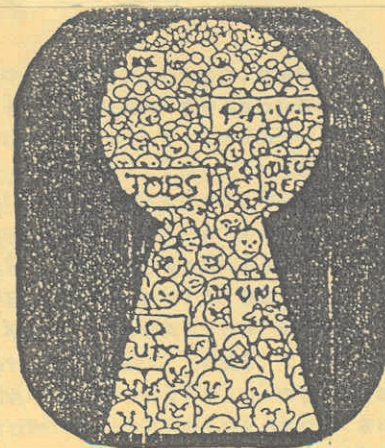


WORKING NOTES

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budget '89

The Budget forecast an increase of 13,000 jobs in the economy in the coming year. But it is not clear how realistic this jobs forecast is. The only specific item of job creation included in the budget is the 3,000 jobs expected to result from increased capital spending (on roads, sanitation etc) in 1989 mostly financed by increases from the EEC's Regional Development Fund. Most of these jobs will be in the construction industry.

The rest of the job growth forecast is expected to flow from general improvements in the economy, including the spin off effects of budget tax reliefs and welfare increases. By putting more money in peoples pockets you encourage them to spend more. But the extent of job creation as a result depends on many factors e.g. how much of the extra money is spent on imported goods. Meanwhile the budget also announced that there would be a reduction of a further 3,000 jobs in the public sector in 1989.

The latest Labour Force Survey which is the only measure of overall employment in the economy showed an increase of 6,000 jobs between April '87 and April '88. The fact that the LFS figures indicate the first increase in employment of any significance this decade is being presented by the Government as confirmation that they are on the right track in tackling unemployment. The LFS also showed that most of the recent drop in unemployment was due to emigration. This alone should be enough to confirm that much more concerted action on job creation is necessary than is evident in the Budget.

In what ways will the Budget affect the unemployed? All social welfare payments are being increased by 3% from July. In addition the Budget provides for an extra 9% for the single long-term unemployed i.e. a total increase of 12% or £5. However adult dependant allowances were only increased by 3% so the percentage increase for married couples on long term Unemployment Assistance is less. The Budget also announced the introduction of a minimum child dependent allowance of £10.

Though these changes are welcome it must be pointed out that they still fall far short of the minimally adequate income calculated by the Commission on Social Welfare, and in fact they are well short of the £50 basic payment called for by the INOU and other groups, as a first step towards implementing the Commissions recommendation.

The Budget included a number of other measures directly relevant to the unemployed. It announced that the definition of what constitutes an 'urban' or 'rural' area for the purposes of the unemployment assistance scheme would be reviewed before July. In fact the Minister has since announced that the separate rural rate will be done away with and all unemployed people will receive the higher urban rate. Also an anomaly in the National Fuel Scheme is to be removed. In future people who are otherwise entitled to fuel allowances, e.g. somebody on long-term unemployment assistance, will not be disqualified on the basis that somebody else who is also a welfare recipient, lives in the same household.

The only mention of training or tem-

porary employment schemes in the Budget concerned payments to participants. SES participants will get an increase of £5 if single and £7 if married, while participants on other schemes will get an increase in line with Social Welfare increases. However no additional money will be made available to FAS to pay for these increases. The funds necessary must come from within the FAS budget which means something else must be cut back to pay for them.

Already in the estimates the allocation to Fas for training was down 7%. Of the two temporary employment schemes, the SES allocation was down 1% while Teamwork got the same as last year. None of these figures take inflation into account so the real decline is greater. These cuts will have the overall effect of reducing training and temporary employment opportunities for unemployed people. ■