Chapter 4

Working-aged people and welfare policy

Mary Murphy

... an Ireland where all people of working age have sufficient income and opportunity to participate as fully as possible in economic and social life ... (Ireland, 2007, p. 40)

Introduction

The maxim ‘a job is the best route out of poverty’ and the language of ‘working-aged’ are now firmly rooted in anti-poverty and social inclusion discourse. Elsewhere, however, this concept of ‘working-aged’ has been ideologically contested. To suggest that someone of working age can work may also be interpreted as suggesting they should work. As Levitas observes, the language of working age constructs social exclusion as ‘non-participation in the labour market’ (2001, p. 451). She concludes there are anti-poverty implications when a priority focus on labour market attachment exists without parallel strategies to enhance welfare generosity for those who remain without employment or to examine wider ethnic and gender structural inequalities in that labour market and implications for care and other
unpaid work. A policy that aspires to all working-aged social welfare claimants having an attachment to the labour market has therefore very important anti-poverty, rights and gender implications. These will be discussed throughout this chapter.

The chapter is divided into two parts. The first examines how the concept and definition of ‘working-aged’ has evolved and then explores recent key changes, continuities and challenges for particular subgroups of the 18 to 66 (or working) age group: the traditional ‘unemployed’, people with disabilities and different groups of women including lone parents, qualified adults (wives and partners of social welfare claimants) and carers. This part concludes by defining the working-aged population and examining the changing composition of the working-aged at risk of poverty. The second part of the chapter examines the policy responses to joblessness. The focus is on five distinct but overlapping policy areas: welfare adequacy, making work pay, improving the quality of employment, enhancing family-friendly employment and activation strategies. The chapter concludes by considering the institutional reforms necessary to achieve the National Action Plan for Social Inclusion 2007–2016 (Ireland, 2007) targets and whether such targets offer hope to people of working age.

**What is working-aged and who is working-aged?**

The definition of who is considered to be within the scope of ‘working-aged’ has changed over time. Seventy was considered the upper limit of the legal working age for many years, but this was reduced to 66 years in 1973. It is likely in future years that, on equality grounds, this older age barrier to work will be removed. The 12 years of age considered the
minimum legal working age in 1926 had risen to 16 years by 2006, however Irish policy focuses on 18 years as the lower age for inclusion in working-aged policy and this chapter defines working-aged as between 18 and 65 years. Just as the age definition has changed over time so too has the scope of who is considered to be part of the working-aged population. Recently both women and people with disabilities have been more fully embraced within the concept of working age.

The size of the working-aged population also changes with the size of the total population. It had risen from 1,300,000 in 1926 to 2,600,000 people in 2006. This group comprises over 2,100,000 in employment and a further 601,979 adults of working age claiming social welfare payments (Ireland, 2007). People of working age who are recipients of social welfare payments are at risk of poverty and have been the primary focus of various national employment action plans and anti-poverty strategies. The 2002 NAPinclusion (Ireland, 2002) introduced a range of indicators about economic activity in the adult working-aged group. This reflected progression to a broader working-aged strategy and was consistent with the EU open method of coordination of social inclusion and employment policy. The different experiences of key subgroups of working-aged social welfare claimants – unemployed, people with disabilities, lone parents, qualified adults and carers – are now reviewed in turn. This part ends by reviewing the shift in composition of the working-aged at risk of poverty.

**The unemployed**

As in every country, the definition and measurement formulae for calculating who is without work in Ireland is a socially
constructed political choice. The choice of how to define and measure unemployment has been contested throughout the last twenty years. ‘Unemployment’ in the mid-1980s applied only to those available for and seeking full-time work and appearing on the ‘live register’, an administrative record of those receiving some form of unemployment compensation. This precluded, by definition, many women seeking only part-time work who could not provide childcare cover for their children. It also left invisible those ineligible for an insurance or means-tested unemployment payment or credit and unable to ‘register’ as unemployed. Failure to access the live register had consequences: these people could not access labour market programmes to help them find work, education or training. Over time the use of the live register to measure unemployment was debated.

A Labour Force Survey measurement based on the International Labour Organization’s (ILO) definition of unemployment – recently actively seeking work of at least one hour per week – is now generally accepted as a more accurate definition of who is immediately available for work. However this definition excludes those who have not recently actively sought employment and so underestimates the numbers of ‘inactive’ unemployed. The principal economic status (PES) definition, based on a self-assessment definition of unemployment, includes those presently inactive but who, given encouragement and supports, could work.

The INOU (2007) argues that the 4.5 per cent unemployment rate in 2007 (based on the ILO definition of unemployment but updated by live register trends) is not a true reflection of unemployment. It argues a PES definition (approximately 10 per cent in 2005) would be more accurate. A recent OECD
development which measures ‘latent’ labour force supply (or labour force reserve) was applied by the NESF (2006) to estimate that approximately 75,000 Irish people are not included in the formal definition of unemployment. From a gender equality perspective all these definitions are problematic in that they define employment and job-search activity according to male norms and render women’s unemployment patterns less visible.¹

From the perspective of unemployment, the differences between 1987, 1997 and 2007 Ireland are striking. Like many EU countries in 1987, Ireland was a bleak place. In the early to mid-1980s, global industrial restructuring meant significant job losses in key urban, low-skilled employment. By 1985, 230,000 were on the live register. The scale of unemployment and social misery cannot be understood without taking into account the very high annual levels of emigration which peaked at around 50,000 in 1986. Despite such high levels of emigration, live register unemployment peaked at 300,000 in January 1993 before declining to its lowest point of 135,000 in May 2001 (it had risen to 155,000 by January 2007).

Those households who find themselves unemployed have always experienced a high incidence of both relative income and consistent poverty. Relative income poverty rates have decreased from 51.4 per cent in 1994 to settle stubbornly at around 40.6 per cent in 2004 (CSO, 2005). The very real hardship associated with unemployment is demonstrated by

¹ Only those seeking full-time work and entitled to compensation for unemployment can be on the live register. Only those actively seeking work can be counted in the ILO definition and, because the PES allows only one definition of a personal identity, those with the primary identity of homemaker, even if seeking work, do not label themselves as unemployed.
the numbers who suffered consistent poverty: 19.2 per cent in 2004 when the rate for the population as a whole was 6.8 per cent (CSO, 2005). The risk of poverty translated into real and significant psychological distress with the unemployed suffering seven times higher mental distress than those employed even when those employed where in low-paid, temporary job contracts (Whelan, 1994). For women, the impact of poverty was even greater with the pressure of managing money and debt problems leaving them with higher levels of stress and ill health.

While the agricultural restructuring of previous decades impacted most heavily on rural communities, global economic restructuring has impacted on all Irish society but was felt most keenly by working-class families in small towns and in the inner-city and working-class suburban areas of cities. Given the scale of unemployment in the late 1980s and early 1990s, government responses were largely limited to containing the immediate ills of unemployment and poverty and the focus was on maintaining the real value of welfare payments. 1988 saw the first community-based social employment schemes and in 1992 the government established the first twelve local ‘area-based partnerships’ of community and statutory service-providers, which focused on integrated service delivery in areas hardest hit by unemployment. The impact of long-term unemployment, experienced by over 40 per cent of live register claimants, was examined by the NESF (1994). This report recognised the barriers and obstacles to employment and led to the

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2 Later replaced by the community employment development programme, which was in turn replaced by the community development scheme.
establishment of the Local Employment Services Network (LESN) targeted at those finding most difficulty accessing employment.

Government macro responses to unemployment, largely channelled through social partnership, led to economic growth but it was a type of jobless growth. The trend turned in the mid-1990s and significant job creation led to record job growth in the late 1990s. The challenge became addressing labour market structural blockages and removing the obstacles to unemployed people taking up these jobs. In 1996, emigration trends turned and, for the first time since the 1970s, Ireland experienced net immigration. Innovative back to work allowances and tax reforms aimed at the lower paid improved the return from paid employment and LESN supported people who had previously lost all hope of ever getting paid work again to get back into employment.

In this optimistic environment the first National Anti-Poverty Strategy (NAPS) placed employment as the central route out of poverty and established relatively ambitious targets to reduce both unemployment and long-term unemployment (Ireland, 1997). Steady erosion of unemployment led to a revision of such targets in 2002 to decrease unemployment among vulnerable groups to the national average, to eliminate long-term unemployment by 2007 and to achieve a 70 per cent economic participation rate (and 60 per cent for women) by 2007 (Ireland, 2002). These targets were not changed in the NAPinclusion (Ireland, 2007) even though the economic participation targets are largely accomplished. The target to eliminate long-term unemployment has not yet been achieved, the 1.3 per cent long-term unemployment rate represents almost 30,000 people or one-quarter of all unemployed. Access to employment or economic inclusion
remains very uneven; Travellers for example have employment rates of only 17 per cent and over 40 per cent unemployment (Ireland, 2007).

**People with disabilities**
Disability not only impacts on the likelihood of finding work but also on the likelihood of finding decently paid work (Gannon and Nolan, 2004). People with disabilities have a 37 per cent employment rate and over 190,000 working-aged people with disabilities are without paid employment (Ireland, 2007). In 1986, the figure of 80,000 claiming disability benefit was considered above the norm for this type of payment and a concerted effort to tighten controls and access to the payment had reduced numbers to 42,000 by 1994 (albeit numbers claiming the longer term invalidity pension rose by 14,000 over the same period). A health board administered disabled persons maintenance allowance was reformed in 1996 to disability allowance administered by the Department of Social and Family Affairs, and numbers claiming this have grown from 34,500 in 1994 to 62,800 in 2002 to over 79,000 in 2005. While growth in the labour force and general population will lead to increased numbers claiming disability payments, both FÁS (2004) and the NESC (2005) comment that the value of decreasing unemployment has been offset by increases in numbers claiming disability and lone-parent payments and that the average length of these claims is a cause for concern.

People with disabilities experience a significantly high risk of poverty. They also experience a significantly higher risk of consistent poverty: in 2004 terms 21.7 per cent experienced deprivation compared to 6.8 per cent of the total population (CSO, 2005). Men with disabilities experience a 52.9 per cent
risk of poverty while women with disabilities experience a 38 per cent risk of poverty (CSO, 2005). While Towards 2016 (Ireland, 2006) commits to including people with disabilities in the national employment action plan, the NAPinclusion (Ireland, 2007) has a more limited ambition and adopts a short-term target of only 7,000 people with disabilities accessing employment by 2010. In the longer term it aims to increase the employment participation rate of people with disabilities by 8 per cent to 45 per cent by 2016. This clearly leaves the majority of working-aged people with disabilities vulnerable to poverty.

**Lone parents**

Until recently, Irish policy, located in a strong breadwinner welfare regime, firmly supported lone parents as mothers not workers. Irish policy, by providing a specific payment to enable full-time caregiving (like Norway, New Zealand and Australia), strongly recognised the social right to give and receive care (Slevik, 2005). The 1994 lone-parent allowance shifted this policy by introducing disregards for income, travel and childcare to facilitate employment and participation in active labour market programmes. 1997 reforms renamed the allowance ‘one-parent family payment’ (OPFP), introduced more work incentives but maintained the choice to parent full time. Since then policy and discourse have shifted towards a stronger employment focus and in 2006 formal proposals were made to introduce a work obligation for lone parents (DSFA, 2006b). Towards 2016 commits to including lone parents, like people with disabilities, in the remit of the national employment action plan.

While Irish lone parents have less economic participation than women in general (47 per cent compared to 60 per cent),
when compared to married women with children their participation rates are more or less equal (Rahaleen, 2006). However, despite this level of work participation, 80 per cent of Irish households headed by lone parents are in receipt of some form of social welfare payment and lone parents in receipt of OPFP are at the most extreme risk of poverty in the state. In 2004, compared to a national average of 6.8 per cent, 31.1 per cent of lone parents experienced consistent poverty and over 40 per cent were likely to experience debt (CSO, 2005). Children and adults in lone-parent households experienced a 48.3 per cent risk of relative poverty compared to a national average of 19.4 per cent. Female lone parents experienced a slightly higher risk of poverty than male lone parents.

As with disability payments, negative comment has been made about the growth in the numbers of lone parents claiming social welfare and in the average duration of such claims. Recently numbers have stabilised, with only a 0.3 per cent rise of 263 lone parents from 2004 to 2005, however the total number of lone parents now exceeds numbers on unemployment or disability allowances.

**Qualified adults (wives and partners)**

There were 119,223 qualified adults in the Irish social welfare system in 2005 (DSFA, 2006a). There is no age breakdown of this group available but 62,447 live with an old age social welfare recipient and are likely to be of pension age or at the older end of the working age range. Nonetheless, given that over 124,801 children in such households are fully dependent and 83,348 children are partially dependent on social welfare, households with qualified adults should be a key target for a social inclusion
strategy. Arrowsmith (2004) argues that investment will meet the direct social and employment needs these women have in their own right but their activation may also trigger the spouses’ or partners’ activation.

Qualified adults appear to have a lower employment participation rate than lone parents. They are involved in peripheral labour market activity (cleaning, care and hospitality sectors) and limit employment to remain within qualified adult means test thresholds (Murphy, 2003). The labour market needs of qualified adults and other women married or cohabiting with social welfare claimants or low-paid male workers were examined by a social partnership working group (DSFA, 2000). However, despite some technical income disregard changes in 1996 and facilitation of a ‘swap’ in entitlement to labour market programmes between spouses, there was little structural change to facilitate such women to access employment (Murphy, 2003). Qualified adults are included in the broad vision of reforms proposed in the 2006 DSFA Proposals to Support Lone Parents and budget 2007 reformed qualified adults’ income disregards to make them consistent with jobseekers allowances’ disregards. However qualified adults are not afforded the same visibility or priority in working-aged discourse as lone parents (Murphy, 2007). There is more societal and political ambiguity about obliging married working-aged mothers to access paid employment. A second group with little visibility are spouses of low-paid workers who tend to return to only low-paid, part-time employment (Russell et al., 2002) and who need access to appropriate quality labour market supports if they are to progress to decent employment.
Carers

The needs of low-income couples can be very complicated. While they share characteristics such as class, education, ethnic group and age, they also appear to share co-dependent health, disability and addiction issues. Health barriers of one partner affect the other partner. Many of the 25,000 Irish qualified adults living with an illness/disability-related recipient are likely to have significant unpaid care obligations. Given the complicated and inconsistent relationship between spouses’ social welfare income disregards and taxes, the financial implications of employment are complex and harder to negotiate. With or without such barriers, care of children or adult relatives and associated domestic barriers are the primary obstacles to work for many working-aged women.

Policy must realistically take into account what needs to be done to enable access to employment but also to make employment more accommodating of the reality of caring obligations. Up to 1990, income support for care of relatives was addressed by a very limited prescribed relative’s allowance. This was replaced in 1990 by a carer’s allowance, which was then gradually improved in scale and scope over the 1990s and early 2000s so that by 2005 almost 25,000 claimed carer’s allowance and 870 claimed carer’s benefit. Budget 2007 changes allow social welfare claimants who are caring full time for a relative to claim a half-rate carer’s allowance in addition to their own social welfare. This is likely to be attractive to many low-income working-aged women and could distract from the longer term, paid-employment route out of poverty. Policy, recognising the long-term poverty trap associated with caring, now also allows carers to maintain attachment to the labour market by working ten hours per week in paid employment. While in some ways all such
changes are laudable, it has to be asked whether women (by far the primary recipients of carer’s allowance) are being pushed towards a triple burden of childcare, adult care and paid employment and how this is related to the mental and physical health of these women.

**Shift in composition of working-aged at risk of poverty**

One of the more remarkable trends in Ireland over the period from 1986 to 2006 was the shift in the composition of types of households at risk of poverty. Over time, as unemployment decreased, the likelihood of unemployment being a risk factor for households experiencing poverty diminished. In 1994, 41 per cent of families experiencing poverty were unemployed; by 2000, the corresponding figure was 9.8 per cent. The reduction of unemployment as a risk factor for poverty between 1994 and 2004 occurred in parallel to increases in the risk of poverty for other groups of the working-aged – people with disabilities, lone parents, carers and asylum seekers without permission to work (CSO, 2005). Lone parents comprise only 4 per cent of the total population but 15 per cent of the consistently poor population. Other working-aged groups also suffer significant risk of poverty, for example 13.1 per cent of migrants and 21.6 per cent of the traditional unemployed, compared to an average risk of 6.5 per cent (Ireland, 2007). Over the decade 1995 to 2005, numbers claiming disability and one-parent family payments increased as unemployment payments decreased. This meant that the overall numbers of working-aged welfare claims remained relatively static, even though the

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3 Retired people’s risk of poverty increased from 30 per cent in 1994 to over 56 per cent in 2000 before falling back to 47.3 per cent in 2004. The lack of economic opportunity and participation when working age leads directly to poverty in retirement is discussed further in Chapter 5.
composition of those claiming welfare shifted. While the level of working-aged claiming benefits seems high, it is roughly comparable to other countries such as the UK (Cousins, 2005) and Sweden (NESC, 2005).

Table 4.1: Composition of Irish working-aged, 1985 and 2000

<table>
<thead>
<tr>
<th></th>
<th>1985</th>
<th>2000</th>
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<tbody>
<tr>
<td>Working-aged on welfare</td>
<td>555,000</td>
<td>500,000</td>
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<tr>
<td>as a % of population</td>
<td>26</td>
<td>20</td>
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<td>of which</td>
<td></td>
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<tr>
<td>Unemployed (%)</td>
<td>55</td>
<td>30</td>
</tr>
<tr>
<td>Disabled (%)</td>
<td>6</td>
<td>20</td>
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<tr>
<td>Lone parents (%)</td>
<td>5</td>
<td>18</td>
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<tr>
<td>Other (%)</td>
<td>34</td>
<td>32</td>
</tr>
</tbody>
</table>

Source: NESC, 2005

Policies to promote access to employment for working-aged claimants

The shift in the composition of the working-aged poor caused both international and national commentators to switch attention from the problem of ‘unemployment’ to the problem of ‘joblessness’ in the larger working-aged population. *The Developmental Welfare State* (NESC, 2005), the most recent construction of Irish social policy, moved the debate away from unemployment towards the concepts of working-aged and joblessness. The challenge for social inclusion policy is no longer to end unemployment but to achieve economic inclusion. The decision to rename unemployment payments ‘job seeker’ payments symbolically reflects this new policy consensus. But more substantial policy changes are required to realise the ambition of economic and social inclusion for all. The remainder of this chapter reflects on each of the following working-aged policy challenges.
• **Defining the target group** – Who are the target group for working-aged policies under the social inclusion strategy (Ireland, 2007)?

• **Welfare adequacy** – What needs to be done to ensure that those who cannot access work will have alternative routes out of poverty?

• **Making work pay** – How can we ensure that the focus on the working-aged will impact positively on poverty for all people of working age and their families?

• **Quality of employment and work–life balance** – How can we ensure that labour market policy is gender sensitive and respects social rights and care choices?

• **Flexibility and activation** – How can we promote a more active system and what institutional changes are required to shift from a system that prioritised managing high unemployment to a quality system promoting higher economic participation?

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**Defining the working-aged target group**

The first challenge is defining the larger population of working-aged compared to the previously narrow unemployed target. The numbers of working-aged persons that the government wishes to target to promote lifelong

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4 While there is an overlap between those economically active and those claiming social welfare, not all the social-welfare-claiming section of the working-aged population (approximately 45 per cent of whom are men and 55 per cent women) are actively seeking work or even want to work. Government working-aged social inclusion targets refer to the numbers of working-aged totally dependent on social welfare income. This excludes those in part-time or government-supported employment from inclusion in the target and also excludes 118,000 qualified adults depending on social welfare income and women living on low incomes and at risk of poverty (many of these women wish to have some form of labour market attachment).
labour market attachment could reach half a million. There is no clear definition of who the government considers to be within the scope of the latest social inclusion targets, which makes it difficult to monitor such targets (Ireland, 2007). It also makes it difficult to assess whether there are sufficient numbers of decent jobs available or whether government has invested in the scale of resources necessary to provide this number of people with sufficient quality supports to access decent employment adequate to the task of lifting them out of poverty? The NAPinclusion (Ireland, 2007) suggests, for example, supporting 50,000 in case management. It is not clear how this target is related to the target of reducing by 20 per cent the number of those whose total income is derived from long-term social welfare payments by 2016.

[B heading]Welfare adequacy
Social welfare income remains the primary anti-poverty tool for working-aged people without paid employment. If the most recent social inclusion strategy’s (Ireland, 2007) target of reducing the numbers of working-aged claiming social welfare by 20 per cent is successful, it will still leave 80 per

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5 In 2004 (DSFA, 2005a), for example, the numbers unemployed were 131,539 but there were an additional 470,947 of working-aged and a total of 602,486 of working-aged depending on social welfare. One proxy or method for estimating the target of long-term social welfare claimants is the number of working-aged depending on social assistance means-tested social welfare payments. Of these the main payments are one-parent family payment (80,103), disability allowance (72,976), unemployment assistance (3,840), pre-retirement allowance (11,228), widow’s allowance (15,284), deserted wives allowance (1,458), farm assist (8,350), supplementary welfare allowance (30,748) and carer’s allowance (23,030). Of the social insurance payments, the most discussed targets are unemployment benefit (57,699) and disability benefit (58,726). This would give a total of 433,442.
cent of the present social-welfare-dependent working-aged (up to 400,000 people) on welfare. This raises the policy issue of social welfare adequacy. The traditional Irish principle of social security design was to keep payments relatively ungenerous in order to promote and maintain the incentive to work. Relatively low social welfare rates are a direct cause of the high risk of poverty presently experienced by people of working age (Callan, 2006). In 2004, for example, working-aged social assistance and benefit payments were worth approximately 65 per cent of the poverty threshold (60 per cent of average disposable income). When compared to Northern Ireland or the UK (where payments are set at only 40 per cent of the poverty threshold), the Irish rate seems relatively generous. However compared to Nordic rates (Norway 70 per cent, Sweden 89 per cent, Finland 121 per cent and Denmark 147 per cent) Irish rates are relatively low.

Substantial increases in budgets 2005, 2006 and 2007 brought the lowest adult social welfare payments to approximately 30 per cent of the gross average industrial wage. However the 2007 combination of child and adult social welfare payments is still only 90 per cent of what is required to lift one-parent families above the poverty line. Callan (2006) reflects that, while support to take up employment needs to be a key anti-poverty policy, adult social welfare rates are also critical for tackling adult and child poverty. Benchmarking and indexing social welfare minimum income standards needs a more central place in

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6 Despite increases over the last number of budgets, analysis by OPEN (2006) shows the combination of social welfare supports for one-parent families (at €248.18 per week in 2006) to be up to €25 per week below what is required to be above the 2006 poverty line (estimated to be €273.62 per week).
anti-poverty and social inclusion strategies. In the context of defining poverty as the ‘inability to participate in normal activity’, the minimum income standard has to be set at a rate that not only addresses deprivation-based poverty but also addresses relative income poverty. Goal five of the 2007 NAPinclusion – which sets a target to maintain, as resources allow, the value of the present weekly payment (€185.60 in 2007) – is a relatively weak anti-poverty adequacy target. It is a contingent target which commits to updating a still inadequate payment by an unstated indexation methodology.

**Making work pay**
The focus on work activation assumes of course that a job is the best route out of poverty. Overall evidence suggests this is indeed the case – only 1.7 per cent of those in employment experience consistent poverty (Ireland, 2007). However the extent to which people in employment may be at risk of poverty is a concern for policy-makers. The ‘working poor’ comprise a distinct group of employees experiencing relative poverty. EU data show that in the EU-25 up to 7 per cent of the employed population (14 million people) lived in households with income below the poverty line in 2001. Of the EU-15, 11 million workers or 20 million people (6 per cent of the population) lived in households with income below the poverty line, working poverty impacting on over one-third of those at risk of poverty (Vermeylen, 2004). In Ireland the percentage of working poor increased from 3.2 per cent in 1994 to 7.4 per cent in 2000 and 9.8 per cent in 2004 (CSO, 2005) and the 16.9 per cent who those experiencing relative income poverty headed by an employed people in 2000 increased to 17.3 per cent by 2004.
In trying to understand the policy challenges involved in making sure employment is indeed a route out of poverty, it is necessary to differentiate between ‘low pay’ and ‘working poor’. Vermeylen (2004) defines the working poor as ‘individuals who are employed or self-employed and whose household disposable income is less than 60% of national medium income’. This should be distinguished from the definition of the low-waged as ‘workers earning less than two-thirds of (hourly, weekly, yearly) medium earnings’ (Nolan and Marx, 2000). Ireland has one of the smallest overlaps between low pay and poverty of any EU country. Most low-waged workers live in non-poor households and this protects the individual on a low wage from experiencing poverty. Indeed income from low wages take up to one-third of low-paid men, one-fifth of low-paid women and over 50 per cent of low-paid separated, divorced or widowed women out of the poverty net (Nolan and Marx, 2000).

Other low-waged workers are heads of households with no other adult working and/or with child dependants. Their individual wages are insufficient to take these households out of poverty. Lone parents are particularly vulnerable in this regard as childcare reduces the possibility of full-time work. Low-paid married men with children and non-working spouses are also a high-risk group. Factors influencing the likelihood of being working poor include employment status, age, sex, education level, contractual status and working time arrangements. Those working in non-standard employment (neither permanent nor full time) are most at risk of being working poor. Nash (2004) and McCabe (2006) review the economic implications of non-standard employment and highlight how such jobs are concentrated in low-paid, low-skilled sectors and how such workers have less access to
training, pensions, health insurance or sick pay cover. Even taking into account human capital differences, non-standard workers still had lower income than standard workers. Nonpermanent, part-time workers fared the worst. Women in non-standard employment had a higher risk of poverty and financial strain than their male counterparts, with permanent part-time workers having the highest risk. Ensuring that part-time paid employment lifts people from poverty needs to be part of any gender-sensitive social inclusion strategy. Recent changes have enhanced social security and the labour rights of part-time workers and the NAPinclusion (Ireland, 2007) commits to consider recognising the validity of part-time work choices. This recognises that women have little choice but to work part time (it is often the only way they can financially and ethically reconcile care obligations and economic participation). However the challenge is not only to recognise such work as a valid choice but also to ensure that it is an effective route out of poverty.

**Improving the quality of employment**

Given the skills and education levels of many working-aged poor, low-paid jobs are likely to be the only short-term realistic employment option. While the establishment of a minimum wage had important anti-poverty advantages, a policy that sought to fully eradicate low wages would impact on employment supply and diminish the very jobs for which unemployed people can compete. The problem needs a more focused solution. More hours may need to be worked, too many dependants may be relying on income from low-paid employment. Policy requires measures targeted at working-poor households. Childcare provision needs to enable spouses to access employment and lone parents to increase hours of employment, this means appropriate and affordable
childcare (Coakely, 2005). It also means maximising take-home-pay by further improvement in family income supplement or targeted in-work tax-breaks such as in-work refundable tax credits\(^7\) or enhanced child income support such as child benefit supplement or taxable child benefit.

Education and training policy can play a long-term role by enhancing the skill levels of low-paid workers and their children and enabling them to break free of occupational segregation. Women’s labour market preparation is dominated by employment programmes with lower progression outcomes and therefore more focus needs to be given to skilled training options. There is no tracking of the types of employment people are accessing through the national employment action plan process. While Indecon (2006) concludes that most unemployed are exiting the live register to low-paid jobs, we in fact know little about the employment and wage trends of those exiting the live register. A direct target to limit the increase in numbers of low-paid workers would be a welcome addition to any social inclusion strategy, as would a commitment to monitor trends in this regard.

Focusing on the working-aged as a policy group has significant gender and equality implications. Attention needs to be paid to the quality of employment in this regard. Brunton (2006) advises that work ‘spillover’ into family life can be positive or negative. Work can interact negatively with other parts of life when there is a mismatch between ideal

\(^7\) CORI (2007), for example, points to the government’s failure to devise policies to help low-income families who are at risk of poverty but who do not benefit from mainstream tax changes as, due to their low incomes, they are effectively outside the tax net.
hours and real hours. Positive spillovers (or job satisfaction) lead to an improved home life. The lack of control and choice associated with imposed work requirements, combined with a low-quality job, seems likely to provoke more negative than positive spillover.

Enhancing family-friendly employment
To date the anti-poverty debate has been largely framed around work requirements without focusing on what needs to be changed in the worlds of care and work to accommodate women’s caring and employment needs. Without restructuring the world of work to accommodate care, women are likely to end up in non-standard and part-time employment, such employment is not a route out of poverty (Nash, 2004). The accommodation of a care ethic in labour market and employment policy is key for women. Coakely (2005, p. 3) reflects that Irish mothers’ decisions are mediated primarily by childcare responsibilities, they negotiate the world of work from the financial, practical and emotional starting point of a ‘moral economy’ and prioritise parental responsibility over financial gain. Duncan (2003) argues that failing to account for this ethic of care leads to a ‘rationality mistake’, where policy-makers over-focus on the financial considerations of making work pay at the expense of accommodating the reality of care (see also Lyons and Lynch, 2005). A welfare-to-work policy informed by an ethics of care

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8 Negative outcomes arise when people feel overworked, parentally stressed, unhappy with their lifestyle choice, too tired and distracted to pay attention to things at home, have scheduling conflicts and their home life is interrupted by work demands and calls.

9 Positive outcomes include wider social networks and enhanced personal psychological functioning through self-direction, job control and personal autonomy.
would facilitate adult workers to care, encourage family-friendly work practice and facilitate adequate parental leave over the lifetime of the child in a way that addresses family-based gender inequality. Household functions are not shared equally in Ireland, with women working an average twenty hours per week more than men on unpaid household tasks (McGinnity et al., 2005). Initiatives to increase the number of working-aged in paid employment need also to increase the number of hours men spend in unpaid tasks and encourage or compel men to change their behaviour or broaden the scope of their household activities (Williams, 2004).  

One of the major obstacles to achieving better work–life balance or family-friendly policy is the attitudes of employers who fear that greater flexibility for employees will threaten economic competitiveness. The evidence from Nordic countries shows high levels of compatibility between competitiveness and work–life balance. However such is the national reverence of competitiveness that even the principle of ‘an opportunity to balance work and family commitments’ in the NAPinclusion has been deliberately qualified and made contingent on being ‘consistent with employers needs’ (Ireland, 2007, p. 40). Employers, rather than providing flexible employment, are increasingly requiring the employee to be more flexible to suit employers’ needs (Murphy, 2007; Loftus and Duggan, 2006). In the absence of satisfactory voluntary progress through the National Framework Committee on Work–Life Balance, consideration should now

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10 In 2005, Spain introduced a statutory obligation which obliges men who marry in civil ceremonies to pledge to share domestic responsibilities and the care and attention of children and elderly family members.
be given to a stronger legislative approach and a regulatory framework for work–life balance (Irvine, 2007).

The NAPinclusion qualifies the principle ‘that every person with caring responsibilities should have access to appropriate supports to enable them to meet these responsibilities’ by adding ‘in addition to employment and other commitments’ (Ireland, 2007, p. 40). Full-time family commitments are not on offer in this social inclusion strategy. A labour market strategy that obliges work participation is not necessarily gender or child sensitive and there are potentially negative consequences for child and family wellbeing from over-concentrating on work solutions to poverty (O’Neill, 2004). Various social rights (to care for or to be cared for, to child and family wellbeing, to minimum income) could be threatened by an over-zealous or unbalanced approach to employment-based social inclusion. Strong legal safeguards are needed to protect these rights and to ensure fair processes of decision-making (Murphy, 2007).

Class and ethnicity are defining features of working-aged people’s lives (Armstrong, 2006). In Ireland there remains a strong societal ethos of respecting (and facilitating through the tax system) support for full-time mothering. This raises the issue of whether it is fair that state supports are being used to subsidise different working-aged choices for different classes of women and men. Class is also a defining feature influencing care and parenting choices. Middle-class childrearing norms are more enabling of maternal employment; working-class childrearing norms (perhaps recognising different opportunity costs) place more emphasis on direct mothering, ‘being there’ and home-based parenting and childcare options. There are also class differences in the experience of what it means to juggle motherhood and work.
Armstrong (2006) differentiates middle-class women with capital resources who negotiate flexibility from working-class women who are required to be flexible. Indeed middle-class women’s flexibility often depends on the flexibility of working-class women.

Ethnicity also defines present policy approaches to access to employment as asylum seekers are still denied the right to work. Compared to the national average, migrants have slightly higher economic participation rates but experience more than double the rate of consistent poverty. Given that in the future working-aged migrants are likely to comprise a growing proportion of the working-aged poor, policy and institutional responses need to be sensitive to emerging ethnic trends and needs and to ensure diversity and equality training.\(^{11}\)

**Flexicurity**

The ebbs and flows of unemployment are to some extent a function of the international political economy. The threats and opportunities posed by globalisation and global-level industrial restructuring are a constant feature of academic and policy discourse and set the context for Irish labour market and anti-poverty strategies (Scarpf and Schmidt, 2000, 2005). The national social inclusion strategy is embedded in the national paradigm of maintaining international competitiveness (Connolly, 2006). This strong national policy framework was first established in the

\(^{11}\) The evaluation of the UK New Deal for Lone Parents (Holland, 2005) showed those without English as a first language were least likely to enter employment after work-focused interviews. FÁS (Molloy, 2007) estimates that 50 per cent of people using its employment services in 2006 were non-national with one-quarter from Poland.
Programme for National Recovery in 1987 and reinforced in subsequent social partnership strategies, the most recent of which is Towards 2016 (Ireland, 1987, 2006). As the global economy shifts to a new international mode of production, the Irish economy must be adaptable, flexible and increase its skill base to participate in a new knowledge economy. The NAPinclusion (Ireland, 2007, p. 40) recognises this need for a ‘sense of personal security in a changing work environment’.

Various international institutions (Commission of the European Communities, 2006) have introduced the concepts of ‘flexicurity’ and ‘active inclusion’ into the anti-poverty debate. Flexicurity is a Danish concept which seeks, in the context of globalisation, to make labour markets more flexible and in return to provide high levels of social security for those in and out of work. As illustrated in Figure 4.1, it requires three interrelated and interdependent policies: active labour market measures, generous public welfare and flexible labour markets.

**Figure 4.1:** Flexicurity golden triangle

![Flexicurity golden triangle](source:NESC (2005))
How near is Ireland to a functioning model of flexicurity? While Ireland has one of the most flexible labour markets in the world, this flexibility has so far not been compensated for with a generous welfare system involving adequate social welfare rates or quality universal public services. This combination of strong flexibility and limited security means Irish policy is a considerable distance from a fully functioning flexicurity model. The Irish experience of activation and active labour market measures is more mixed but has not yet reached the level of conditionality exercised in Nordic activation policy and implied by flexicurity (Kirby and Murphy, forthcoming). The danger for people of working age who are at risk of poverty is that, in attempting to develop ‘an Irish model of flexicurity’, haste will be made in achieving higher levels of activation or conditionality without achieving the compensatory generous welfare system. The next section reviews what has been happening with Irish activation policy and addresses what institutional and policy changes are required to effect a more fully functioning working-aged activation policy.

**Activation strategies**

Active labour market expenditure is a long-standing feature of the Irish welfare state. Since the early 1990s there has been a new focus on ‘performative inclusion’, which stresses employment as the best route out of poverty (Dukelow, 2004). This focus has shifted public investment towards active labour market spending. Irish spending on active labour market programmes (ALMPs) increased from an already comparatively high 1.46 per cent of GDP in 1985 to 1.53 per cent in 2000, this represents a significant real spending increase given the scale of economic growth over that period (Kirby and Murphy, forthcoming). Over the
period from 1994 to 2001, Irish spending on ALMPs was 7.2 per cent of public social expenditure or more than double that of the EU average of 3.3 per cent. These ALMPs were primarily delivered by FÁS through a mix of employment services, training and employment programmes. In the early 1990s, the Department of Social and Family Affairs (then called the Department of Social Welfare) began to develop employment support services to facilitate people into jobs (Dukelow, 2004; McCashin, 2004) and introduced a number of employment subsidies or income supports to enable transition into employment. These included the innovative and widely acclaimed back to work allowance schemes.

The scale of spending on activation measures is more impressive than the actual progression outcomes achieved through activation policy. O’Connell and McGinnity (1997, 2002) conclude that while specific skills training and employment subsidies had impressive employment outcomes, general training had only weak, and community employment even weaker, employment outcomes. Denny et al. (2000) stress the importance of active labour market programmes having labour market linkages, as does Indecon (2002). Over time, activation policy has become more progression-oriented and linked to participation obligations. Halpin and Hill (2006) review how participation in ALMPs is associated with entry to and exit from poverty and find that employment schemes (but not training schemes) are associated with a greater risk of entry to poverty and a lower chance of exiting poverty. This is explained by a selection effect, the poorest are most likely to have less general employment chances and are more likely to enter an employment scheme.
McCashin (2004) and Boyle (2005) argue compulsion is remarkably absent in the Irish policy regime. Empirical evidence, however, supports the conclusion that policy shows significant supportive and punitive changes which combine to push welfare claimants towards employment (Dukelow, 2004; Kirby and Murphy, forthcoming). Historically, job-search conditions always applied to unemployment assistance payments and since the mid-1990s stricter work availability tests have been applied to all unemployment payments. The 1987 jobsearch programme was followed by 1992 legislation increasing and broadening the scope of sanctions. From 1996 onwards, fears of labour shortages sparked vigorous debate about the need for more conditionality. This resulted in a new Live Register Management Unit focused on ‘a more effective application of conditionality’ (Dukelow, 2004, p. 22). New regulations to tighten work availability and job-seeking guidelines were introduced in 1997 and 1998.

The 1997 national employment action plan was introduced through the European employment strategy’s open method of coordination. Since then there has been a policy of systematic engagement with unemployed claimants and a significant level of live register exit (Indecon, 2005). However Irish social policy discourse continues to emphasise ‘supportive conditionality’ and ‘sensitive activation’ and policy still deviates from a strong model of conditionality in its

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12 Up to forty significant punitive or supportive changes took place over the period from 1986 to 2005, some of which had a substantial impact on the quality of social protection experienced by the claimant. Negative changes included freezing child income support, limiting duration of payments, means-testing insurance payments and restricting part-time workers’ access to insurance payments.
reluctance to extend conditionality to lone parents, spouses of male claimants, and people with disabilities. Since 2005, however, there is a marked shift in discourse. The NESC (2005, p. 178) proposes all social assistance payments enable ‘a life time attachment to the labour force’ and the DSFA (2006b) proposes to apply work requirements for working-aged lone parents and qualified adults.

**Targets and institutional reforms**

If such proposals are ultimately implemented Irish policy would be much more ‘active’. However the NAPinclusion (Ireland, 2007) does not clearly or fully commit to extend the national employment action plan process to lone parents and people with disabilities. There remains a considerable journey to go on the path to a comprehensive welfare-to-work strategy or a social policy compatible with a competitive economy (Sweeney and O’Donnell, 2003). Many groups voice concerns about the levels of supports available to the unemployed and other working-aged claimants (INOU, 2006) and question the relevance of FÁS services to the working-aged Irish population (Rahaleen, 2006). Significant regional variations in employment levels can only be addressed with focused, localised, integrated employment strategies (NESF, 2006; Duggan and Loftus, 2006).

This raises the question of what national and local institutional arrangements are required to implement tightly integrated, local labour market programmes aimed at all or subgroups of the working-aged. Finn (2000, p. 53) observes that ‘large scale, uniform, inflexible, benefit and employment and training systems are ending’, local agencies now work in partnership with community groups in decentralised one-stop-shop gateways with more organisational accountability
about responsiveness. OECD ministers have urged ‘integration of benefit administration, job brokering and referral to active measures’ (Finn, 2005, p. 54). More flexible local delivery or differentiation in policy implementation requires enhancing the capacity of local institutions and networks to work to a common agenda (NESF, 2006). Local partnerships in the EU are often local authority based or led but the weak system of local government in Ireland raises questions about local capacity to plan and implement local labour market activation programmes. Towards 2016 and the NAPinclusion highlight the potential social inclusion role of the county development boards but there remain considerable local challenges to activate this latent potential (Ireland 2006, 2007).

Nicaise (2005) observes that, if anti-poverty outcomes are to be secured, activation policies need to focus on social integration, quality jobs and an ethic of care. Whether Ireland adopts a narrow work first approach or a broader social inclusion approach to activation will be determined, not by the international political economy, but by national political mediation. The institutional spaces where such labour market and anti-poverty policies are mediated have themselves changed over the years. An innovative feature of the Irish policy system is a national social partnership policy-making structure which includes groups representing different communities of working-aged people living in poverty (Murphy, 2002). The 1997 NAPS underscored this principle of consultation and stressed the importance of consultation with people living in poverty (Ireland, 1997). An effective implementation strategy requires actively listening to and learning from people in poverty about how they experience the delivery of both statutory and voluntary services. The
more recent focus on working age brings a new relevance to the debate about the social integration needs of working-aged people living in poverty. Representative groups are challenged to see the groups they represent not as individual communities of interest, such as women, disabled, Travellers or unemployed, but as working-aged people with parallel rights to both economic and social inclusion.

**Conclusions**

How can the government ensure it has a broad social inclusion strategy rather than a narrow work first strategy for working-aged people? A rights-based approach will seek to safeguard the right to social inclusion and ensure it is not made contingent solely on economic participation. If it is accepted that work is not the only route out of poverty then it should also be accepted that more focus needs to be placed on securing and maintaining welfare adequacy for people of working age. Income support policies need to be used in a creative and targeted fashion to make work pay and to enhance the likelihood that economic inclusion will lead to effective routes out of poverty and into social wellbeing. A tracking mechanism is required to monitor that work is in fact impacting positively on poverty. Pay is not the only criteria by which the quality of employment can be measured. A gender mainstreaming approach would ensure that the world of work is adapted to include an ethic of care and better work–life balance. In-work training is needed to ensure workers in low-paid employment have opportunities for progression and that all workers have opportunities for the level of upskilling and reskilling necessary to keep pace with the changing needs of this global economy.
The greatest policy challenge however is delivering a meaningful and integrated service that makes sense to the end user. This requires more national and local coordination than Irish institutions have been able to deliver. The focus therefore needs to be on institutional reforms that can deliver a quantum leap in the capacity to deliver one-stop-shop-type services which address comprehensively the range of needs of people trying to return to employment. These institutional reforms are required at both national and local levels. National reforms will require a rethinking of the institutional relationship between FÁS and the Department of Social and Family Affairs. Local reforms, recognising the traditional weaknesses of local government and what has been achieved through area-based partnerships, will need to use existing structures, such as the county development boards, as more effective spaces to achieve coherent and comprehensive local labour market strategies.

Without such institutional reforms, even the right policies will not be effectively implemented. Without the appropriate policies and implementation strategies, the social inclusion target for those of working age could be read as much as a ‘threat’ as an ‘opportunity’. There remains the danger that the NAPinclusion strategy to ‘reduce the numbers of working age depending long term on social welfare by 20% by 2016’ is as much a cost-saving ‘benefit reduction’ target as an ‘anti-poverty’ target (Ireland, 2007, p. ?). The first step in securing effective outcomes for the working-aged is putting in place a national framework for a social-inclusion-led activation strategy. This framework requires strong political leadership capable of delivering the scale of institutional reform required to generate integrated service delivery to people of working age.
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