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A PROGRAMME FOR SOCIAL EQUITY

**Submission to the Government
and the Social Partners
on a Further National Programme**

Combat Poverty Agency
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COMBAT
POVERTY
AGENCY

The Combat Poverty Agency Act, 1986, outlines four general functions for the Agency.

- Advising and making recommendations to the Minister for Social Welfare on all aspects of economic and social planning in relation to poverty in the State.
- The initiation of measures aimed at overcoming poverty in the State and the evaluation of such measures.
- The examination of the nature, causes and the extent of poverty in the State and for that purpose the promotion, commission and interpretation of research.
- The promotion of greater understanding of the nature, causes and extent of poverty in the State and the measures necessary to overcome such poverty.

Introduction & Overview

the reduction of poverty, unemployment and long-term unemployment and the achievement of greater social equity should be central features of any new agreement on economic and social development

The Programme for Economic and Social Progress (PESP) covers the period 1991 - 1993. When the current Programme ends a new agreement may be drawn up between the Government and the Social Partners. If this is the case the Combat Poverty Agency would recommend that the reduction of poverty, unemployment and long-term unemployment and the achievement of greater social equity should be central features of any new agreement on economic and social development.

Review of the Programme for Economic and Social Progress (PESP)

The PESP includes a strong social dimension. It stresses the need to use the benefits of economic growth to promote greater social equity and commits the Government to the development of greater social rights in areas such as housing, social welfare, health and education. It recognises the need for a ten year programme of radical structural reform within which the fight against long-term unemployment, tax reform and a restructuring of social services are key elements.

In addressing these goals the PESP is very wide ranging. In addition to the pay agreements covering both the public and private sectors, the PESP outlines a framework for Government action in almost every significant area. This means that Government intentions are specified in advance. From the point of view of the Social Partners, the PESP allows them a watching brief on almost all areas of Government policy through the Central Review Committee. However such a wide ranging approach risks being insufficiently focused on clear strategic priorities.

The view of the Central Review Committee is that considerable progress has been made in implementing the provisions of the PESP although there are a number of commitments outstanding (Central Review Committee, 1993). However any evaluation of the impact of the PESP must be seen a wider context. The PESP stated that 'The creation of employment and the consequent reduction of unemployment and involuntary emigration is the primary policy objective of Government.' It also identified a major assault on long-term unemployment as a priority goal of the Programme.

In its report the Central Review Committee has acknowledged that 'Unemployment is now, however, at a totally unacceptable level and the CRC underlines the importance of according top priority to tackling this more resolutely and comprehensively' (Central Review

Committee, 1993, p.7). A range of factors, not all of which could be foreseen, have produced this situation. Nevertheless, while the PESP identified addressing unemployment and long-term unemployment as key goals, it did not adequately specify what was required for their achievement. This is the single greatest weakness that must be addressed in any new Programme.

Focus of a new agreement

All available evidence suggests that poverty remains a harsh reality for many people and that major reductions in unemployment and significant changes in the distribution of resources and opportunities will be necessary if poverty is to be significantly reduced (see Callan, 1989; CEC, 1991; O'Neill, 1992). Some groups in the population face particular risks. Anti-poverty policies and equal opportunities policies for women are complementary and should be pursued concurrently. Also, even with an overall approach to policy which emphasises redistribution of resources and opportunities, there will be certain groups - such as Travellers, lone parents and the homeless - who are particularly vulnerable and require very targeted and specific assistance.

Addressing these issues is best done in the context of an overall national programme for economic and social development. This is most likely to be effective if specific targets are set by agreement between the Government and the Social Partners.

The debate about a new programme is not taking place in a vacuum. The 'Programme for a Partnership Government 1993 - 1997' commits the Government to combining economic development with social justice and to making the fight against poverty and inequality a central concern of policy making over the next five years. It identifies reversing the rising trend of unemployment as its biggest challenge. A new programme should build on and elaborate these commitments.

The negotiations for a new programme must also take into account the substantial EC Structural funding that has been secured for Ireland for the period 1994 - 1999. The National Development Plan aims to "attack the social exclusion and marginalisation caused by long-term unemployment and poverty" (Ireland, 1993a, p.5). The Plan identifies re-integrating the long-term unemployed into the economic mainstream as a central objective. (Ireland, 1993 b, pp. 7,31).

This Structural Funding represents a unique opportunity to address social exclusion, poverty and unemploy-

ment. The challenge will be to ensure that as far as possible over the rest of this decade all Structural Fund expenditure is used both to foster economic development and to tackle social exclusion and address the underlying causes of poverty and disadvantage.

If a consensual approach to policy making and national development is to be both successful and equitable it must take into account all the main interests in society. This has been recognised recently in the establishment of the National Economic and Social Forum (NESF). It is important that the interests of the poor and the unemployed are a core part of any new agreement and that they are adequately represented in any discussions about it and in any mechanisms agreed for monitoring the Programme.

Recommendations for a New Programme

A comprehensive range of actions will be required if tackling poverty, unemployment and long-term unemployment and achieving greater social equity are to be at the centre of any new agreement. Recommendations on key commitments for inclusion in a new programme are detailed below. These recommendations represent a framework for action. The specific measures will need to be adjusted to take account of the duration of any new agreement. Also many of the measures recommended may need to be introduced on a phased basis.

1. Social Auditing

- 1.1 All Government Departments and State Agencies should be required to ensure that the policies and programmes for which they are responsible contribute to tackling poverty and social exclusion.
- 1.2 In regard to Structural Fund spending, specific monitoring and evaluation mechanisms must be put in place to ensure that combating social exclusion remains a core objective of all operational programmes. These should cover:
 - initial exclusion proofing of each operational programme;
 - establishing monitoring committees with appropriate membership;
 - clarification of objectives to be monitored and evaluated under each operational programme;
 - overall evaluation of impact on social exclusion of Structural Funds expenditure.

2. Unemployment and Long-term Unemployment

- 2.1 Unemployment and long-term unemployment in Ireland are at unprecedented levels. At present, 290,000 (16.7%) people are unemployed. Over 132,000 persons have been out of work for more than one year, representing over 44% of the total unemployed. Over 58,000 people have been unemployed for three years or more.
- 2.2 Any new Programme must give priority to addressing the unemployment crisis. Radical structural reforms in the areas of industrial policy, taxation,

¹ A number of factors must be taken into account in devising payment structures. In the public sector, interaction with existing employment must be considered. In all cases the incentive for people with larger families and therefore higher social welfare payments must be addressed. A possible approach would be to set a basic rate of payment that is 50% greater than the personal long-term Unemployment Assistance payment. This standard rate would apply to all programme places in the non-governmental sector. Public sector agencies using the programme should not be allowed to reduce existing employment. Also they should pay workers on the programme at the rate for the job. At present the position of those with dependants is addressed by paying the equivalent of social welfare dependant allowances and, in the case of CEDP, secondary benefits. An alternative would be to make SES/CEDP workers eligible for Family Income Supplement. This would put them on a par with other workers and would familiarise them with the possibilities offered by FIS when looking for mainstream employment. If FIS is to be made more widely available further efforts to make it more user-friendly will be required.

the pattern of public expenditure and public intervention generally are necessary for a comprehensive approach to job creation (see NESC 1990). Also policies to address long-term unemployment must receive much greater priority.

- 2.3 Policies to promote job creation should not be limited to those policies necessary to improve the efficiency and competitiveness of the market sectors of the economy. Additional measures are necessary to provide useful public employment and to support non-commercial employment targeted on the long-term unemployed.
- 2.4 A new Programme should include a commitment to achieving a more equitable distribution of employment, through work-sharing, facilitating part-time work, reducing overtime, facilitating voluntary early-retirement and more generally a shortening of working time.

National Strategy on Long-term Unemployment

- 2.5 Addressing long-term unemployment has been identified as a national priority. To date, programmes for the long-term unemployed have been limited in scale and in scope. If significant progress is to be made over the period of a new Programme, a coherent national strategy on long-term unemployment must be developed. A White Paper on this matter should be published.
- 2.6 The range and scale of programmes for the long-term unemployed should be significantly increased. A range of integrated measures should promote progression leading ultimately to employment. This emphasis on progression is vital as once-off interventions which leave people with nowhere to go are not sufficient.
- 2.7 An essential aspect of progression is ensuring that there are genuine opportunities for long-term unemployed people to move from education, training or temporary work programmes into jobs. It is therefore essential to develop policies directed at changing recruitment practices, in both the public and private sectors, to promote the recruitment of the long-term unemployed.

Measures to Assist the Long-term Unemployed

- 2.8 Even an excellent-package of measures will have lit-

tle effect on the overall level of long-term unemployment if only a minority of the long-term unemployed are covered. Recommendations for a package of measures which would provide opportunities for at least 100,000 of those currently long-term unemployed are set out below. The Agency considers this to be the scale of provision necessary to significantly reduce long-term unemployment.

- 2.9 **Counselling:** Opportunities for ongoing high quality counselling and personal action planning should be made available to all persons who are long-term unemployed. Such provision should be available to participants in all programmes for the long-term unemployed. In addition stand-alone counselling and personal action planning services should be developed through FAS and the Area-based Partnerships which are part of the Local Development Programme provided for in the National Development Plan.

- 2.10 **Direct Employment Programmes:** The Social Employment Scheme /Community Employment Development Programme (SES/CEDP) should be expanded to 70,000 places. At least 30,000 of these places should be reserved for those unemployed for three years or more. Also persons who have been unemployed for three years or more should have the right to remain on the programme for at least two years. For such targeted employment to be attractive to those who are long-term unemployed, and to reduce their risk of living in poverty, it is essential that it offers participants a real financial incentive. For these reasons the basic payment should be at least 50% greater than the personal rate of long-term unemployment assistance or, where appropriate, at the rate for the job¹.

- 2.11 **Education and Training Opportunities:** Persons who are long term unemployed are significantly under-represented on training programmes. This is despite the fact that many of them need to upgrade their education and skills if they are to compete effectively in the labour market. The Alternance Training Programme should be expanded to provide 15,000 places. Also the Vocational Training Opportunities Scheme should be expanded to 15,000 places. In addition measures should be introduced to ensure that the long-term unem-

ployed achieve much greater access to specific skills training programmes. These should include pre-training courses with guaranteed progression to mainstream courses and, if necessary, the setting of a quota of training places.

2.12 **Employment Subsidies:** It is generally recognised that employment subsidies have an insignificant direct effect on job-creation but can significantly influence the redirection of hiring towards particular groups in the labour market. Employment subsidies should be targeted on the long-term unemployed. In order to help overcome employer reservations about the long-term unemployed these should be complemented by the development of active placement measures.

2.13 **Active Job Placement:** A coherent range of measures such as that set out above can significantly improve the competitiveness of the long-term unemployed in the labour market. However employer reservations about their suitability must be overcome if this is to translate into increased access to employment. This will require active placement initiatives which give priority to the long-term unemployed. Such initiatives should be developed through the Area-based Partnerships and through FAS.

Area-based Initiatives

2.14 If the potential benefits of the Area-based Partnerships provided for in the National Development Plan are to be realised a clear national policy framework is essential. Within this framework they can and should play an important part in developing and co-ordinating programmes and initiatives at a local level, especially in the most disadvantaged areas.

Partnership Approach

2.15 The partnership approach to long-term unemployment should not be restricted to area-based initiatives but must be applied within mainstream provision. Structured opportunities for unemployed people and organisations of the unemployed to contribute to policy formulation at all levels - national, regional and local - must be developed.

2.16 In addition state support for organisations of the unemployed at all levels - national, regional and local - should be increased.

2. The Commission on Social Welfare recommended 'minimally adequate' rates of social welfare of between £50 and £60 in 1985 prices which, adjusting for inflation, would be £64.70 - £77.64 in 1993 prices.

3. The Commission recognised that it might take some years to achieve the minimally adequate rate. It recommended that the lowest level of payment be brought up immediately to £45. Adjusted for inflation this interim 'priority' rate would be £58.23 in 1993.

3. Social Welfare

Strategy of Commission on Social Welfare

3.1 A new Programme should re-affirm the commitment to reforming the social welfare system in accordance with the strategy advocated by the Commission on Social Welfare (1986). Therefore three related goals should be adopted in a new Programme as the priorities guiding the reform of social welfare. First, a commitment to the achievement of a standard minimally adequate rates of payment in respect of adults and children. Secondly, the restructuring of social welfare provision. Thirdly, improving the quality of service available to the users of the system.

Access to an Adequate Income

3.2 Access to an adequate income is essential if people are to enjoy an acceptable lifestyle and to exercise their rights and responsibilities as citizens.

3.3 There should be a uniform, minimally adequate personal rate of social welfare as recommended by the Commission. The PESP commitment to bring all payments to the Commission's interim priority rate by 1993 has not yet been met. All remaining payments should be brought up to this rate. Also, all rates remaining below the minimally adequate rate should be increased annually in real terms. A timetable for the achievement of the minimally adequate rates recommended by the Commission should be agreed in any new Programme.

3.4 In recommending a minimally adequate rate, the Commission on Social Welfare suggested that it be linked to the Consumer Price Index and reviewed every five years. No such review has been carried out to date. As a result of wage and tax developments, incomes from earnings have increased significantly in real terms since the Commission reported. The gap between most social welfare incomes and other incomes has widened. In the light of these factors, a review of the minimally adequate social welfare rates as recommended by the Commission is necessary.

3.5 There should be a uniform adult dependant payment. The Commission on Social Welfare recommended that this be set at .6 of the personal rate.

However no evidence was presented of the extent and nature of the economies involved which would justify this particular rate. The equivalence scales operated within the social welfare system should be reviewed by the Central Review Committee.

3.6 Child Benefit should over time assume a greater role in child income support policy. Child Benefit rates should be increased significantly in real terms, with higher rates for older children, and should be made taxable. Child Dependant Allowances should be standardised and should be set at a rate which, together with Child Benefit, would more adequately meet the cost of rearing children.

3.7 The Agency supports the recommendation of the Commission on Social Welfare that social welfare payments should be treated as taxable income.

Structure of Social Welfare Provision

3.8 The Commission on Social Welfare recommended moving towards a comprehensive social insurance system. This should have two elements - comprehensive coverage in regard to contributions and comprehensive coverage of contingencies. In recent years the self-employed and part-time workers have been included in the PRSI system. However public sector workers have not yet been brought fully into the system. All public servants should be liable for the standard rates of PRSI. The Agency recognises that this matter has implications for the terms and conditions of public sector employees which must be taken into consideration. Compensatory measures may be required to protect the incomes of low-paid public sector workers.

3.9 The Commission also argued for more comprehensive entitlement to benefits. A number of measures introduced in recent years have restricted entitlement. Social welfare policy should be directed towards increasing the range and coverage of social insurance provision.

3.10 The Commission on Social Welfare recommended significant restructuring of social assistance provision of which the two main elements were:

- that different social assistance schemes (including the basic payments of Supplementary Welfare) should be brought together in a comprehensive scheme

- that means tests should be standardised
Commitments in both these areas were included in the PESP and should be priorities in any new Programme.

3.11 Assessment for benefit and privilege should not be included in means-tests.

3.12 Lone-parents are disproportionately at risk of poverty. Recent research has identified a need for a reappraisal of social security provision for all lone-parents (Millar et al, 1992; McCashin, 1993). A Green Paper on social security provision for lone-parents should be published.

3.13 All income maintenance schemes currently operated by the Department of Health and the Health Boards should become the responsibility of the Department of Social Welfare.

Quality of Service

3.14 All social welfare recipients deserve the highest quality of service. The premises in which social welfare services are delivered should be upgraded, and should meet contemporary standards of convenience and privacy.

3.15 A Charter of Rights of Social Welfare Users should be developed in consultation with organisations representing the users of the social welfare system and the staff unions. The Charter should include: a clear statement of the right of social welfare users to be treated with dignity, courtesy, privacy and confidentiality; the right to full comprehensible information on entitlements; the individuals right to all relevant information on decisions regarding applications.

Policy Formulation

3.16 A permanent Social Welfare Advisory Body should be established as recommended by the Commission on Social Welfare. Such a body should have significant representation of users of the social welfare system.

4. Tax Reform

4.1 A shift in the distribution of the tax burden is desirable for reasons of both equity and economic effi-

ciency. Three related goals should be adopted as the priorities guiding tax policy. First, tax reform should aim to reduce the tax burden of those on lowest incomes. Secondly, it should aim to enhance the progressivity of the tax system and to remove the major regressive elements. Thirdly, it should aim to achieve, where possible, a shift in the tax mix away from reliance on taxation of personal earned incomes. A package of reform along these lines would make the tax system fairer and should impact positively on the labour market.

4.2 It is important to ensure consistency between policies on taxation and transfers given their overlapping effects on the distribution of incomes. Savings within the tax system (e.g through the reduction or elimination of regressive tax expenditures) should not be redistributed exclusively within the tax system. Rather they must be considered with regard to overall budgetary objectives including the priorities for combating long-term unemployment and improving social welfare provision set out above.

Personal Income Tax

4.3 Measures to adjust the tax burden differ greatly in the degree to which they can direct relief to those on lower incomes. Reducing the higher tax rate would give relief to higher rate tax-payers only as would widening the standard rate band. Reducing the standard rate would benefit all taxpayers but the relief given would increase with income. Increasing basic allowances would also benefit all tax payers. However at present the relief given would increase with the marginal tax rate so higher rate tax payers would benefit disproportionately.

4.4 In line with the priority of targeting relief on lower incomes, there should be no further reduction in nominal tax rates during the period of a new agreement. Any general tax relief on personal incomes should instead be concentrated on increasing basic allowances. Increasing basic allowances should also be given greater priority than further widening the standard band.

4.5 All allowances should be restricted to the standard rate. This is an urgent priority and any new Programme should set a target date for its achievement.

4.6 It is possible to apply targeted relief to those on low incomes through increasing the exemption level. However this can only provide relief for a narrow range of the lowest incomes. Also, it is likely that a higher exemption level would mean greater numbers of taxpayers facing the high effective marginal rates which are created for a range of income just above the threshold. Additions to the exemption level in respect of child dependants have helped target relief on low income families and some further increases in such child additions should be introduced. This recommendation should not be seen as an alternative to an overall reform of child income support with a significantly increased role for Child Benefit recommended above.

Reliefs on Discretionary Spending

4.7 Discretionary reliefs are a particularly regressive feature of the tax system and the Combat Poverty Agency supports in principle their progressive abolition (but see 4.9).

4.8 As a priority, tax relief on all discretionary reliefs should only be applied at the standard rate.

4.9 Limiting Mortgage Interest Relief to the standard rate should be an immediate priority. If a property tax is introduced (see 4.10), other existing restrictions on mortgage relief should be removed. However if the option of a property tax is rejected, these restrictions should be progressively tightened.

Widening the Tax Base

4.10 A comprehensive national property tax on residential property should be introduced. It should be applied at a flat rate on capital values and should take account of ability to pay.

4.11 As noted above (3.7), social welfare payments should be treated as taxable income.

PRSI Contributions

4.12 The most regressive feature of the PRSI system is the ceilings on contributions. The ceilings (employer and employee) on PRSI contributions should be abolished. (In the full year 1993-1994 abolition of the employee and employer ceilings would yield £49 million and £96 million respectively). Some

adjustment in the contribution rate may be necessary to target labour intensive employment sectors.

4.13 All public servants should pay PRSI at the standard rate (see 3.8) The Combat Poverty Agency recognises that this matter has implications for the terms and conditions of public sector employees which must be taken into consideration. Compensatory measures may be required to protect the incomes of low-paid public sector workers.

5. Local Development

5.1 At present, a range of programmes exist to promote local development in areas where there are concentrations of poverty and disadvantage. Also the Government, in the National Development Plan, has announced specific measures to assist the regeneration of such areas. It is essential that these are now further developed and carefully co-ordinated.

5.2 The range of specific actions required to bring disadvantaged communities back into the mainstream will be multi-dimensional and may vary from area to area and between rural and urban areas.

5.3 At a local level, programmes to tackle poverty will require all the different agencies (public, private and community) working together. If this is to be achieved some form of 'Local Development Task Forces' based on a partnership between the various sectors will need to be developed.

5.4 The establishment of effective Local Development Task Forces in disadvantaged areas could best be achieved in the context of a reform of local government aimed at decentralising existing administrative structures and ensuring a much stronger basis for integrating the actions of a range of different agencies. However, pending such a reform it will be important to involve the existing local authorities in any local development partnerships or task forces that are established.

5.5 It will be important to avoid a proliferation of overlapping local development initiatives. There should be a review of such programmes (LEADER, Integrated Rural Development Projects, County

Enterprise Boards etc.) to identify where rationalisation may be required and the establishment of an overall co-ordinating mechanism.

- 5.6 In addition, local development initiatives must be co-ordinated at a national level. Given the multi-dimensional nature of such initiatives and therefore the involvement of a range of Departments and Agencies, a high level inter-departmental policy group and/or an inter-ministerial group should be set up with responsibility for co-ordinating policy on all local development initiatives.
- 5.7 The management structures for the Local Development Programme at national level should involve representatives of the Government, Social Partners and groups representing the disadvantaged.
- 5.8 The programme should include three different types of areas. First, it should include large urban areas of multiple disadvantage. There should be in the region of 20 such areas included in a Local Development Programme. Secondly it should cover smaller and more localised pockets of multiple disadvantage and unemployment that often occur in small towns or in the middle of relatively well-off areas. Thirdly, it should include disadvantaged rural areas with high levels of poverty, unemployment, underemployment and emigration.
- 5.9 Measures to address the needs of groups like lone parents, those with disabilities, the homeless and Travellers must be developed within all local development initiatives.

Community Development Infrastructure

- 5.10 The success of any programme to regenerate areas of multiple disadvantage will crucially depend on the involvement of strong local community groups in the planning and management of initiatives. In some of the most disadvantaged communities that infrastructure is very weak. A process of community capacity building - through which local people are mobilised and the local community development infrastructure fostered - is an essential element in local development. The establishment of community development initiatives which co-ordinate and support voluntary action is often an essential precursor to the development of effective partnerships.

- 5.11 The National Community Development Programme administered by the Department of Social Welfare should be progressively expanded to ensure that there are adequately resourced community development resource centres in all the most disadvantaged local communities.
- 5.12 Resources should be allocated through the Combat Poverty Agency to establish a regionalised national support structure for community development projects.
- 5.13 Resources for the Department of Social Welfare's grants for local womens groups should be expanded and there should be both core-funding for the more established women's groups as well as once off funding for particular activities.

6. Education

Principles

- 6.1 Education is a fundamental social right. The education system should strive to provide the necessary treatment to deliver equitable outcomes to those it serves.
- 6.2 The education system should provide a vision of society which is committed to the values of social equity and justice. This ethos should permeate all levels of education and all subject areas and should enable participants in the education system to learn to respect and value themselves and others.

Focus on Disadvantage

- 6.3 A new Programme should adopt alleviating disadvantage as its major goal for education policy. In insisting on this priority the Agency recognises that the relationship between education and disadvantage is extremely complex. Nevertheless it emphasises that unjustifiable differentials exist among social groups in access to, treatment by, and in the outcomes of the educational system. As a result, young people from disadvantaged social class and family backgrounds are more likely to leave school with no or low qualifications.
- 6.4 Policies in education need to be targeted at those experiencing educational disadvantage and must

aim at achieving equality of outcomes regardless of socio-economic background.

- 6.5 Intermediate structures for the management of first and second level education should be developed and should have responsibility for addressing disadvantage within their areas of responsibility.

Priorities

- 6.6 Greatest priority must be given to pre-primary, primary and adult education as these are the areas where educational disadvantage can most effectively be addressed. The problem of early school leaving at second level must also be addressed as a priority. These priorities are clearly of relevance to resource allocation decisions. In the event of additional resources becoming available they should be allocated to these areas rather than towards an expansion in third level education.

Pre-Primary and Primary

- 6.7 Pre-primary education must be formally recognised as a distinct stage of education and immediate priority given to establishing and fully resourcing pre-primary provision for disadvantaged children.
- 6.8 A target of reducing the pupil/teacher ratio in disadvantaged primary schools to 20/1 should be adopted as a priority.
- 6.9 The Home School Liaison Scheme should be significantly expanded and developed.

Early School-leaving

- 6.10 To address the problem of early school leaving, further adequately resourced pilot initiatives in disadvantaged schools should be established.

Adult Education

- 6.11 A review should be undertaken to determine the nature and scale of adult education (both formal and informal) required to offer comprehensive adult education and training opportunities to disadvantaged populations.
- 6.12 There should be a recognised accreditation system and clear progression paths from vocational training and adult education to further education.

7. European Dimension

- 7.1 While the importance of radical changes in national policies cannot be overemphasised, it is also clear that policy developments at an EC level will have a significant role to play in future developments in Ireland. It is important, therefore, that Ireland promotes strategic policies at EC level to promote greater economic and social cohesion and to combat unemployment and poverty throughout the Community.
- 7.2 The Irish economy is very susceptible to the uneven effects of the larger member states' fiscal and monetary policies. From this it follows that greater coordination in the macro-economic policies of member states is needed to avoid circumstances where fiscal and monetary decisions by one country exacerbate the difficulties of another.
- 7.3 Further integration is likely to result in further attrition of indigenous industry unless successful countervailing policies are adopted at national and Community level. According to the NESC 'instead of integration stimulating dominant indigenous firms to exploit economies of scale and thus eliminate the tail of high cost producers, larger Irish manufacturers would seem to have been part of the tail eliminated by producers in other countries' (NESC, 1989, p.160). EC regional policies should be developed to counteract centralisation and to support indigenous industrial development in the peripheral economies.
- 7.4 Recent moves to develop a Community wide framework for employment and unemployment are welcome. However the call from some quarters in the Community that such a framework should give priority to labour market de-regulation and reduced standards of social protection must be resisted.

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