



## JOBS CRISIS WHAT CAN BE DONE

The final part in our week-long examination

# Training and welfare need radical overhaul



### DAN O'BRIEN

A three-person team should put together a coherent jobs policy within three months

**T**HE TIME to put in place a coherent and integrated employment policy was during the boom years. Two decades of chronic unemployment up to the late 1990s did not result in any serious thinking about designing a joined-up jobs policy. Inertia ruled and even now, its rule continues.

Almost two years ago the Government established an interdepartmental committee called the High Level Group on Labour Market Issues. It reports to the Taoiseach. The group has communications skills similar to those of his, shares his dynamism and is just as coherent. Change is clearly needed.

Putting together a joined-up jobs policy is a big task, but blueprints are available from other small northern Europe countries. A three-person team

with a remit to report on policy in three months could do this. It would require a labour market expert, an organisational change specialist and a capable former civil servant who knows the system.

People for the first two roles respectively could include David Grubb of the OECD, who led an extremely detailed study of labour market policy in Ireland (*see note 1*) and Eddie Molloy, whose clear thinking and expertise in public sector organisation have been amply demonstrated in these pages, among other places.

Any such group should be located in Forfás which is entirely unrelated to Fás. It has the brain power to support such a team effectively. After it reported, it could change from a formulation group to an implementation group and be granted appropriate powers to drive change.

On the substance of what should be done, there are three major strands in any employment policy: helping and, where necessary, compelling those out of work to find jobs; providing appropriate and adequate training; and ensuring the welfare system incentivises work and/or up-skilling for everyone in receipt of benefits. In Ireland, these are, respectively, hugely underdeveloped, disastrously mismanaged and higgledy-piggledy in design. Take each in turn.

In countries that have thought

about keeping unemployment low, someone who loses a job is automatically assigned a case officer who, along with dispensing benefits, assesses skills and job prospects and points towards job opportunities and training. This speeds up the search process and cuts time on welfare.

Case officers use a "tough love" approach – if the person out of work is not providing evidence of job search regularly or turns down reasonable offers of work or training, benefits are cut. This is central to the Nordic "flexicurity" model and is not, to put it mildly, how the system works in Ireland.

The second major strand of a serious jobs policy is training. A report (*see note 2*) earlier this year attempted an evaluation of State training programmes. That this was the first time any effort had been made to evaluate annual expenditure of €1 billion of taxpayers' money says a very great deal in and of itself.

If the failure to attempt to understand what works and what doesn't work until so recently is cause for dismay, the report's findings, summed up in tabular format on page 255 of the report, cause depression. One example: the largest training programme in the State – the Community Employment Scheme – costs almost €400 million annually. The average cost per person completing a course under the

scheme is €127,000. Despite the enormous cost, more than half of those completing courses go straight back on to welfare. It is not clear how many find work because the report lumps those who go on to other courses with those going into employment. All of this beggars belief.

Much has been written and said about Fás. Its days are numbered. It says much about the Government's lack of urgency in dealing with the jobs crisis that in the two years since its former boss, Rody Molloy, exited with a golden parachute, no details have yet been published about its reform or redesign. That is because none appears to exist.

The third strand of an integrated employment policy is the welfare system. The failure during the boom years to overhaul the welfare system to conform with international best practice – so as to remove poverty traps – is a further example of inertia. Instead of a well-thought through system, benefits were increased on a "if-I-have-it-I'll spend it" basis. Now they will be cut on a needs must basis. Both methods are bad for everyone.

A final issue that needs consideration is the abolition of joint labour committees which regulate some sectors, such as the hospitality industry. They were inherited from the British. We appear to hold aspects of our British inheritance more dearly than the British. They abolished these bodies when they introduced a national minimum wage. With a minimum wage in place for a decade, they have long outlived their usefulness.

**Note 1: [www.oecd-ilibrary.org/social-issues-migration-health/activation-policies-in-ireland\\_227626803333](http://www.oecd-ilibrary.org/social-issues-migration-health/activation-policies-in-ireland_227626803333)**

**Note 2: [www.forfas.ie/media/100319forfas-labour-market-review-report.pdf](http://www.forfas.ie/media/100319forfas-labour-market-review-report.pdf)**

I am grateful for the assistance of Prof John O'Hagan of TCD and Prof Colm Harmon of UCD's [Geary Institute](#) in the preparation of this series, which is now concluded