidence suggests that almost half of the employment created on such schemes would have occurred anyway, i.e. there is a dead-weight effect of 50 per cent. It was also found that there may be significant displacement effects on top of this, but this may be acceptable if the policy objective is to redistribute job opportunities to some targeted group. Against this background, it may according to the OECD be 'most difficult to defend subsidy programmes with relatively broad targeting'.
- 3.20 Public work schemes for the unemployed in the past accounted for large parts of labour-market policy programmes in OECD countries, but currently their role is rather limited. Those that remain have been largely reserved for the long-term unemployed. The impact of these schemes on job chances after participation is clearly an issue of interest, but in other countries, notably Belgium and the Netherlands, direct job creation has come to be used as a permanent 'end station' for workers for whom no other solution appears possible. Positive employment results for targeted individuals after participation have been reported with respect to some specialised schemes designed for sub-groups among the unemployed. For the large public work schemes, the immediate employment impact resulting from participation in the programmes is probably the only significant effect on employment, although this may in itself be beneficial, given the individual and social consequences of long-term unemployment.

### **Temporary Contracts**

- 3.21 An important development which has had a positive impact on long-term unemployment in some OECD countries is that of temporary or fixed employment contracts. In the case of France and Spain, two countries where

temporary contracts have expanded most rapidly, there have been marked declines in the incidence of long-term unemployment.

3.22 The development of temporary contracts may present several advantages according to the OECD. Firstly, it argues that such contracts are cost-free for the State's budget, thus avoiding the possible displacement effects that may be associated with more expensive schemes. Secondly, this type of employment can be specifically used to employ the long-term unemployed as part of an active labour market policy, as for example, the Community Work Programme in France. Thirdly, such contracts offer benefits to both the long-term unemployed and employers. It was seen earlier that many employers are reluctant to hire the long-term unemployed. One of the reasons for this may be that under permanent contracts, employers may risk relatively large dismissal costs if those hired do not prove satisfactory. No such risk arises with temporary contracts and as such, these may provide, as appears to have been the case in France and Spain, a real opportunity for the long-term unemployed to re-enter employment.

3.23 France and Spain, however, may be special cases. In a majority of OECD countries (including Ireland)<sup>2</sup>, the legislation governing temporary contracts is already rather liberal and there may be little scope for further extension. Besides, temporary contracts do not go without costs. Individuals under temporary contracts may have to face frequent turnover and repeated spells of unemployment and thereby get trapped in a cycle of dead-end temporary employment and unemployment. The question in these cases is whether or not such a situation is preferable to that of being trapped in near-permanent unemployment.

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<sup>2</sup> See Chapter 7 of *Employment in Europe*, Commission of the European Communities, 1992.

## Conclusions

3.24 The following are the main conclusions on the basis both of the above and the findings of the European Union's ERGO Programme on Long-term Unemployment.

- (i) By and large, positive programme outcomes are most likely when the targeting is relatively precise and programme activities are designed to meet the needs of individuals or particular groups, rather than unemployed people in general.
- (ii) The most successful approach to tackling long-term unemployment is to develop a well-planned strategy that is bedded firmly in a quality, independent, counselling service and that takes a holistic approach to the problem, addressing individual social and financial obstacles and local area problems as an integral part of the strategy. Quality counselling and labour market advice are not only the most important elements in the strategy but paradoxically perhaps the least costly.
- (iii) Temporary contracts may alleviate the stigmatisation of people with unsuccessful job-search experience and, thereby, may prove an attractive solution in cases where skills, even after training, are inadequate. However, if excessive turnover resulted from such a scheme it would weaken the gains that normally come with more stable work arrangements and practices.
- (iv) There is no single answer to the long-term unemployment problem, the solution lying instead in a well-integrated package of measures.

## Long-Term Unemployment Policies in the UK

3.25 While acknowledging demographic, cultural and institutional differences, free movement of labour between Ireland and the UK, strong family connections and common language are such that the experience in the UK is of particular importance to this country. This is especially important given the relative size of the labour forces in the two economies, the labour force in Ireland not being much greater than that in a single large county in the UK such as Yorkshire.

### Features of UK policy

3.26 The plight of the long-term unemployed has become an important political issue in the UK. However, policies in that country must be seen in the context of a period of Government that has sought to reduce public expenditure and generally free-up the operation of the labour market.

3.27 The key features of UK policy are as follows:

- (i) *A Flexible and Evolving Definition of Long-term Unemployment:*  
Traditionally the long-term unemployed are considered to comprise those unemployed for 12+ months, but many of the policies emerging recognise the 6-12 month duration period. For example, many of the assessment and guidance programmes start at six months duration.
- (ii) *Strict Control of Benefit Levels:* It has long been the policy to keep benefit levels well below those of other EU Member States in the belief that they can act as a disincentive to job search for the unemployed. The culmination of this came in the November 1993 Budget, with the announcement that unemployment benefit entitlement will be reduced from 12 to 6 months and renamed the 'job seekers allowance'.

- (iii) *Local labour-market policy implementation:* While subject to a number of criticisms, an important development over the last decade has been the establishment of a network of Training Enterprise Councils, which now administer much of the expenditure for the programmes and can compete for central funds to introduce 'innovative' policies for the unemployed.
- (iv) *Central Role of the Employment Service:* The development of the Employment Service and its network of over 1,000 local offices is crucial to the successful implementation of many policies for the long-term unemployed. Increasingly the Service is acting as 'gatekeeper' to many of the programmes, advising the unemployed on which direction to take and helping them construct individual 'action plans'.
- (v) *Prevention is Better than Cure:* The view that the best way to tackle long-term unemployment is to prevent the unemployed drifting into it is not new but has become increasingly recognised as the most effective way to shape policy. This view now permeates much of the policy measures, and hence the plethora of assessment and guidance measures which start in the early days of unemployment and the increasing attention given to the duration and level of benefit payments.

### **Long-term unemployment measures**

3.28 The range of programmes for the long-term unemployed in the UK has changed considerably over the years, although some programmes have endured and others are simply modified versions of previous schemes. The *Restart Programme*, introduced in 1987, was aimed at effective job search among the unemployed. All unemployed were 'invited' to attend a Restart interview with a specialist adviser in the Employment Service after six months

registration and subsequently at six monthly intervals. The interviews last on average less than 30 minutes and while the unemployed theoretically have the choice whether or not to attend, non-attendance can lead to a review of benefit entitlement.

- 3.29 The Employment Service also administers a *Job Interview Guarantee Scheme*, a *Jobclub* and *Jobplan Workshops*. The last mentioned is a relatively new initiative, which takes referrals from Restart and other counselling activities and offers a five-day workshop where participants can have advice on their future activities and receive assistance with such basic problems as numeracy/literacy difficulties. Failure to attend a workshop can lead to a temporary cut in benefits.
- 3.30 *Training for Work* was introduced in April 1993 and is fast becoming the principal programme for the long-term unemployed. It is run by the Training Enterprise Councils and provides a range of possibilities for the participants. *Learning for Work* was also introduced in April 1993 and provides for those unemployed for 6+ months to take full-time vocational educational courses. *Workstart Pilots* is a new programme, also administered by the Training Enterprise Councils, and is effectively a subsidised-employment scheme for the long-term unemployed.
- 3.31 The *Community Action Programme* and variants thereof basically offer temporary jobs to the long-term unemployed on community-based projects, with little pretence that they offer anything but a temporary respite from unemployment.
- 3.32 In addition to the above national programmes, many other schemes exist, mainly in response to local initiatives to help the long-term unemployed, and many of these involve the Training Enterprise Councils and other agencies.



### Assessment of UK approach

- 3.33 There has never been much enthusiasm for wage subsidies in the UK and of the few schemes that have been devised, evaluative work suggests that the level of the dead-weight effect is so great that the schemes are inefficient. Temporary job-creation measures have been more popular in the past, especially those which create community-based tasks in the public sector, as such programmes involved very little displacement of other jobs. The main problem is that for most of the participants the temporary work periods do little to enhance their chances of durable employment in the real labour market. They do, however, offer a temporary respite.
- 3.34 Training measures are now very popular despite some less than satisfactory past experience with such measures. The largest programme in the past was set to fill 400,000 places a year for the long-term unemployed and offered foundation and specific training (at generally lower levels) for between six and twelve months. However, it never achieved its targets and in some cases had excessively high drop-out rates, partly to do with the lack of incentive for both trainer and trainee.
- 3.35 As regards guidance and counselling programmes, the most detailed independent evaluation of Restart has indicated that this programme helped the long-term unemployed leave unemployment more quickly and reduced the time taken to enter a job or self-employment.<sup>3</sup> The main objective of the Restart interviews is to make individuals aware of the alternatives, but they also serve to check on benefit status and job-search activities and it is the combined effects of these that have led to generally favourable evaluations of this scheme in terms of reducing the level of long-term unemployment. The "policing" role of the programme has, however, been strongly criticised by some.

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White M. and Lakey J, *The Restart Effect*, London, 1992.

3.36 The experience with Restart has spawned a whole range of guidance and counselling policies and this is where the emphasis in UK policy now lies. The success of this approach, though, has been found to rest with two principal factors. Firstly, the quality of the guidance and counselling is crucial. Secondly, there must be an adequate range of alternatives to offer the long-term unemployed at the interviews and it is here that such new programmes as Training For Work are aiming to be flexible in the options available.

3.37 Policy in the UK now centres on enabling the unemployed to take control of their own situation. The central philosophy is that the unemployed (and especially the long-term unemployed) should be encouraged to gain a foothold in the real labour market, even at low wage levels and so the various programmes have been backed up by much stricter conditions on benefit payments, culminating in the recently-announced reduction in the period of payment for unemployment benefit. This policy route has unacceptable features such as lower incomes for some and a more inequitable distribution of income overall.

### EU White Paper

3.38 The EU White Paper is a discussion document, where no attempt was made to formulate solutions in concise terms and where it is for 'each Member State to take from the document the elements it regards as making a positive contribution to its own situation'. Among the ideas promoted are the need for a new development model which would contribute to a higher intensity of employment with lower labour costs, a lower intensity of energy use, less environmental damage, a widening of the concept of work and greater solidarity, with economic and social progress moving forward in harmony.

- 3.39 As regards long-term unemployment, the White Paper argues that it is no longer possible to leave masses of unemployed people in Europe unoccupied. Bringing the long-term unemployed back into employment is a difficult but not impossible task it states, as demonstrated by the success of initiatives in several countries. Roughly two-thirds of public expenditure on the unemployed goes on assistance and the remainder on active measures. A complete reversal of attitude is required it argues, the aim being to prevent long-term unemployment. On the one hand, the unemployed should be offered, according to how long they have been unemployed, first training leading to meaningful qualifications, then the possibility of working, possibly in the public sector, for a number of months. In exchange, unemployed persons who are thus given real assistance in returning to employment would make a personal investment in this training and employment.
- 3.40 Such a substantial change would require a very large increase in public employment services it argues, the objective being for every unemployed person to be monitored personally by the same employment officer. It thus emphasises the critical role of the Employment Services in the provision of information, job placement and support. Contrary to popular opinion, it states that the cost of tripling operational expenditure on the public employment services in the countries of the Union would not be prohibitive and that over three years the increased expenditure would be almost entirely offset by the fall in unemployment.
- 3.41 The White Paper also calls for the co-operation of Member States in establishing a youth guarantee scheme throughout the Union, to be known as Youthstart. The aim would be to ensure the availability of access to a recognised form of education or training, including apprenticeships or other forms of linked work and training to all young people under the age of 18. Special efforts are called for young people leaving school without a qualification.

- 3.42 Many needs are still to be satisfied which the market seems incapable of accommodating such as environmental protection, local services and improvements in the quality of life. As a result, the development of services to meet these needs is either left to the undeclared employment market, or is publicly funded, which is expensive. A new initiative could create a 'continuum' of possibilities ranging from supply, totally protected by public subsidies, to totally competitive supply and, thereby, a 'new social economy would be born'.
- 3.43 Considerable emphasis is placed on the need for improvements in the flexibility of the labour market. This it is argued is responsible for a large part of Europe's structural (i.e. long-term) unemployment and can be traced back to specific institutional, legal and contractual circumstances in each country. The educational system, labour laws, work contracts, contractual-negotiation systems and social-security systems form the pillars of the various national employment systems it says and this 'entire system must be mobilised to improve the functioning of the labour market'.
- 3.44 The White Paper is, of necessity, imprecise and offers support for all types of competing views of what can be done concerning the problem of unemployment in Europe. None the less it is a welcome document, since for the first time in three decades the Commission is proposing some radical re-thinking of the basis of labour-market policies and the Union's tolerance up to now of long-term unemployment. It remains to be seen how the Member State Governments and the European Parliament respond.

## Section IV: Review of Existing Policies and Strategies

### Background

- 4.1 This Section presents a summary evaluation of existing policies and programmes to deal with long-term unemployment in this country. This is based on the underlying objectives of these programmes and their relative effectiveness vis-à-vis those available to other groups and potential entrants to the labour market<sup>1</sup>.

### Policy objectives

- 4.2 In the Programme for Competitiveness and Work it is stated that "it is a central objective of this Programme to ensure that active labour market policies operate effectively to combat long-term unemployment and social exclusion". The principal stated objective of policy for the long-term unemployed is, therefore, to assist them back into regular employment. However, there are other goals such as providing the long-term unemployed with worthwhile personal development alternatives to continuous unemployment. In addition, there are community development objectives which seek to utilise the skills and talents of the unemployed in a way that benefits their local community. For instance in a recent speech launching Community Employment, the Minister for Enterprise and Employment stated that "Community Employment itself is born out of the very concept that, given the right conditions and a supportive structure, local communities can respond to their own needs in terms of services and, in addition, greatly enhance their quality of life by developing local resources. The greatest resource a local community has is its people. Community Employment is about developing people; it has as its main focus the development of the workers involved."<sup>2</sup> An evaluation of the effectiveness of labour market

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<sup>1</sup> This Section is largely based on papers presented to the Forum by WRC Social and Economic Consultants and by Philip O'Connell of the ESRI.

<sup>2</sup> *Mr. R. Quinn, T.D., Minister for Enterprise and Employment, 11th April, 1994*

programmes must, therefore, also take these wider personal and community development objectives into account, while not using the pursuit of these objectives as factors to justify failure in attaining their primary goal of re-integration into the labour market.

### **Classification of main programmes**

4.3 In essence, policies and programmes in this country to deal with long-term unemployment are similar to those in other OECD countries which were set out in Section III of this Report. In line with the OECD classification, these can be grouped as follows:-

- *State employment services* (e.g. FÁS and also the Area-based Partnership Companies);
- *Labour-market training* (e.g. FÁS Specific Skills Courses and also the Vocational Training Opportunities Scheme);
- *Youth measures* (e.g. programmes such as Youthreach and Teamwork); and
- *Subsidised employment* (e.g. direct employment measures such as Community Employment, as well as incentives to employers to hire the long-term unemployed and measures to help the unemployed start their own business).

At the outset, it should be borne in mind that most of the above programmes are not confined exclusively to the long-term unemployed.

4.4 While these measures are in line with those used in other countries, a notable omission in the first category is the absence of a comprehensive counselling/guidance/placement service for the long-term unemployed. FÁS is active to a limited extent in this area as are some of the Area-based Partnership Companies (the

Department of Social Welfare is also becoming involved to a limited extent) but this service is much less developed here than in other countries. Linked to this is the lack of emphasis on prevention of long-term unemployment which, as mentioned earlier, is where the UK effort is increasingly concentrated.

### **Institutional Framework**

4.5 The Department of Enterprise and Employment is primarily responsible for policy towards long-term unemployment and the majority of programmes are delivered by FÁS, which operates under its aegis. The Vocational Training Opportunities scheme is the responsibility of the Department of Education and is delivered by the Vocational Education Committees. The Department of Social Welfare is, of course, primarily responsible for Income Maintenance for the Unemployed but has become involved in delivering labour market programmes such as the Back-to-Work Allowance Scheme. At local level, the Area-based Partnership Companies have a role in developing local responses to long-term unemployment and in co-ordination between the various Departments and Agencies involved.

### **Assessment**

#### **The scale and balance of provision**

4.6 Labour market policies in Ireland have, until relatively recently, been concerned more with issues such as raising the skills level of the workforce and influencing the demand for labour among employers than with the specific problem of long-term unemployment which emerged in the mid 1980s. As a result, the number of places for the long-term unemployed has tended to be very limited compared to the numbers involved<sup>3</sup>. For instance, in 1992 the total number of persons participating on training

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<sup>3</sup> This, of course, does not take account of the recent commitment (in the Programme for Competitiveness and Work) to increase the numbers of places on training and employment programmes for the unemployed to 100,000.

programmes for the long-term unemployed amounted to about 6,000 (comprising Alternance, VTOS and Specific Skills Programmes operated by FÁS) compared to over 124,000 who were long-term unemployed<sup>4</sup>. Employment programmes covered about another 14,000 long-term unemployed. Thus, overall throughput was 20,000 representing about 16 per cent of the total number of long-term unemployed adults.

- 4.7 As to the balance between programmes, this has tended to be dominated by work experience type interventions - i.e. the SES/CEDP. Of the 20,000 long-term unemployed participants in 1992, almost 60 per cent were on the SES. Very few of the long-term unemployed participate on programmes designed to improve educational or skills levels, despite the evidence (see Section I) that they are severely disadvantaged in both these respects compared to other groups in the labour market.
- 4.8 An important consideration is the extent to which other groups and potential entrants to the labour market compare with the long-term unemployed in terms of labour market provision. For example, unemployed adults (i.e. those over 25 years of age) had the lowest share (one sixth) of places on State or ESF - assisted labour market programmes in 1992. On the other hand, new entrants to the labour market took up just under half of all such places, with the unemployed under 25 years and those in employment also having a greater share of available places than the long-term unemployed.
- 4.9 More specifically, with regard to training, the relative position of the long-term unemployed is worse; in 1992 the adult unemployed accounted for just 7 per cent of the beneficiaries of State- assisted training. This may reflect the unsuitability of the available training for the long-term unemployed or the operation of selection procedures which make it difficult for them to access to such training or a lack of incentives for the long-term unemployed to participate. In short, the long-term unemployed are under-represented on both active labour market programmes and on

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<sup>4</sup> Paper by Philip J. O'Connell, ESRI, *Labour Market Policies and Long-term Unemployment in Ireland* given at the Plenary Session of the Forum on 30th November . 1993.



training schemes. However, one cannot conclude from this that more training would improve their relative labour market position, having regard to the international evidence quoted earlier about the limitations of training interventions for the long-term unemployed.

#### **Access for women**

- 4.10 Programmes for the unemployed are confined to the registered unemployed and are not open to spouses of registered unemployed people. However, prospects in the labour market for women in households affected by long-term unemployment may be better than for men, given the growth in services and part-time employment. This restriction on the eligibility of spouses limits attempts to overcome the consequences of long-term unemployment at household level.
- 4.11 For parents, particularly women who are eligible to participate on programmes, child care responsibilities are a significant constraint. However, these programmes have failed to address this issue. Of particular note in this regard is the failure to provide adequate crèche facilities. Equally important, however, is the failure to take account of time constraints on women's capacity to participate: thus for example, the majority of training programmes require full-time participation and there is only limited community-based provision which could more easily accommodate the needs of long-term unemployed women. The proportion of women eligible to participate on labour market programmes (i.e., those on the Live Register and Lone Parents) but who actually did so was just over 14 per cent compared to 19.6 for men in 1992. A national evaluation of VTOS covering the years 1990 - 1992 found that just over 30 per cent of women participants were parents compared to 50 per cent of men<sup>5</sup>.

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<sup>5</sup> Paper prepared for the Forum by WRC Consultants *Intervening in Long-term Unemployment on the Part of Women: Some Issues for Consideration*.

## Employment and progression outcomes

4.12 The extent to which programmes for the long-term unemployed succeed has to be assessed in terms of both employment and progression outcomes i.e. the extent to which people move on to other programmes and do not revert to being unemployed. The following Table<sup>6</sup> sets out some data on employment and progression outcomes in respect of the various employment and training programmes.

	% Employed 12 Months After Programme	% Progression at 12 Months
<b>Training programmes:</b>		
Alternance	31	40
CYTP	62	70
CTW	40	50
Enterprise	69	75
Skills foundation	57	69
Specific skills (All)	65	74
Specific skills LTU 25+	35	42
Specific skills < 25	59	69
Specific skills 25 +	46	49
<b>Employment programmes:</b>		
EIS	70	73
Enterprise (EAS)	100	32
SES	19	71
Teamwork	55	
<b>Educational programmes:</b>		
VTOS	16	47

4.13 The above data show that the main programmes, taken in isolation, are not very successful in meeting their main stated objective of facilitating a return to employment. Under the main scheme up to recently for the long-term unemployed, namely the SES, only one in five were in employment a year after participating on that Scheme and only a third had progressed (i.e. to an outcome other than a return to unemployment). The Community Employment Development Programme (CEDP) was, of course, subsequently introduced in the 12 PESP Partnership Areas to remedy

<sup>6</sup> From the Paper prepared for the Forum by WRC Consultants, *Labour Market Policy and Long-Term Unemployment*, March 1994.

the absence of a training element in the SES; this has recently been replaced by the Community Employment Programme which includes a training element, opens up the possibility of longer duration and will operate nationwide.

4.14 The skills programmes operated by FÁS have much better employment progression outcomes, with two-thirds in employment and three-quarters having progressed. However, these outcomes were significantly lower for the long-term unemployed. This points to factors specific to long-term unemployment (see Section II on the causes of long-term unemployment) as having an important influence or alternatively that the long-term unemployed are not getting access to the "better" skills programmes. It is clear, though, that the main programmes targeted on the long-term unemployed (the SES up to recently, the VTOS and Specific Skills) do not significantly improve their chances of finding employment; in fact, many tend to revert to unemployment on completion of these programmes and the links between programmes are weak. As was noted earlier, this experience is not, however, unique to Ireland, with the OECD results pointing to generally poor employment outcomes across many such programmes internationally.

4.15 There have been a number of programmes at various times which have provided subsidies to employers to encourage them to hire additional workers from the Live Register. The Employment Incentive Scheme provides direct payments to employers with a higher rate of subsidy payable in the case of the long-term unemployed. The PRSI exemption scheme is also a job subsidy programme where the subsidy takes the form of the waiving of PRSI contributions in respect of new employees for a certain period. An evaluation of the Employment Incentive Scheme in 1986 found that only 15 per cent of those hired were long-term unemployed and that there were substantial dead-weight losses; of every 100 hirings made, it was estimated that 91 would have occurred even if the scheme had not been in operation.<sup>7</sup> This is also probably true in the case of the PRSI exemption scheme.

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See Richard Breen, "Poverty and Labour Market Measures" in Nolan, B. and Callan, T. (eds) *Poverty and Policy in Ireland*, 1994.

- 4.16 The Enterprise Scheme, which is operated by FÁS, provides assistance to unemployed people who are setting up a new business. Evaluations of this have shown a high degree of displacement i.e. those obtaining employment may displace employment in other businesses. An evaluation study found that for every 100 jobs created, an estimated 60 per cent were lost elsewhere in the economy as a result of displacement effects.
- 4.17 The recently - introduced Back-to-Work Allowance Scheme, which is operated by the Department of Social Welfare, allows participants to retain a proportion of their entitlements while taking up employment. It operates essentially, therefore, by paying a subsidy to the employee (i.e. the previously unemployed person) rather than the employer.

#### **Other (non-labour market) objectives**

- 4.18 As noted earlier, programmes for the long-term unemployed, particularly those of a work experience nature, have other objectives in addition to reintegration into the labour market. Account needs to be taken of these objectives in terms of the personal and community benefits from participation on these programmes.
- 4.19 As regards the benefits to participants, survey results<sup>8</sup> point to benefits such as access to work experience and the opportunity to meet people etc. Given the difficulties which face long-term unemployed people in terms of boredom, loss of confidence and isolation, these are important benefits although there is some evidence to show that these may be short lived. It should be noted also that demand for places on the SES has tended to exceed the number of places available. The benefits to the community from the work done under work experience programmes also have to be acknowledged as do the benefits to voluntary and community organisations, who, in the absence of other supports, are heavily reliant on such programmes to run many of their services.

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See Tallaght Centre for the Unemployed, *To whose benefit*, and PAUL Partnership, *Labour Market Provision for the Long-term Unemployed: The Social Employment Scheme*

## Summary and Conclusions

4.20 Based on the above and on the other submission to the Forum, the following summary conclusions emerge:-

(i) *Clarity in objectives towards long-term unemployment*

The main stated aim of policy is that of re-integration to the labour market with a secondary role accorded to the social role of providing worthwhile alternatives to unemployment for both the individual and the community. It is important that these objectives be clearly and consistently stated. In practice, much of the provision for the long-term unemployed is oriented to the secondary social role and should not be presented as likely to significantly assist that of reintegration into regular employment.

(ii) *Limited extent of interventions for the long-term unemployed*

The extent of labour market provision for the long-term unemployed has tended to be quite low, both in relation to numbers involved and the extent of provision for other groups. In short, the low levels of appropriate employment skills and educational qualifications of the long-term unemployed is not being adequately addressed.

(iii) *Access for women*

The current pattern of labour market provision does not facilitate entry to the labour market by spouses not registered as unemployed from households affected by long-term unemployment. In addition, it does not recognise the constraints on women's participation possibilities. The absence of crèche facilities and the full-time nature of many of the programmes cause particular difficulties, especially in view of the prevalent view that looking after children is primarily the woman's responsibility.

(iv) *Limited success in re-integration objective*

The programmes availed of by the long-term unemployed do not significantly increase their chances of finding regular employment. However, this is not peculiar to Ireland.

(v) *The absence of a guidance and counselling support network*

This is a very serious omission. Its absence leads to a situation where there is a lack of direction towards reintegration in the labour market and, related to this, to low progression rates for programmes for the long-term unemployed. In addition, supporting facilities and infrastructure to implement a strategy to prevent long-term unemployment are not in place.

(vi) *Benefits for individual and community*

Participation on programmes confer important benefits to the long-term unemployed. They also enable valuable work of a community development nature to be undertaken.

4.21 While the range of programmes in place provide a better option and choice than continuous unemployment, they are not succeeding in combating the severe labour market disadvantages faced by the long-term unemployed. The extent and quality of the programmes available are also inferior to those available to other competing groups so that the already relatively disadvantaged position of the long-term unemployed is worsening over time. The lack of a counselling support network has encouraged a supply-driven pattern of provision, rather than one led by the specific labour market difficulties faced by the long-term unemployed.

## Section V: Some Suggested Policy Frameworks

### Introduction

5.1 A number of broad policy frameworks or 'ways forward' for tackling long-term unemployment were submitted to the Forum in the course of its deliberations. These were as follows:

- The first, which shall be referred to as the Employment Policy Institute solution, has been advocated for some time by that organisation in the UK<sup>1</sup> as a solution not only in the UK but also in the European Union.
- The second proposed 'way forward' is the establishment of a large-scale temporary jobs scheme, advocated originally by a House of Commons Select Committee and presented to the Forum by the Director of the Unemployment Unit in the UK<sup>2</sup>.
- The third 'way forward' proposed we shall refer to as the 'INOUE strategy', and this was presented to the Forum by the Irish National Organisation for the Unemployed.
- The fourth broad framework will be referred to as the 'CMRS strategy'. This has been proposed by the Conference of Major Religious Superiors in Ireland for some time and, indeed, a pilot programme involving 1,000 persons and incorporating the essential elements of this programme was sanctioned in the 1994 Budget and is now in place.

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<sup>1</sup> The Employment Policy Institute is an independent research and lobbying organisation founded in 1985, its prime objective being 'to investigate ways in which the United Kingdom can make most effective use of its labour resources, allowing sustainable non-inflationary growth with increased productivity and lower unemployment'.

<sup>2</sup> A research and campaigning organisation 'highlighting the problems facing the unemployed, in particular the long-term and recurrently out of work'.

The broad elements of these strategies are outlined below.

### Employment Policy Institute Solution

5.2 This rests on the belief that there has been a fundamental failure in the relationship between the State and the citizen. Referring to the 'Beveridge Report' of 1942, the blueprint for the Welfare State in Britain and indeed Ireland, the authors of this solution<sup>3</sup> point out that two central proposals underlay that Report:-

- o firstly, the Government should have a full employment policy so that few citizens remained unemployed for a long period; and
- o secondly, the receipt of unemployment benefit should, after a period, be 'conditional on attendance at a work or training centre' because 'complete idleness even on an income demoralises'.

5.3 Thus, they argue, there should be a system of reciprocal obligations and this belief is central to their proposals. The State should ensure that the individual has a set of real opportunities for work or training and the individual should use these opportunities (or forgo benefit). In Britain and Ireland, both obligations have been seriously overlooked they argue:-

- o firstly, the State has allowed unemployment to rise to levels unimagined in the 1960s and that are totally unacceptable in a democratic market economy; and

<sup>3</sup> See Richard Layard and John Philpott, *Stopping Unemployment*, Employment Institute, London 1991. A variant of this proposal has been advocated recently by a Government-appointed Committee in Australia. See *Restoring Full Employment*, Australian Government Publication Service, Canberra 1993.



- secondly, unintentionally it became accepted in many circles that individuals had the right to live indefinitely on State benefit/assistance schemes if they did not like the jobs on offer, even when those jobs paid more than what the State was giving.

5.4 What they are calling for, therefore, is a new 'social contract' between the State and the citizen.

### **Preventing long-term unemployment**

5.5 The first objective they argue should be quite simply the *prevention* of long-term unemployment, through the complete halting of the flow into long-term unemployment. A healthy market economy has to have some level of short-term unemployment to facilitate the changing pattern of demand for labour that accompanies growth and to act as a check on wage inflation, and thereby avoid the consequent recessions that may be necessary to contain it. Long-term unemployment confers none of these benefits and hence even in this sense is a total waste.

5.6 To prevent long-term unemployment, they propose a set of measures. Firstly, every unemployed person should have a personal placement officer whose job it is to help him or her. Once a crisis point (six months) has been reached, meetings between both should be held at least once a month. All vacancies should be classified and accessible on-line to every placement officer and that officer should regularly send each client a print-out of relevant vacancies which he/she should pursue.

5.7 Secondly, there should be assisted routes out of unemployment. The first would involve high-quality training leading to a recognised qualification and a guaranteed job. The training would be intensive and, though it could include periods of work experience, it should be essentially full-time for at least six months. Employers would play a role in designing the training and in return

would collectively guarantee to employ those who satisfactorily complete the course.

- 5.8 Thirdly, as training would not be the answer for some people, a second route out of unemployment would be directly into work. Anyone unemployed over nine months would have to join an intensive 'Job Club', which would promote the "job-readiness" of the individual and give employers reliable information about each person. Any employer in the private sector hiring a worker from this pool would be paid a financial inducement of say £500, plus another £500 after six months, provided the worker was still in his/her employment.
- 5.9 Fourthly, one would not expect everyone to be placed in employment in either of the two ways mentioned above and, as such, the public sector would have to provide the ultimate guarantee of employment within the twelve-month period. This means that temporary public employment must be the "long-stop". Thus public employers (e.g. hospitals, local authorities) or voluntary organisations could employ people out of the job-club pool and an unemployed person completing twelve months unemployment would be guaranteed and have to take such a six-month job (or else incur a benefit penalty). The main criterion in relation to these jobs would be: 'will those employed be engaged on worthwhile activities and would they otherwise have remained unemployed'.
- 5.10 Fifthly, the Government Department which bears the cost of unemployment benefit/assistance, the Department of Social Welfare in Ireland, should also have the incentive to reduce that cost by being able to provide help for the unemployed by assuming the funding role for benefits/assistance as well as active labour-market policy. This is the policy in Germany and Sweden.

#### **Dealing with those already long-term unemployed**

- 5.11 The plan which they propose would be phased in over three years, so that by the end of the third year no new person was entering long-term unemploy-

ment. There would, of course, be a very large number of people already in long-term unemployment. This is the so-called 'stock' aspect of the long-term unemployment problem. The central thrust of this proposal is that prevention of a disease is easier and more cost-effective than curing it once it has taken root. As they say, 'it is better to embark on a battle one can be sure of winning than to start first on the most difficult task'. As such they have no new proposals to make in relation to solving the problem of those already in long-term unemployment. This is a serious drawback in the Irish context where almost 10 per cent of the labour force are long-term unemployed.

### **Cost of proposals**

5.12 No costings were available for Ireland and even those that were done for Britain are subject to considerable uncertainty. What the calculations show is that in the first two years of the programme, costs would rise significantly, peaking at around 0.15 per cent of national income (not a crippling burden), but that by year five the policy would have paid for itself. While the figures are essentially illustrative, the point they make is important. Long-term unemployment is very costly to the taxpayer and its eventual elimination, through increased expenditure on prevention, will within a short period save a great deal of money.

### **Large-scale Temporary Employment Programmes**

5.13 A number of policy packages have been proposed in the last ten years or so by other groups in the UK. They all wished to confront the paradox that while needs in both the private and public sectors had increased over the decades, the stock of unused resources, both human and material, had also increased. All of these packages involved a large-scale temporary employment scheme for the long-term unemployed, the intention being to match the unused resources to the work that clearly needed to be done, a matching which the politico/market place was patently failing to achieve. The most thoroughly-

documented and assessed of these is that advocated by a House of Commons Committee Report in 1986<sup>4</sup>, a version of which is still one of the major recommendations of the Unemployment Unit in the UK.<sup>5</sup>

- 5.14 The Unemployment Unit accepts that there is much that is attractive in the Employment Policy Institute solution looked at above. However, the Unit expresses concern about the practicality of 'transplanting' it to another country and about the fact that it does not address the employment needs either of those already long-term unemployed or other long-term benefit recipients such as single parents.
- 5.15 Its most fundamental concern relates to the level of compulsion or benefit penalty implicit in the proposal. While the Unit recognises that unemployed people have a direct responsibility to look for work that is available and to accept reasonable job offers, its central point is that the emphasis should be on motivation and incentives rather than obligations. The central plank of its policy proposal, as already mentioned, is the temporary jobs programme first advocated by the House of Commons Committee Report, participation in which would be voluntary.

### Proposals

- 5.16 The main criticism made of the existing measures in the UK in the House of Commons Report was that they were not extensive enough. The programmes touched at maximum less than one in six of the long-term unemployed. Besides, the main employment measure provided work for at most a year and at rates of pay that would not attract certain categories of long-term unemployed.

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<sup>4</sup> See *Special Employment Measures and Long-term Unemployed* (First Report from the Employment Committee, House of Commons), HMSO, London 1986.

<sup>5</sup> See Dan Finn, *A Fair Deal for the Unemployed*, Unemployment Unit, London 1993.

- 5.17 The Committee, therefore, proposed a job guarantee for all the long-term unemployed, which would mean a quadrupling of the existing number of jobs on offer to the long-term unemployed. These jobs would be voluntary and the Committee estimated that about one-third of the long-term unemployed would not avail of them. The objective was that the jobs would be long-term but the Committee accepted that this might not be possible.
- 5.18 The Committee envisaged a build-up over a period of three years, using pilot schemes in selected areas of high unemployment to learn what detailed proposals would be most feasible. The Committee indicated that employment would be provided in three main areas: 40 per cent in a new building programme, around 7 per cent in personal social services and the remainder (53 per cent) through the introduction of wage subsidies to employers in the private sector.
- 5.19 The cost of the proposals is very large, but the Committee argued that the Government's own figures made it clear that the budgetary cost per job of the Committee's programme was much less than on any of the more conventional programmes to encourage growth and employment. It follows, therefore, they argued, that money transferred to their programme would lead to a substantial *net* creation of jobs. In the long term, this would be even more so the case, for by rehabilitating the long-term unemployed it would reduce once and for all the endless stream of social security payments which would otherwise be going out to them. Their policy is in a sense they claim an investment producing future savings.
- 5.20 The Government in its reply did not accept this argument and criticised the proposals on grounds of feasibility.<sup>6</sup> In its reply, it concluded that "to sum up the Committee's proposals are costly, impractical and likely to reduce both

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<sup>6</sup> See *The Government Reply to the Select Committee's Report on Special Measures and Long-term Unemployed* (Third Report from the Employment Committee, House of Commons), HMSO, London 1986.

permanent jobs and temporary jobs in the Community Programme. 'Their most serious defect is that they do not provide a realistic or practical means of creating the extra 750,000 jobs which are fundamental to the Committee's approach'. The Government's approach, it was argued, was superior, especially when the Restart Programme (outlined earlier in Section III) was fully operational.

- 5.21 Despite these reservations and the introduction of the Restart Programme, the Unemployment Unit in the UK still advocates a variant of the Committee's jobs programme, the main difference being that the Unit has scaled down the employment target by a third. The Unit is also suggesting that in the first instance eligibility would be restricted to people who had been out of work for over two years. They question the cost reservations outlined in the Government's response, especially if the 'hidden' costs of long-term unemployment, outlined in Section I, are counted. Finally, the Unit wants the jobs to be also available to partners of the long-term unemployed and other long-term recipients such as lone parents or people on disability benefits.

### INOUE Strategy <sup>7</sup>

- 5.22 Central to the INOU viewpoint is an emphasis on paid employment as the solution to the long-term unemployment problem. Thus, they do not accept that long-term unemployment is inevitable, but argue that a solution based primarily on real, paid employment is attainable.
- 5.23 While they support measures to address the relatively low skills of the long-term unemployed through education/training measures, they recognise that increasing the demand for low-skilled/unskilled labour must also play a role in dealing with the problem. The importance and value of so-called 'unskilled' and 'semi-skilled' labour should not be ignored they argue.

5.24 Following from this, they argue that the overall goal should be one of reintegration into the mainstream workforce, while recognising that for personal and other reasons this may not be possible for a limited number of people. To deal with the latter situation they suggest that alternative labour market strategies be adopted, but only very much as a 'last resort'. They also stress that any solutions adopted must not further reduce the quality of life for unemployed people, and must contribute to a more equitable distribution of life chances. In other words any measures adopted must be supportive of the unemployed and not punitive.

### **Central role of the Employment Service**

5.25 In common with much of the work listed earlier, the INOU argues that a highly-developed Employment Service is central to any coherent strategy to reintegrate the long-term unemployed into the workforce. Specifically, they argue that the Service should perform the following roles:-

- the provision of personal and practical support;
- the provision of information on job vacancies;
- advocacy and active job placement;
- a gateway to training; and
- expert knowledge on the labour force.

5.26 The low morale and other problems associated with long-term unemployment require the provision of personal and practical support they argue. This support should operate at two levels. At the 'pre-labour market' level, there are a range of personal and social barriers which must be addressed before (re-)entering employment or training becomes a viable option. Issues to be addressed at this level may include accumulated debt, marital problems, etc., or the barriers may be skills-based such as literacy or interview skills. This personal support should they argue be situated in the community sector, as Unemployed Centres and other community organisations can develop a

relationship of trust with unemployed people from which State institutions are precluded. Such organisations provide an ideal initial contact point for people who often feel deeply alienated and suspicious of official services.

- 5.27 At the labour market level, the issues addressed would concern career guidance, specific skills training and actual placement. The purpose here would be to attempt to match the aspirations of the client and real labour market opportunities. This service could exist either in the State or community sector, or in a form of partnership.
- 5.28 The ability of an Employment Service to offer clients opportunities in the mainstream labour market is crucial to its credibility, but this cannot be done without adequate information on job vacancies. Access to job information in the mainstream private sector and the public and community sectors must be made available to the Employment Service. The job information function of the Service must be simultaneously upgraded to the extent that it is of sufficient quality to attract all jobseekers and employers, and not only the unemployed. A follow-on from this is that certain job vacancies should be reserved for those who are most disadvantaged in the labour market, namely the long-term unemployed (e.g. through the imposition of quotas in relation to filling career break vacancies in the public service or the targeting of unskilled public service vacancies).
- 5.29 Negative attitudes to the long-term unemployed, particularly from employers, require a policy of advocacy on behalf of the long-term unemployed. A key aim of the Employment Service therefore should be to build strong relationships with employers, so that employers know that the Service will send 'employment ready' and appropriately skilled applicants for vacancies. This they argue will require a mixture of competent placement practice, wage subsidies and detailed client preparation. Relatively small changes in recruitment practices in favour of the long-term unemployed could have a substantial impact on long-term unemployment levels over a period of time.



5.30 The mismatch of skills and the low skill-levels of many of the long-term unemployed require the provision of a gateway to training. By placing a strong person-orientated guidance function at the heart of the Employment Service, as suggested above, the choice of training or work experience options is freed to become driven by the goal of obtaining a job. The Service must they stress be organisationally separate from training provision and should act as a buyer of the best training rather than being itself a provider. They do recognise, though, that in any system balancing the market demand for specific skills with the demands of the unemployed for specific skills training is not easy - there is no guarantee that people will wish to train for the jobs the economy is likely to offer. Training, however, must be directly related to job opportunities and there must be a high probability that a job will follow.

### **Voluntary participation**

5.31 Central to the INOU proposals is that, on grounds of practicality, access to all aspects of the Employment Service should be entirely voluntary. Unemployed people at present, they argue, are required to actively seek work and to regularly provide proof of this search and they are required by law to accept a reasonable job offer or FÁS training course or lose their income.

5.32 The introduction of further compulsory measures would, they argue, have the immediate effect of:

- eliminating the need to provide a quality product;
- reducing the value of everyone's participation in the eyes of employers;
- creating resistance and suspicion from the unemployed; and
- turning training into a form of punishment for being unemployed.

- 5.33 They argue, therefore, that all labour market schemes should be governed by outline Regulations passed by the Dail. These Regulations should state that refusal to participate on the scheme will not constitute refusal to take up a job as described in the Social Welfare Consolidation Act. If there is a shortfall in take-up of the service, they argue, this should be addressed by reassessing the quality of option on offer, increased advertising and increased resources to 'initial contact' local community organisations.

#### **Other features**

- 5.34 The INOU strategy contains many other features and details not reflected here. For example, they question the role of work schemes as a stepping stone to a real job and argue that the primary purpose of such schemes is to provide 'quasi-jobs' when real jobs cannot be found. In line with other submissions, they stress that no serious discussion of preventing long-term unemployment is complete without looking at the way the school system fails so many young people. They also put forward a number of proposals to increase the numbers of jobs available to the long-term unemployed including employment quotas on Structural Fund projects, the filling of career breaks and other vacancies in the Public Service and taxation changes to increase demand for labour-intensive household services. They also favour the introduction of compulsory notification of all job vacancies to the Employment Services Office in four Local Development Programme areas.

## CMRS Strategy <sup>8</sup>

### Introduction

- 5.35 The central tenet of this strategy is that everyone has a right to work and therefore that society has an obligation to structure itself in a way which makes work accessible to all. The Irish State has never succeeded in doing this they argue. If it is to restructure itself effectively to respect the right to work of its people, then two current assumptions concerning work need to be challenged.
- 5.36 Firstly, they argue that there is an assumption at the heart of our culture that working and doing a job are identical. Working and having a job are not the same thing and this is one of the most important truths that needs to be constantly repeated. A great many people work very hard even though they do not have a paid job. One has only to think of a parent with children who is fully occupied as a home-maker or the person who is the 'dynamo' of some local organisation to realise this. Secondly, there is a further unchallenged assumption which asserts that the honourable way to contribute to and participate in society today is through a job. This assumption, they argue, fails to recognise that people contribute to society's development through working in a variety of ways besides doing their jobs. Work they argue should be understood as anything one does which contributes to the development of one's self, one's community or the wider society.
- 5.37 Another central element of the CMRS strategy is that world-wide there will not be full-time jobs (in the conventional understanding of this term) for everyone seeking them at decent rates of pay, in the foreseeable future (see also Section II). This seems especially true for Ireland. As such, there will not

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See Scán Healy and Brigid Reynolds, 'Work, Jobs and Income: Towards a New Paradigm', in Brigid Reynolds and Sean Healy (editors), *New Frontiers for Full Citizenship*, Conference of Major Religious Superiors, Dublin 1993, and submission to the Forum by the CMRS on 23 March, 1994.

be enough conventional jobs to provide full employment in Ireland and the Government, faced with this reality, must develop a new paradigm. Essential to this paradigm must be an understanding of the distinction between a job and work as outlined above.

### **Meaningful work for the unemployed**

- 5.38 The CMRS have made a number of recommendations, on the basis of their analysis outlined above including that of a basic income guarantee. The central proposal is for the introduction of meaningful work for all those who are unemployed who wish to avail of it. In this regard it is not dissimilar in broad thrust to some of the proposals looked at earlier in relation to the UK but it differs significantly from them in important respects.
- 5.39 Their central proposal is that the Government should initiate a programme whereby up to 100,000 unemployed people could be employed on a part-time basis by local authorities, health boards, education authorities, and voluntary or community organisations or groups. Pay should be at the going rate for the job and people would work for as many hours, up to some agreed maximum, as would give them a net income equivalent to what the unemployed person was receiving in unemployment assistance plus an incentive premium. Payment for an additional number of hours of work, would be provided to ensure an increase in the income of each person taking a position on the programme. Participation in the programme would be entirely voluntary.
- 5.40 People taking up these employment offers would lose none of their Social Welfare entitlements and, once the required number of hours had been worked, they would then be free to do whatever they wished for the remainder of the week, including taking up part-time employment elsewhere; the income from this would be subject to tax. They also propose that a training/education element would be essential in the programme and both the employee and employer would be involved in its design.

5.41 While the CMRS accept that their proposal is just one of a range of policy measures needed to deal with long-term unemployment, they do see it as an essential part of any overall strategy that might be adopted.

### Issues

5.42 One of the questions raised by the CMRS proposal was the extent to which it differed from the Community Employment Programme which is now in place. In response to this, the CMRS made the following main points:-

- firstly, their proposal provides *real* part-time jobs and there would be no twelve-month limit on participation;
- secondly, participants would be paid the rate for the job and the number of hours a participant works will vary depending on one's income and skill;
- thirdly, the incentive of extra income would be created differently on this programme and each participant will have the added incentive of having the right to be short-listed and interviewed for any full-time job which may become available in his/her area of work for which he/she is qualified; besides, hours of work on this programme may be extended if the employer/sponsor wishes to offer additional hours at his/her own expense; and
- fourthly, their programme would be open to *all* people on the Live Register *or* their adult dependants.

5.43 Other issues raised, as in the case of the UK proposals, related to costs of the scheme and the practicality of finding 100,000 part-time jobs in addition to places on the Community Employment Programme. The CMRS estimated that the cost could amount to £200 million, a sizeable cost but one that was not

prohibitive they felt in the context of the costs of doing nothing and in the light of the outlook for Government finances in the years ahead. In relation to the practicality of creating 100,000 part-time jobs, the CMRS indicated that their initial work with the pilot programme suggested that such a target could be met.

#### **Pilot scheme**

- 5.44 As mentioned previously, a pilot scheme based on the CMRS proposal was established earlier this year, with up to 1,000 places available. This will be for three years in order to assess its real effects, costs and savings. It will be closely monitored during the course of its development and an interim evaluation will be completed in late 1995, with the final evaluation completed by May 1997.

## Section VI: Forum's Recommendations

### Background

6.1 This Section presents the Forum's recommendations drawing and building on the material presented in the earlier Sections of the Report. At the outset, the Forum wishes to emphasise that any package of policy proposals must take into account the extent and nature of the long-term unemployment problem which was covered in Section I as well as the direct costs and highly damaging indirect social consequences for individuals, households and society. Policy recommendations must also address the causes of long-term unemployment which were identified in Section II. The Forum has spent some considerable time looking at international experience with a view to drawing lessons which could be applied in this country; this was the focus of Section III. In Section IV, existing policy and programmes for the unemployed were evaluated and this also informs our recommendations as does the material in Section V which provides an overview of a number of policy packages put forward both in the Forum and elsewhere.

### Medium-term outlook

6.2 Our recommendations, which are medium-term and strategic in nature, are set against a broadly favourable outlook for the economy over the period to the end of the decade. On the basis of *existing* policies, the recently-published ESRI Medium-Term Review<sup>1</sup> projects strong economic growth, significant increases in overall living standards, a substantial increase in employment and broad balance in the public finances by the end of the decade. The unemployment rate is projected to decline by 3½ percentage points with total unemployment amounting to 260,000 in 2000. The outlook for long-term unemployment is, however, much less optimistic. This is projected to increase to over 142,000 by 1996 before declining to 132,000 by the year

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<sup>1</sup> ESRI, *Medium-Term Review*, 1994 to 2000.

2000. Thus, even on the basis of very favourable growth prospects and lower total unemployment, the level of long-term unemployment is likely to be no lower at the beginning of the next decade than it is now.

### Need for action

- 6.3 This prospect, which is not of course inevitable, is deeply disturbing. Even in a period of a considerable projected improvement in national prosperity and significant increased employment opportunities, this will not improve the job prospects of the long-term unemployed. More generally, long-term unemployed people who rely on welfare benefits for their incomes and have a relatively high number of dependants will not, on the basis of existing policies, share equitably in the expected improvements in living standards. As one observer has remarked "there are today about 70,000 people who are aged over 35 and have been unemployed for over a year. Very many of these - as well as some younger people - are now unlikely to get jobs here or elsewhere and, unless their plight is addressed in a far more radical manner than has yet been contemplated, they will remain in indefinite poverty and their children will be brought up in conditions of severe deprivation - while the vast majority of people who have jobs are enjoying an unprecedented improvement in living standards".<sup>2</sup>
- 6.4 The Forum is convinced that on both economic, social and equity grounds there is a need to radically alter existing policies to deal with long-term unemployment. Otherwise, to cite the words of the OECD "if the situation is allowed to drift, with insufficient assistance provided for those out of work for a long time, this would be tantamount to consigning large numbers of the long-term unemployed to near permanent social oblivion"<sup>3</sup>.

<sup>2</sup> Garret FitzGerald. *The Irish Times*, Saturday, 16th April, 1994.

<sup>3</sup> OECD, *Measures to assist the Long-term Unemployed: recent experience in some OECD Countries*, Paris 1988



- 6.5 In the Programme for Competitiveness and Work, the Government and the Social Partners have endorsed a new framework for tackling unemployment with a specific provision by the end of this Programme of 100,000 *places* on training, employment and education programmes for the unemployed. This represents an increase of about 40,000 on the existing level of provision and, by any standards, represents a substantial commitment to increased resources. Many of these additional places are to be provided on the new Community Employment Programme which will replace the SES and the CEDP.
- 6.6 This is the background against which the Forum now presents its objectives and recommendations for tackling long-term unemployment which fall under the following two main headings:-
- An Employment Service; and
  - Options for the Unemployed, both on the supply and demand sides.

## Objectives, Targets and Strategies

### **Forum's objective: employment opportunities for all**

- 6.7 The Forum's view is that the ultimate objective for labour market and other supporting policies must be one of employment opportunities for *all* who want them. In this context, our specific objective is that of getting the long-term unemployed and other groups who are similarly excluded from the labour market back into employment. This objective is predicated on an understanding and acceptance that the nature of the labour market and of work has changed and is changing. In future, more people will work part-time or on non-permanent contracts and in different types of activity than was the case in the past. New and rewarding areas of work in the social economy sector will also emerge. For the majority, regular paid employment will remain the norm but other forms of employment may prove to be an attractive option for some people.

### **Forum's target: the elimination of long-term unemployment**

- 6.8 The Forum believes that the only appropriate target with respect to long-term unemployment is its elimination. It is accepted that this will take some time to achieve but the Forum's view is that this is possible, if the right choices are made by Irish society and the proper policies put in place. Unless an ambitious target is set, it will be difficult to break decisively with the current air of defeatism. Setting ambitious targets are important in providing the necessary focus and impetus for policy-purposes and, more generally, in securing agreement on changes which will need to be accepted by society as a whole.
- 6.9 To maintain that long-term unemployment is an intractable problem, given the sheer extent of the problem in this country, is totally unacceptable. It needs to be recalled that very low rates of long-term unemployment were the norm in Ireland and elsewhere in Europe little more than a decade ago and there is no inherent reason why this cannot be achieved again. It is important also to bear in mind that other very serious and apparently intractable economic problems have been effectively dealt with in the past. For example, in the early to mid 1980's, many observers felt that Ireland's public finance problem could not be solved but firm Government action, complemented by a consensus on the need to take remedial action, led to a dramatic turnaround in the situation.
- 6.10 A similar consensus and action is needed to tackle long-term unemployment. More specifically, it is instructive to note that if the inflow to long-term unemployment could be completely halted and, on the assumption of a continuation of existing outflow rates from the stock, the level of long-term unemployment would be as low as 20,000 by the end of the decade. While it is accepted that halting the inflow into long-term unemployment would not be easily achieved, nevertheless, this illustrates that the problem is not in any sense intractable.

## Strategies to achieve the target

6.11 For the above target to be achieved, a range of effective and supporting strategies will be needed:-

- firstly, appropriate macroeconomic and structural policies to help create more sustainable employment and thereby reduce overall unemployment;
- secondly, an early identification and intervention strategy in the education sector so that young people leave school with qualifications which ensure they do not become the long-term unemployed of the future;
- thirdly, preventing people in the labour market from becoming long-term unemployed; and
- fourthly, getting the currently long-term unemployed and other similar groups back into employment through a combination of measures specifically targeted at these groups.

6.12 In this Report, we do not address the first strategy as this was dealt with in our First Report and the Forum will be returning to this again in more detail in future Reports, including a number of important issues such as work-sharing and job protection. As already mentioned, the ESRI Review emphasises that long-term unemployment will be no lower at the end of the decade than now, even on the basis of very favourable *macroeconomic* conditions. The main emphasis here is on the third and fourth strategies. These strategies may not be sufficient, in themselves, but they are necessary measures towards achieving the target. Before returning to these, brief mention will be made of the second strategy where results are long-term in nature but appropriate measures must be put in place now.

### **Early intervention in the education sector**

- 6.13 A preventative strategy for long-term unemployment will work best if interventions are made as early as possible and indeed before entry into the labour market. A major concern to the Forum is with the numbers of young people who are leaving school without any qualifications. Each year about 20 per cent of school leavers do so with little or no qualifications and it is most likely that these will in time become long-term unemployed. Research findings show that the potential cost to the State in supporting such people over their lifetimes is very high.
- 6.14 In line with our central belief that "prevention is better than cure", the best and most effective approach here is early intervention within the education system through the provision of more flexible and meaningful education options. For this purpose, action needs to be taken to identify at the earliest possible stage those children who are likely to need such assistance. The Forum strongly favours diverting the significant savings due to declining pupil numbers to pre-school, primary and second level schools for those identified at risk of leaving with little or no qualification.
- 6.15 Action is also needed to address the situation of young people who have already left school without qualifications (of whom over half were unemployed in 1992 - see Section I). This was the intention behind the "Youth Guarantee" and underpins the "Youthstart" proposed in the EU White Paper. Action to implement the latter - which corresponds to the Forum's analysis and principles - should now be prioritised by the Government.

### **Proposed Employment Service**

#### **A comprehensive guidance, counselling and placement service**

- 6.16 Our central recommendation is that a national, comprehensive, locally-based Employment Service should be put in place. This Service would be available to all

people, i.e. those in employment as well as the unemployed and the unregistered unemployed such as spouses/adult dependants of unemployed people and lone parents. In the context of this Report, it would have particular responsibility for implementing the two strategies of preventing long-term unemployment and reintegrating the long-term unemployed back into employment. With the use of mediators (counsellors), the Service would advise and guide the unemployed through the various routes to employment and ultimately endeavour to place them in a job. The Service would be the gateway to all employment and training programmes. It would also have the responsibility of establishing close links with local employers and mediating with them on behalf of clients in the execution of its placement function.

#### **Institutional aspects**

- 6.17 The proposed Employment Service would have to be well resourced and a ratio of 1 "mediator" to 125 unemployed people is recommended. Registration with the Service by unemployed people would be voluntary. It is accepted that this, together with the effectiveness of the Service, would have to be reviewed if registration proves to be low. In any event, the Social Welfare Service will advise unemployed claimants of their entitlement to register and the Service would be able to invite an unemployed person to attend an interview with a mediator.
- 6.18 The active co-operation, support and involvement of employers with the Service will be critical to its success. The Service must be in a position to provide a quality service to employers so that they use it to notify and subsequently fill vacancies. This requires that employers are involved both at local and national levels in the administration of the Service. Trade union commitment and involvement will, of course, be also indispensable.
- 6.19 The Service would be delivered at local level so that the mediator can match clients with local employment opportunities as far as possible. In the Local Development Programme's Designated Areas, it is anticipated that the Service could be provided by the Area-based Partnership Company or a unit of the Company along the lines of the

"Contactpoint" initiative in the Northside Partnership Company in Coolock (see paragraph 6.25). In other areas, this initiative might also represent a suitable model of delivery or, alternatively, the Service could be delivered through an expansion of FÁS Employment Services Offices or other appropriate models.

- 6.20 The question as to whether the Employment Service should be organisationally separate from FÁS will need to be thoroughly examined but it should, in any case, build on the staff and other resources currently available within FÁS and the Department of Social Welfare. The Forum recommends that this, together with operational details, should be given immediate attention through the establishment of a Top Level Group which would be representative of all the main Departments and interests involved on the ground. Whatever national organisational structure is finally decided on, it would be essential in the Forum's view that the Employment Service has the autonomy and resources to carry out its functions.

#### **Prevention and reintegration functions**

- 6.21 The proposed Employment Service would give priority attention to those unemployed (both those on the Live Register and the unregistered unemployed) for six months or more. The Employment Service mediator and client would meet and, following discussion of the client's ambitions and needs and the available options (discussed later), both would agree on an Action Plan to get the unemployed person back into employment. In the case of people unemployed for between 6 and 12 months, the Service would be obliged to offer an option which prevents that person from becoming long-term unemployed. At present, some 30 per cent of people who are unemployed for less than a year at a point in time end up being long-term unemployed a year later. For those who register with the Service, the objective will be to reduce this ratio to zero. The probability of "escaping" from unemployment decreases rapidly with duration and early action is the key to successful intervention.

6.22 While the focus of the Employment Service would be to place the unemployed person directly in employment, it is clear that in many cases other intermediate options such as education, training and temporary employment experience would be required. It will be essential, therefore, that the Service is in a position to offer these agreed options to the unemployed person. It is particularly important that the final choice is determined by its appropriateness for the unemployed person and not confined by the supply of places available through FÁS and other Agencies. The mediator, in consultation with the client, must be able to choose the best and most relevant option. This would require a substantial re-allocation of resources and autonomy away from the present providers of programme places to the Employment Service. To this end, the Forum recommends that the following changes in the current delivery of services to the unemployed should be made:-

- as an interim measure, allocation of places on FÁS and other programmes for the long-term unemployed should be carried out by the Employment Service; and
- eventually, the purchase and delivery of programmes must be separated and budgets should be transferred to the Employment Service.

These changes should be progressively introduced and implemented as the Employment Service is built up.

### **Rationale**

6.23 The proposed Employment Service is an absolutely central element in any strategy to prevent and tackle long-term unemployment. This is supported by both international and domestic evidence. In Section III, reference was made to the OECD's evaluation of the impact of various interventions to tackle long-term unemployment which showed that these were most favourable in the case of public Employment Services. These were seen as playing "a central role in promoting coherence between all elements of labour market programmes" and as having a particularly important role in

dealing with labour-market policies. The evidence also shows that long-term unemployed people benefit from counselling, even in cases where they would have previously had very poor job prospects.

- 6.24 The success of the counselling route is particularly apparent in the French and UK instances (see Section III). These results are also supported by work done under the aegis of the ERGO programme which was also referred to in Section III. This cross-country evaluation found that "counselling is a key factor ensuring the success of measures guiding people towards the most appropriate options relative to their needs and providing essential background support"<sup>4</sup>. Our recommendation is also supported by the EU Commission White Paper which recommended a substantial increase in public employment services, "the objective being for every unemployed person to be monitored personally by the same employment adviser"<sup>5</sup>.
- 6.25 As mentioned earlier in Section IV, the availability of counselling, guidance and placement services for the unemployed is very limited in this country. However, the evidence points to the substantial potential of such a Service. For example, the Forum examined the Contactpoint initiative operated under the aegis of the Northside Partnership in Coolock. This uses the Dutch tailor-made approach to placement which is based on intensive personal counselling of the unemployed person and the building of links with employers on a local basis. The results have been highly successful with 308 people being placed in the first 14 months of the service, 46 per cent of whom were long-term unemployed. This evidence shows clearly that this approach can be successful in convincing employers to employ long-term unemployed people.

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<sup>4</sup> Quoted in *Employment in Europe 1992* Commission of the European Communities, 1992, page 181.

<sup>5</sup> Commission of the European Communities, *Growth, Competitiveness and Employment, White Paper*, 1993, page 19.



6.26 More generally, there are a number of other reasons for recommending an Employment Service. These include:-

- it is the key to the integrated operation of all aspects of an active labour market policy, including an overall strategy to prevent long-term unemployment;
- it shifts the focus of policy to a demand driven approach, based on the needs of the unemployed rather than an approach driven by the supply of places on programmes;
- it helps ensure progression across the various options;
- by working closely with employers it can break down their resistance to employing the long-term unemployed which is one of the identified causes of long-term unemployment; and
- it is cost-effective; of a range of measures to help the long-term unemployed examined in the EU funded ERGO<sup>6</sup> programme, it was the cheapest.

### Costs

6.27 The potential priority client group for the Service would be those registered unemployed for more than 6 months i.e. some 180,000 people. Other unregistered unemployed groups such as spouses/adult dependants of registered unemployed people and lone parents should also be eligible to avail of its services. The number of mediators required would build up gradually as the Service was established and registration expanded. Some FÁS and Department of Social Welfare staff are already involved in guidance/counselling/placement activities and there are staff resources also available in some of the Area-based Partnership Companies. If registration eventually rose to 100,000 this would point to the need for about 800 mediator posts.

<sup>6</sup> Commission of the European Communities, *ERGO Programme Phase One, Final Report, Employment in Europe, 1992*. The other measures included various forms of temporary work experience and training.

However, the additional mediator staff complement would be lower, given the substantial resources which can be redeployed. Allowing for other back-up staff and other expenses we estimate that, on the basis of the assumptions outlined in Appendix I, the eventual running costs of the Service might amount to an additional £30 million. Every effort should be made to meet the costs of the Service from within existing and planned resource allocations.

## Options for the Unemployed

### I: Supply-side Measures

#### **Introduction**

6.28 As already mentioned, the Employment Service would make available options (comprising one or more of pre-labour market assistance, education, training and related temporary-employment experience) whose rationale would be to improve the quality of labour *supply* of the long-term unemployed (and those at risk of becoming so). This would improve the functioning of the labour market through its effects on labour productivity and competition in the labour market and, in itself, could lead over time to a significant increase in the demand for labour.

6.29 Parallel to this, demand for jobs appropriate to the skills of the long-term unemployed needs to be increased indirectly in the private sector and directly in the public and voluntary sectors where it would be only as a 'last resort' and arranged through the Employment Service. These will be discussed later. The following paragraphs detail the intermediate options on the supply side.

#### **Pre-labour market assistance**

6.30 For some potential clients of the proposed Employment Service, there may be a number of personal or social problems to be addressed in the first instance before

labour-market interventions can be considered. By their nature, many of these difficulties could be better addressed by voluntary or community organisations including Unemployment Centres. Some long-term unemployed people may have problems - such as lack of motivation - which may result from unemployment. The Employment Service, through its counselling activity, would have a role in identifying and addressing such difficulties possibly through referral to appropriate advisory or other support services. There may also be barriers such as lack of literacy or interview skills.

### **Education interventions**

- 6.31 Section I documented the relatively low level of education attainment of the long-term unemployed. In some cases, long-term unemployed and other groups, such as dependant spouses and lone parents, must be facilitated in acquiring an educational qualification to help them compete for employment opportunities. This option must be exercised as part of a strategy focused on eventual employment but its limitations must be recognised; it may not represent a realistic route out of long-term unemployment in many cases. The Vocational Training Opportunities Scheme (VTOS) represents a useful model of provision and the Forum is pleased to note that the Government have indicated their commitment to provide additional resources and places on it. The constraints on women's participation identified earlier, such as lack of crèche facilities, must also be addressed.
- 6.32 As in the case of training, the Employment Service should have autonomy to decide, in conjunction with clients, on the appropriate education option. We recommend that the delivery of education interventions should be changed and that the Employment Service should be allocated its own education budget (from within planned resource allocations) to purchase appropriate education options such as the VTOS.

### **Training interventions**

- 6.33 Training will clearly be an important option for some long-term unemployed people. However, the findings in Section III on the limited effectiveness of training programmes internationally for the long-term unemployed and the much poorer employment outcomes for the long-term unemployed on FÁS Training Programmes (see Section IV, Paragraph 4.14) compared to the relative success of such Programmes for other categories warn against an over-reliance on such training. With the Employment Service in place and with its own training budget, training would only be used where it is related to particular employment opportunities which have been identified by the mediator and the client. This must include employer involvement to ensure its relevance and delivery of training should be flexible and recognise constraints on participation, especially for women.
- 6.34 We envisage that much of the training would be in general "employability" skills and not of an advanced nature. As the whole approach of our policy recommendations is one of demand-driven delivery, it is not the intention to dwell overtly on the supply or provision of places. However, earlier findings in Section IV point to a lack of suitable training options for the long-term unemployed. If the Employment Service is given a reasonable share of the planned increase in training resources under the Programme for Competitiveness and Work, this would enable it to purchase and make available appropriate training options for its clients.

### **Employment experience: temporary job placements**

- 6.35 If training is to be effective, it will in most cases need to be integrated with, or at least linked to, a period of related employment experience. Employers would have a pivotal role to play here and it is envisaged that, as a quid pro quo for their central involvement in the design and delivery of training, there would be a commitment to provide temporary employment experience that would build on the skills acquired/upgraded on training programmes. Thus it is envisaged that the unemployed

person, in liaison with the mediator, would in most cases opt for a combination of training/related employment experience as a single option to be pursued.

6.36 In some cases, however, the employment-experience option would not be confined to those who had availed first of the training option. For many long-term unemployed and those at risk of becoming long-term unemployed (i.e. those unemployed for between six and twelve months), the major obstacle facing them in the labour market is not a lack of education or training but the simple fact of a history of joblessness and a lack of relevant employment experience. For these people (who are "employment ready"), providing temporary employment experience may be sufficient. The employment-experience option must, however, meet the following criteria:-

- it must provide employment experience in a real employment setting to be credible to a potential employer;
- the long-term unemployed person must be given the status and working conditions of an employee; and
- it must be appropriate to the skills, ambitions and other aptitudes of that person.

6.37 The Forum recommends, therefore, that the Employment Service should be provided with the resources to purchase directly temporary job placements in the public *and* private sectors. Such job placements would be full-time and would in general last for no more than six months. This duration should be adequate as this option will be used mainly to prevent people becoming long-term unemployed or in a situation where the long-term unemployed person is 'employment ready', but no permanent job can immediately be found. The person taken on would be employed on the same basis as other employees in the organisation and would receive the going weekly remuneration for that position. A subsidy route appears to be the most straightforward means to achieve this. The level of subsidy would obviously have to be based on the remuneration attached to the position in question but should also take into account

factors such as the degree of skills acquisition involved, value in terms of public amenity and opportunities for alternative funding or income and benefits to the employer organisation. In the private sector, it would generally be lower than in the public sector.

- 6.38 This option would be used in limited circumstances and no more than 10,000 placements might be required annually. It should be funded from the increased resources which are to be provided for the Community Employment Programme (see Appendix II).
- 6.39 It is accepted that the subsidy could give rise to some displacement and dead-weight effects particularly in the private sector. The Forum's view is that some element of displacement is acceptable on equity grounds given the difficulties the long-term unemployed face in the labour market. Dead-weight effects should also be limited given these difficulties. Moreover, the broader labour market benefits which would result from re-integrating the long-term unemployed need to be taken into account. It would also be necessary that procedures be put in place to ensure that the subsidy would not be used to substitute for and reduce existing levels of permanent full-time employment.

## II: Increasing Labour Demand for the Long-term Unemployed

### Introduction

- 6.40 The recommendations so far are essentially focused on enhancing the quality of labour supply of the long-term unemployed by improving their chances (and those at risk of becoming long-term unemployed) of competing for available jobs likely to emerge in the economy. They centre on the establishment of an extensive Employment Service whose task would be to assist in job placement for the long-term unemployed and other groups. They are focused on providing options to progress

through pre-labour market assistance, education, relevant training and employment experience options.

6.41 However, even allowing for the effect of these measures, there will not be sufficient jobs available in the foreseeable future to deal with the very large number of people currently long-term unemployed. Therefore direct action to provide employment opportunities through a number of demand-side measures will be necessary:-

- (i) in the public and voluntary sectors, options which are not directly linked, in the short-term, to a reintegration or progression outcome;
- (ii) development of the social economy sector; and
- (iii) other measures to increase private sector demand for the skills of the long-term unemployed.

#### **Public and voluntary sectors**

6.42 The Forum recommends that the Community Employment Programme be revamped in order that the Employment Service would be in a position, again as a "last resort", to offer longer-duration, contract-type employment opportunities to the long-term unemployed and/or their adult dependants in the public, voluntary and community sectors. The criteria for participation would normally include the requirement to be continuously unemployed for a minimum period of one year but, in limited circumstances, the Service could make this option available to people, who although currently unemployed for less than a year, have difficulty in finding employment and have experience of recurring unemployment.

6.43 This element of the proposed strategy recognises the very severe difficulties likely to be faced by many in escaping from long-term unemployment. A range of part-time and full time positions should be provided. Once again, a subsidy to the employer should be paid by the Employment Service to fund these positions. The subsidy level

should be related to previous Social Welfare entitlement plus an additional element to cover wages and overhead costs. The overhead element should be linked to and differentiated according to prior unemployment duration (or that of an unemployed spouse), with higher amounts payable the longer the unemployment duration. This would favour persons with dependants (with higher Social Welfare payments) and the very long-term unemployed. The effect, therefore, would be to target those long-term unemployed who are particularly disadvantaged and who are most likely to remain long-term unemployed in the absence of direct intervention.

- 6.44 These posts should be filled on a contract basis with the duration of the contract ranging from one to three years. (In Section III, the advantages and importance of contract positions in dealing with long-term unemployment were noted.) The Employment Service would continue to liaise with and assist those involved in finding permanent jobs elsewhere in the economy, including their being encouraged to apply for permanent positions if these became available in the employing organisation. On completion of the contract, the Employment Service and person concerned would review the position and another contract position could be made available. As with the employment-experience option discussed earlier, it is very important that this work is in a real employment setting, that the unemployed person is given the status, wages and working condition of an employee and that it is appropriate to the skills, ambitions and other aptitudes of that person.
- 6.45 It is envisaged that the subsidy would prove attractive to Local Authority employers. Work done under the aegis of the *Joint Oireachtas Committee on Employment* in 1992 pointed to the potential for the creation of 10,000 full-time (or 20,000 part-time) positions in these sectors which would be appropriate to the skills of many of the long-term unemployed. This area of potential employment as well as possibilities in the voluntary sector should be targeted. Once again, procedures would also have to be put in place to ensure that the positions would not be used to substitute for and reduce existing levels of permanent full-time employment. It would be important too that the voluntary and community sector be fully consulted and involved with the



Employment Service in the design, management and monitoring of the arrangements applicable to these positions.

- 6.46 In the Forum's view, this restructuring of Community Employment would offer a number of advantages. Firstly, in general terms, the package of policy options recommended by the Forum recognise that a single employment intervention such as Community Employment is not appropriate to the diverse needs of the long-term unemployed. The Forum's recommendations provide for short- duration employment options (linked in most cases to training) for those where re-integration (or prevention) is the objective and for longer duration options in circumstances where this may not be feasible. In addition, full-time positions would be available compared to only part-time under the Community Employment Programme. Finally, the positions would offer the status and conditions of regular employment and should provide a more rewarding experience for long-term unemployed people. They would also be open to spouses/ adult dependants of long-term unemployed people who may be in a better position to avail of them in some circumstances.
- 6.47 It is accepted, however, that the cost of both these and the shorter duration positions outlined earlier would, in most cases, be higher on a per capita basis than Community Employment. The Forum accepts that both should be funded by the Employment Service within the resources to fund the intended 40,000 Community Employment places and that this implies a lower number of places than would be available under Community Employment. As such, the Live Register impact will be lower (as will the associated savings on unemployment compensation payments). Appendix II presents an illustration of the number of placements that might be possible within the projected budget for the Community Employment Programme.

### **Developing the social economy**

- 6.48 The Forum also supports the thinking in the EU White Paper on the potential of the social economy sector which overlaps, of course, with the voluntary sector. The White Paper represents a shift in the Commissions' thinking from a preoccupation

with ensuring that markets should not be distorted to a recognition that, in areas of economic disadvantage, the market itself can distort downwards the expression of real social needs, both in terms of the demand for local services and the local job opportunities that would be available in the supply of such services.

- 6.49 The Forum notes that the White Paper effectively challenges each Member State to rectify market failure in this regard and provide the necessary stimulus, through targeted budgetary and training measures, to maximise the potential of the social economy in providing much needed social services. The Forum has received a number of submissions on this issue<sup>7</sup> and these, together with other employment creation measures, will be dealt with in further Reports by the Forum in the future.

#### **Private sector demand**

- 6.50 The Forum supports the call in the EU White Paper to reduce the cost of unskilled and semi-skilled labour. The policy change introduced in this year's Budget which reduced PRSI rates on both employer and employee in respect of those earning less than £173 a week is welcome in this regard. This process should be stepped up in future Budgets with the aim of reducing disincentives to take-up employment where these exist and increasing employer demand for relatively low-skilled labour. More generally, the Forum will be looking at these issues, including the integration of the tax and social welfare codes, when the Expert Group submits its Report in this area.

#### **Concluding Comments**

- 6.51 The recommendations in this Report contain an integrated package which addresses the main dimensions and causes of this country's long-term unemployment problem. The proposals deal with both the supply and demand side dimensions of long-term unemployment:-

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<sup>7</sup> Paper by Niall Crowley, Forum Member, *Long-term Unemployment and the Social economy* and the Paper by Ciaran Byrne, Industrial Development Manager, Ballymun Partnership, *Re-defining the concept of commercial viability in Partnership areas*.

- *On the supply side*, our recommendations deal with the prevention of long-term unemployment and the improvement of the skills and general "employability" of the long-term unemployed which will, we believe, improve the functioning of the labour market by raising labour productivity, increasing competition for jobs and thereby increasing the effective demand for such labour.
- *Direct advocacy* with employers will improve access to the labour market for the long-term unemployed. Our central recommendation - the Employment Service - is the key to this underlying approach of bringing the long-term unemployed back into the labour market.
- *On the demand side*, our recommendations seek to both directly provide jobs (in the public and voluntary sectors) for the long-term unemployed and indirectly increase private sector demand for the long-term unemployed through on-going reforms of the taxation and PRSI systems.

6.52 The Forum accepts that its recommendations involve considerable change to existing labour market policy and that many details remain to be worked out. Nevertheless, we consider that they are realistic and can be implemented within the overall fiscal constraints facing the Government which have been accepted by the Forum in its First Report. In fact, other than the additional cost of the Employment Service, all of our other proposals can be implemented within the additional resources committed under the Programme for Competitiveness and Work. In essence, what is proposed is a more innovative use of these resources. The Forum strongly believes that the level of resources devoted to dealing with unemployment must reflect the scale of the problem and that the relative share of national resources on programmes to combat unemployment must, at a minimum, be maintained.

6.53 Finally, the Forum stresses that all sections of the community must play their part if our recommendations are to succeed. We call, therefore, on the major interests involved to co-operate and support the implementation of our proposals. Specifically, we ask for the support of:-

- unemployed people and their representative organisations, to support and avail of the options which would become available;
- trade unions, to facilitate the proposed measures to provide long-term unemployed people with temporary and longer-duration employment opportunities;
- the community and voluntary sector, to facilitate the provision of employment opportunities for long-term unemployed, while recognising that its role is not simply that of delivering services on behalf of the State; and
- employers, to give the long-term unemployed a chance and to support the Employment Service in its placement function.

## Estimated Costs of the Proposed Employment Service

### Introduction

On the basis of an *eventual* registration of 100,000 with the Service and a ratio of 1 mediator to 125 unemployed (clients), this would entail the provision of 800 mediator posts. This, together with an assumed back-up staff of another 800, would involve a total staff complement of 1,600.

### Staff resources within FÁS

Its 1992 Accounts show that FÁS had a total of 2,008 staff made up as follows:-

Training	1384
Employment schemes and placement services	348
Central Services	264
Other	12

It is assumed that the equivalent of the 348 staff on employment schemes and placement services (who are engaged in functions broadly similar in nature to those envisaged for the Employment Service) and one half of those in Central Services could be redeployed to the Service making about 500 staff in all. This would reduce the net new staff complement of the Employment Service to 1,100.

### Cost of additional staff complement

The FÁS Accounts show that the average staff cost in respect of employment schemes and placement services amounted to £19.050 per head in 1992 (this includes pension and PRSI

costs). Allowing for increases in pay rates since then, an average staff cost of £21,000 per annum is assumed. On this basis, the cost of the additional staff element (1,100) would be £23.1 million.

### **Overhead costs**

The FÁS Accounts show that overhead costs in respect of employment schemes and placement services amounted to just over 30 per cent of staff costs. Applying a similar proportion to the above additional staff costs of the Employment Service, gives an additional overhead cost figure of £6.93 million.

### **Total costs**

The above assumptions and calculations yield an additional *running* cost in total of just over £30 million for the Employment Service when fully operational with registration of 100,000 clients.

### **Concluding comments**

This estimate only refers to running costs; undoubtedly there would be some establishment costs such as premises etc. although the network of FÁS Employment Services offices and Area-based Partnership Companies mean that a good deal of "infrastructure" is already in place.

These estimates should be seen as an upper limit and hinge on the key assumptions of a total registration of 100,000 and of the number of staff which could be redeployed from FÁS. However, account has not been taken of staff and resources available in the Department of Social Welfare and some of the Area-based Partnership Companies which could also be redeployed and this would, of course, lower the estimated costs accordingly.

## Costings of the Proposed Employment Options

### Introduction

In its Report, the Forum accepts that the cost of its proposed temporary 6 month job placements (paragraphs 6.35 to 6.39) and the longer-duration, "last resort" opportunities in the public and voluntary sectors (paragraphs 6.42 to 6.47) should be met from "within the resources to fund the intended 40,000 Community Employment places" (paragraph 6.47). This Appendix sets out an illustration of the possibilities within this resource constraint.

### Subsidy assumptions

#### (i) *Temporary job placements*

These placements are to be full-time in the public and private sectors with a duration of six months at most. Taking account of the factors outlined in paragraph 6.37 of the Report as relevant to the level of subsidy, it is assumed that an *average* subsidy payment of £200 per week would apply in the public sector and £80 per week in the private sector.

#### (ii) *Longer duration, contract opportunities*

These are to be in the public and voluntary sectors with a range of full-time and part-time positions being provided and the subsidy arrangements are to be such that it is targeted at the very long-term unemployed. In this case and taking into account the special factors mentioned in paragraph 6.43 it is assumed, again on *average*, that payments of £250 weekly apply in the case of public sector employers in respect of full-time positions and £200 in the voluntary sector, of which about 20 per cent might be in respect of overhead costs. In the case of part-time positions, the subsidy payment is assumed to be one half of these.

### Possibilities within the Community Employment Budget

According to information supplied to the Forum, the average *gross* cost of a place on the Community Employment Programme is about £6,200 with an associated Live Register saving of about £4,000. On this basis, the total (gross) cost of providing 40,000 Community Employment Programme *places* would eventually amount to £248 million. The following example illustrates the number of places that could be provided under the options put forward by the Forum within this Budget:

(i) *Temporary job placements*

Private sector: 7,000 for 6 months at £80 per week = £14.56m

Public sector: 3,000 for 6 months at £200 per week = £15.6m

Total cost for 10,000 placements = £30.16m (a)

(ii) *Longer duration, contract positions:*

Public sector:-

5,000 full-time at £250 per week = £65m

5,000 part-time at £125 per week = £32.5 m

Voluntary sector:-

5,000 full-time at £200 per week = £52m

13,000 part-time at £100 per week = £67.6m

Total longer duration, contract positions = £217.1 (b)



Total for all placements (a+b) = £247.3

This illustration shows, on the assumptions made, that a total of 38,000 places (10,000 for 6 months only) could be provided on the Forum's recommended options within the Community Employment Budget.

However, the above hypothetical combination of possibilities might not prove feasible, not least because of possible absorption difficulties in the various sectors. To the extent that the more expensive full-time/public sector options were chosen, this would limit the number of places that could be accommodated within the Budget and associated savings on unemployment payments would also be lower. In addition, provision of places to adult dependants would reduce the Live Register impact.

#### **Deadweight/displacement effects**

In paragraph 6.39 of its Report, the Forum acknowledges the possibility of some displacement and dead-weight effects, particularly in the private sector. However, on balance these effects (and associated Live Register costs) might well be lower under the Forum's proposals compared to the proposed expansion of Community Employment for the following reasons:-

- the contract positions would be targeted at the very long-term unemployed who are very unlikely to leave the Live Register in their absence, thereby reducing their potential dead-weight costs as compared to Community Employment which is open to *all* persons on the Live Register for more than 6 months;
- as a majority of the options recommended by the Forum would be full-time, this would limit the degree to which participants could access to part-time employment in other sectors of activity, at the possible expense of other workers; and
- the relatively lower number of places overall would, in any case, limit the potential for displacement and dead-weight.

Terms of Reference and Constitution of the Forum

1. The Terms of Reference of the National Economic and Social Forum are to develop economic and social policy initiatives, particularly initiatives to combat unemployment, and to contribute to the formation of a national consensus on social and economic matters.

The Forum will:

- (i) Have a specific focus on:-
    - job creation and obstacles to employment growth;
    - long term unemployment;
    - disadvantage;
    - equality and social justice in Irish society; and
    - policies and proposals in relation to these issues.
  - (ii) Make practical proposals on measures to meet these challenges.
  - (iii) Examine and make recommendations on other economic and social issues.
  - (iv) Review and monitor the implementation of the Forum's proposals and if necessary make further recommendations.
  - (v) and  
Examine and make recommendations on matters referred to it by Government.
2. The Forum may consider matters on its own initiative or at the request of Government.
  3. The Forum will work in two year cycles and will inform Government of its programme of work within three months of the beginning of each cycle.
  4. In drawing up its work programme, the Forum will take account of the role and functions of other bodies in the social and economic area such as NESC and the CRC to avoid duplication.
  5. The Forum may invite Ministers, Public Officials, Members of the Forum, and outside experts to make presentations and to assist the Forum in its work.
  6. The Forum will publish and submit all its reports to Government, to the Houses of the Oireachtas and to other Government Departments and bodies as may be appropriate.
  7. The Forum will be drawn from three broad strands. The first will represent the Government and the Oireachtas. The second will represent the traditional Social Partners. The third strand will be representative of groups traditionally outside the consultative process including women, the unemployed, the disadvantaged, people with a disability, youth, the elderly and environmental interests.
  8. The Forum will have an independent Chairperson appointed by Government.
  9. The term of office of members will be two years during which term members may nominate alternates. Casual vacancies will be filled by the nominating body or the Government as appropriate and members so appointed shall hold office until the expiry of the current term of office of all members. The size of the membership may be varied by the Government.
  10. The Forum is under the aegis of the Office of the Tánaiste and is funded through a Grant-in-Aid from that Office. This Grant-in-Aid is part of the overall estimate for the Office of the Tánaiste.

## Membership of the Forum

<b>Independent Chairperson:</b>	Maureen Gaffney
<b>Government Representative:</b>	Eithne Fitzgerald, T.D. Minister of State at the Office of the Tánaiste
<b>Chair (Employment and Economic Policy Committee):</b>	Prof. John O'Hagan
<b>Chair (Social Policy Committee):</b>	Triona Nic Giolla Choille

## Oireachtas

<i>Fianna Fáil:</i>	Ned O'Keeffe, T.D. Éamon Ó Cuív, T.D. Chris Flood, T.D. Sen. Paschal Mooney Sen. Brian Hillery Sen. Brian Crowley
<i>Fine Gael:</i>	Richard Bruton, T.D. Frances Fitzgerald, T.D. Paul Connaughton, T.D. Sen. Madeleine Taylor-Quinn
<i>Labour:</i>	Joe Costello, T.D. Sen. Jan O'Sullivan
<i>Progressive Democrats:</i>	Máirín Quill, T.D.
<i>Technical Group:</i>	Proinsias de Rossa, T.D.
<i>Independent Senators:</i>	Sen. Mary Henry

## Social Partners

<i>Trade Unions:</i>	Philip Flynn Patricia O'Donovan Tom Wall Mary-Ann McGlynn Manus O'Riordan
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*Employer/Business Interests:*

Declan Madden  
 Anne Coughlan  
 Aebhric McGibney  
 David Croughan  
 Mirette Corboy

*Agricultural/Farming Organisations:*

John Tyrrell  
 Michael Slattery  
 Ciarán Dolan  
 Clare Higgins  
 Monica Prendiville

**"Third Strand"***Womens Organisations:*

Anne Taylor  
 Noirín Byrne  
 Ina Broughall

*Unemployed:*

Brendan Butler  
 Jane Foley  
 Mike Allen

*Disadvantaged:*

Niall Crowley  
 Joan Byrne  
 David Joyce

*Youth:*

Gearóid O'Maoilmhichíl

*The Elderly:*

Michael White

*People with a Disability:*

Roger Acton

*Environmental Interests:*

Jeanne Meldon

*Academics:*

Fr. Seán Healy  
 Stasia Crickley

**Secretariat**

Director:  
 Secretary, Employment & Economic Policy Committee:  
 Secretary, Social Policy Committee:  
 Economist:

Seán O'hÉigeartaigh  
 David Hegarty  
 Larry O'Reilly  
 Michael McGrath