

# Republic of Opportunity or State of Insecurity?

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## Introduction

On the day of his election as An Taoiseach (June 14th 2017), Leo Varadkar T.D. spoke about creating a ‘republic of opportunity’.<sup>1</sup> Although an admirable vision for the country, the evidence suggests that Irish society has a long way to go to make such noble ambitions a reality, particularly for unemployed young people and those struggling to find decent employment. Nearly a decade on from the economic crisis of 2008, Ireland is a different country; the scars of the economic recession are felt through unemployment, debt, cuts in income supports and the withdrawal of social services. As noted by both the National Economic and Social Council (NESC)<sup>2</sup> and OECD<sup>3</sup> young adults were particularly hard hit by factors such as reduced employment opportunities and insufficient quality education and training opportunities. Ten years on, some analysts argue that Ireland has recovered from the ‘lost decade’ and with this, there may be a perception that the situation for young people in Ireland has improved.<sup>4</sup> However, many young people in Ireland still feel marginalised by the economic crisis,<sup>5</sup> and increasingly, young people are at the frontline of a radical change in the nature of the labour market, such that in many sectors, the old model of permanent contracts and fixed hours has been replaced by precarious employment.<sup>6</sup>

## The Extent of Youth Unemployment

While acknowledging that prospects for some young people may have improved in recent years,<sup>7</sup> the reality however, is that too many are still unemployed and struggling to survive on reduced levels of unemployment support.<sup>8</sup> Unemployment, while young, especially over long periods, can leave permanent effects in the form of increased probability of unemployment later in life and reduced future earnings.

In some respects, the data on youth unemployment can mask the extent of the on-going problem. In July 2017 for example, the actual number of young people signing on the live register was 32,237.<sup>9</sup> This is not an insignificant number. Of particular concern, are the substantial numbers of young people in long-term unemployment; figures for

September 2017 from the Department of Social Protection indicate that 10,624 young people under 26 years are on Jobseeker’s Allowance or Benefit for 12 months or more.<sup>10</sup> The aforementioned data does not capture the significant number of young people on other payments such as Disability Allowance or the One Parent Family Payment.<sup>11</sup> There are also young persons who do not qualify, or have not applied for a social protection payment, that are absent from the dataset. These three categories of young people are generally excluded from consideration and inclusion in policy discussions and decisions relating to youth employment. This invariably means that the education, training and employment support needs of all young people are not met – an absence that was evident when the Irish implementation plan for the EU Youth Guarantee was published in 2014, which focused primarily on young people on the live register.<sup>12</sup>

The data available on the number of young people ‘not in education, employment and training’ (NEET) also challenges any suggestion that youth unemployment and underemployment are not serious problems. Figures show that the percentage of young persons aged 15-29 years in the NEET category in Ireland doubled from 11 per cent in 2006 to 22 per cent in 2011.<sup>13</sup> While the situation has improved, the percentage of NEETs in 2015 stood at 17.1 per cent above the OECD average and well above the 2006 Irish figures. Those with low education levels fare particularly badly in Ireland, with 65 per cent of young people who left school before completing upper secondary school in the NEET category, compared to just 13 per cent of third level graduates.<sup>14</sup> This represents one of the largest gaps across OECD countries.

## Welfare Rates among Young Adults

One of the more controversial policy decisions by successive Governments has been the large cuts in the rate of the Jobseeker’s Allowance (JA) payments for young people.<sup>15</sup> The official rationale for these cuts was that some young people were unwilling to take up education, training or employment opportunities and financial cuts were required to incentivise them.<sup>16</sup>

A later argument used to justify the cut was that the higher rate created a poverty trap. This was without basis, and was even more bizarre because when the cuts were first introduced there were very few job opportunities available for young people.<sup>17</sup> Furthermore, the Government's claims that this decision was required to incentivise young people to take up education and training opportunities was undermined by the failure to provide adequate places.<sup>18</sup> In reality, the savage cuts in unemployment supports were implemented to meet the savings required by the EU and IMF programme of financial support.<sup>19</sup> These were imposed on young people in the belief that there would be limited public outcry and political backlash. While there is no evidence that the policy incentivised young people into work or education and training, the negative consequences of the policy on young people is becoming more evident.

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For example, the impact of these reduced payments is confirmed by data on the rate of consistent poverty among young people.<sup>20</sup> In 2015, the consistent poverty rate for young people (aged 15-24) was 15.6 per cent – the highest of all age cohorts (almost double the overall rate of 8.7 per cent).<sup>21</sup> Furthermore, evidence shows that four out of ten young people on JA are struggling to make ends meet.<sup>22</sup> This is not surprising – the cost of a single adult living as part of a household was €184 in 2014 (this data does not take into account the financial burden on young people who are not living with parents or family).<sup>23</sup> Despite calls for the cuts to be reversed, there has been no change or reversal in Government policy,<sup>24</sup> and there is now compelling anecdotal evidence to show that financial cuts are contributing to youth homelessness.<sup>25</sup>

### **Youth Guarantee: An Initiative to Support Young Jobseekers**

The concept of a Youth Guarantee is not new;<sup>26</sup> it has been in operation in countries such as Sweden and Austria since the 1980s. At national and EU level, support for the implementation of a Youth Guarantee gathered pace as the youth unemployment crisis deepened. Official

authorisation of a European Youth Guarantee progressed swiftly, supported by the promise of EU funds for countries and regions with a youth unemployment rate of 25 per cent or higher, which included Ireland. The Irish Government deserve credit for advancing the European Council Recommendation on the Youth Guarantee which was agreed during the Irish EU Presidency in 2013.<sup>27</sup>

Following agreement at EU level, member states were required to develop national plans to implement the Youth Guarantee Initiative. The Irish Implementation Plan published in January 2014,<sup>28</sup> while overall satisfactory,<sup>29</sup> a number of concerns were raised by civil society organisations including the National Youth Council of Ireland (NYCI), particularly in relation to clarity around funding and capacity.<sup>30</sup>

Since the publication of the Plan, it appears that the initial political commitment to introduce and deliver this programme in Ireland has dissipated. This may be explained by a lack of willingness to follow through on the significant changes required, including the ways in which young people are engaged with and supported, in how the Department of Social Protection interacts with other stakeholders, and in how information and data are sourced and evaluated.

A key element of the Youth Guarantee initiative was increased provision to meet the commitment of an offer to young people who were unemployed for four months or more. NYCI had concerns about the actual number of new places set out in the implementation plan. For 2014, the plan anticipated the delivery of 28,350 places, which would have been a significant increase on the number provided before the Youth Guarantee. An analysis undertaken by NYCI in 2015 estimated that the level of provision fell below that promised.<sup>31</sup> This has been echoed by institutions such as the European Court of Auditors, which found that in Ireland and six other member states implementation of the Youth Guarantee three years on had fallen short of the initial expectations raised in 2013.<sup>32</sup> The failure to implement the Youth Guarantee as promised is a missed opportunity. If the Government had proceeded as planned, not only would the levels of youth unemployment now be lower, but we would be embedding a proven system which would act as a buffer against future sharp increases in youth unemployment arising from economic shocks and recession.

## The Impact of Low Pay and Precarious Employment

Alongside the unemployment crisis of the last decade, major changes have been occurring in the labour market, with significant growth in precarious employment. This trend impacts in particular on young people, women and migrants. Many young workers are having the traditional entry into well-paid and secure employment elongated and frustrated by low pay, temporary employment, and so-called ‘if and when contracts’ – contracts of employment without guaranteed hours, with the number of hours varying from week to week.<sup>33</sup>

The rate of the minimum wage is important for young people; given the fact that almost four in ten (39.1 per cent) young people (aged 18-29 years) in the labour force were being paid rates on, or below, the minimum wage.<sup>34</sup> The Central Statistic Office recently reported that approximately 10,100 people were on a rate lower than the minimum wage in the period from Quarter 2 to Quarter 4, 2016.<sup>35</sup> This is not an insignificant number and despite calls for the sub minimum rates to be abolished, the Government has failed to do so.

Temporary employment has always been a feature of the labour market, it is becoming more prevalent amongst younger workers. While the extent of temporary employment remained relatively static for workers over 30 years of age between 2004 and 2015, the percentage of those at work under 30 years on a temporary contract in the same period increased from 14.8 per cent in 2004 to 20.8 per cent in 2015, with almost two thirds of young workers unable to get a permanent contract.

## Conclusion

Too many young people are struggling to find work, and those that do, struggle to find work that gives them a decent salary and quality of life. Government must provide an adequate income and invest in services that support unemployed young people into work, while tackling low pay, temporary employment, and ‘if and when contracts’. But our present need is for actions, not words, to lift this generation out of a state of insecurity and give real meaning to the promise of ‘a republic of opportunity’.<sup>36</sup>

## Notes

1. The full text of this speech is available at: <https://www.fine Gael.ie/speech-taoiseach-leo-varadkar-td/>

2. National Economic and Social Council (2013) *The Social Dimensions of the Crisis*, Dublin: NESCC, Report 134. (Available at: [http://files.nesc.ie/nesc\\_reports/en/NESCC\\_134\\_The\\_Social\\_Dimensions\\_of\\_the\\_Crisis\\_Main\\_%20Report.pdf](http://files.nesc.ie/nesc_reports/en/NESCC_134_The_Social_Dimensions_of_the_Crisis_Main_%20Report.pdf))
3. OECD (2013) *Economic Survey of Ireland*, Paris: OECD. (Available at: [http://www.oecd.org/eco/surveys/2013%20Economic%20Survey%20IRELAND\\_Overview\\_Eng\\_FINAL%2030%20Aug.pdf](http://www.oecd.org/eco/surveys/2013%20Economic%20Survey%20IRELAND_Overview_Eng_FINAL%2030%20Aug.pdf))
4. Report on ‘Ireland has emerged from the ‘lost decade’. Forecast report from Goodbody Stockbrokers (8 August 2017). (Available at: <https://www.rte.ie/news/2017/0808/895865-economy>)
5. In 2016, a Eurobarometer poll found that 68 per cent of young people in Ireland still felt they had been marginalised by the economic crisis. (Source: European Parliamentary (2016) Research Service, *European Youth in 2016, Special Eurobarometer for the European Parliament*, European Union). (Available at: [http://www.europarl.europa.eu/pdf/eurobarometre/2016/eye2016/eb85\\_1\\_eye\\_2016\\_analytical\\_overview\\_en.pdf](http://www.europarl.europa.eu/pdf/eurobarometre/2016/eye2016/eb85_1_eye_2016_analytical_overview_en.pdf))
6. For more on the implications of precarious work conditions on equality and social justice, see: Wickham, J., ‘Decent Work: Implications for Equality and Social Justice’, *Working Notes*, Issue 79, December 2016. (Available at: [www.workingnotes.ie/component/zoo/item/decent-work-implications-for-equality-and-social-justice](http://www.workingnotes.ie/component/zoo/item/decent-work-implications-for-equality-and-social-justice))
7. It is important to note that there has been some progress with regard to the provision of more and better options for young people. For example, excellent work has been done by Government and relevant stakeholders to expand the range of apprenticeships beyond their traditional territory in the construction sector. This allows young people to earn an income while they learn. Another initiative such as JobsPlus Youth, which provides subsidies to employers, has supported almost 13,000 young jobseekers into employment since 2013. The recent decision of Government to widen access for young jobseekers aged 21–24 years to the Community Employment scheme is also a welcome move.
8. This is from a high of 31.6 per cent (February 2012) to 12.3 per cent (July 2017): Central Statistics Office, *Monthly Unemployment Report, July 2017*, Dublin: Central Statistics Office. (Available at: <http://www.cso.ie/en/releasesandpublications/er/mue/monthlyunemploymentjuly2017>)
9. Central Statistics Office (2017) *Live Register, July 2017*, Cork: Central Statistics Office. (Available at: <http://www.cso.ie/en/releasesandpublications/er/lr/liveregisterjuly2017/>)
10. Dáil Éireann, Parliamentary Question 202 (18 October 2017). (Available at: <https://www.kildarestreet.com/wrans/?id=2017-10-18a.462>)
11. At the end of June 2017, there were 17,825 and 9,292 respectively in receipt of these payments. See: Dáil Éireann, Parliamentary Question 447 and 448 (12 July 2017).
12. Department of Social Protection, *The implementation of the EU Council Recommendation for a Youth Guarantee*, 2013. (Available at: <https://www.welfare.ie/en/downloads/Youth-Guarantee-Implementation-Plan.pdf>)
13. OECD, (2016) *Society at a Glance*, Paris: OECD. (Available at: <https://www.oecd.org/ireland/sag2016-ireland.pdf>)
14. *Ibid.*
15. Initially this policy, introduced in 2009, was applied solely to young persons aged 18 and 19 years, but over time the policy has been extended and applies to all those under 26 years. At present young people aged 18–24 and aged 25 on JA receive €102.70 and €147.80 respectively per week. There are a limited number of exceptions, such as when the young person has child dependants or where they were previously in care. The most recent data indicates that 19,240 (71 per cent) of the 26,808 young people in receipt of Jobseeker’s Allowance in April 2017 were on €102.70 a week, 2,863 (11per cent) were on €147.80 with 4,705 (18 per cent) on the full rate of €193 per week. Source: Dáil Éireann, Parliamentary Question 185 (31 May 2017). (Available at: <https://www.kildarestreet.com/wrans/?id=2017-05-31a.409>)

16. Michael Brennan, 'Gilmore: young people should not be permanently in front of flatscreen TVs', *Irish Independent*, 17 October 2013.
17. Even a young person on a 35-hour week on the minimum wage would earn a wage in the region of €320 and be €127 a week better off in work when compared to the full adult rate of JA (Source: Department of Social Protection. *Benefit of Work Ready Reckoner*. Available at: <https://www.welfare.ie/en/Pages/Benefit-of-Work-Ready-Reckoner-Introduction.aspx>)
18. The National Youth Council of Ireland estimated that the cuts introduced in 2013 would impact on at least 20,853 young jobseekers in 2014 based on those already on the live register, not taking into account any new claimants. (Source: Dáil Éireann, Parliamentary Question 321 (24 September 2013). Available at: <https://www.kildarestreet.com/wrans/?id=2013-09-24a.736>).
19. From an analysis of the 2014 budgetary measures, NYCI estimated that there were only an additional 3,250 places on various programmes. In fact, since the onset of the crisis in 2007, successive governments failed to provide sufficient places.
20. Department of Social Protection, *Social Inclusion Monitor*, 2015. (Available at: <https://www.welfare.ie/en/downloads/SocialInclusionMonitor2015.pdf>)
21. The percentage of young people in this cohort in consistent poverty has increased by 73 per cent between 2010 and 2015, compared to the overall increase of 40 per cent over the same period.
22. National Youth Council of Ireland, (2014) *NYCI Briefing Paper 2: Jobseeker's Allowance* (Available at: [http://www.youth.ie/sites/youth.ie/files/NYCI%20Briefing%20Paper\\_RedC\\_Jobseekers%27%20Allowance\\_Final.pdf](http://www.youth.ie/sites/youth.ie/files/NYCI%20Briefing%20Paper_RedC_Jobseekers%27%20Allowance_Final.pdf))
23. Vincentian Partnership *Budget 2014: Minimum Essential Budget Standards Impact Briefing*, 2013 (Available at: <https://docs.google.com/file/d/0B-cR3V9wzdLJSnpCVVRSSTVBexC/edit?usp=sharing&pli=1>)
24. In response to calls from NYCI, the Government did increase the weekly payment to young people engaged in education and training from €160 to €193 per week in 2017. (See: National Youth Council of Ireland (2016), *Post Budget Analysis 2017*, Dublin: NYCI, 2016. Available at: <http://www.youth.ie/sites/youth.ie/files/NYCI-Post-Budget-2017-Analysis.pdf>)
25. See: RTÉ News, *Warning of 'deepening' youth homelessness crisis*, 17 April 2017. (Available at: <https://www.rte.ie/news/ireland/2017/0417/868215-housing-homeless/>)
26. The Youth Guarantee is a commitment that young jobseekers unemployed for four months or more would be guaranteed the offer of good quality education, training, work experience or employment opportunity.
27. EU Council Recommendation (22 April 2013) on establishing a Youth Guarantee. (Available at: [http://eur-lex.europa.eu/legal-content/EN/ALL/?uri=CELEX:32013H0426\(01\)](http://eur-lex.europa.eu/legal-content/EN/ALL/?uri=CELEX:32013H0426(01)))
28. The implementation of the EU Council Recommendation for a Youth Guarantee-Ireland, January 2014. (Available at: <https://www.welfare.ie/en/downloads/Youth-Guarantee-Implementation-Plan.pdf>)
29. The focus on young people furthest from the labour market, such as those with limited qualifications was particularly welcome. The plan also proposed that each young jobseeker would be assisted to develop a personal progression plan, which would map their route into employment.
30. NYCI (2014) *Youth Guarantee Plan broadly welcomed by Youth Council*, 28 January 2014. (Available at: [http://www.youth.ie/youth\\_guarantee\\_plan](http://www.youth.ie/youth_guarantee_plan))
31. NYCI (2016) *European Court of Auditors told of concerns on implementation of Youth Guarantee in Ireland*, 11 February 2016. (Available at: <http://www.youth.ie/nyci/European-Court-Auditors-told-concerns-implementation-Youth-Guarantee-Ireland>)
32. European Court of Auditors, (2017) *Youth unemployment – have EU policies made a difference? An assessment of the Youth Guarantee and the Youth Employment Initiative, Special Report*, European Court of Auditors. (Available at: [http://www.eca.europa.eu/Lists/ECADocuments/SR17\\_5/SR\\_YOUTH\\_GUARANTEE\\_EN.pdf](http://www.eca.europa.eu/Lists/ECADocuments/SR17_5/SR_YOUTH_GUARANTEE_EN.pdf))
33. The issue of precarious work conditions was covered by James Wickham in a previous issue of Working Notes (Issue 79). The article *Decent Work: Implications for Equality and Social Justice* can be accessed at: <http://www.workingnotes.ie/component/zoo/item/decent-work-implications-for-equality-and-social-justice>. More research needs to be undertaken to quantify the number of young workers on 'if and when contracts'. There is ample evidence from the UK that such contracts not only impact on the incomes, personal and family life of employees, but also have negative consequences for the health and wellbeing of workers. (See: University College London, *Being on a zero-hours contract is bad for your health*, 5 July 2017. Available at: <http://www.ucl.ac.uk/news/news-articles/0717/050717-Zero-hours-health>)
34. See: Collins, M.L., (2015) *A Profile of Those on the Minimum Wage* NERI Working Paper, 2015/ No. 27. Dublin: The Nevin Economic Research Institute. The recent increases in the minimum wage are welcome, but the current rate is still well below the recommended Living Wage of €11.70. There are also young workers who receive the 'sub minimum' hourly rate (between 70 per cent and 90 per cent of the full rate) approved for new entrants or trainees.
35. Central Statistics Office (2017) *Quarterly National Household Survey, National Minimum Wage Estimates*, Cork: Central Statistics Office. (Available at: <http://www.cso.ie/en/releasesandpublications/er/q-nmw/qnhs-nationalminimumwageseriesq42016/>)
36. In addition, NERI note that almost one in ten young workers (9.2 per cent) aged 15–24 years were underemployed in 2016, which is well above the EU average of 5.9 per cent. (Source: Nugent, C. (2017) *The growth of precarious work in the Republic of Ireland*, Dublin: Nevin Economic Research Institute. Available at: <https://www.nerinstitute.net/blog/2017/05/18/the-growth-of-precarious-work-in-the-republic-of-i/>)

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