

# The Workers' Party

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## **Submission to the Low Pay Commission in relation to:**

### **The appropriateness of the current sub-minima rates with regard to their impact on youth unemployment rates and participation in education**

The Workers' Party is opposed to the current "sub-minima" rates of pay for young people and also for the reduced levels of already inadequate Social Welfare payments which are given to young people.

The Workers' Party believes it is inherently wrong that employers or the state should pay a wage or a Social Protection payment which, at its full weekly rate, leaves the recipient below the poverty threshold and dependent either on other family members or on charitable organisations for basic subsistence.

Of course before we can usefully discuss the appropriateness of sub-minima rates we must ask are young people even getting the sub-minima NMW rates? A high proportion of JobBridge participants are young in comparison to the overall profile of the Live Register (28.4% of JB and 17.1% of LR were under 24 years of age). JobBridge is a public failure. The schemes which are planned under the Youth Guarantee should ensure that any young people on those schemes receive the NMW. This could also have an impact on the existence of other, unregulated, informal "internship", which are really just unpaid work. This situation merely institutionalises poverty and legitimises victimisation of young people.

What are effects of the existence of the sub-minima rates on youth unemployment rates? This is one of the two headline question which are asked in the outline of this process.

If sub-minima rates led to high youth participation in employment, which is of often used as an official explanation for the existence of these rates, then it would be logical to assume (i) that there was a high level of youth participation in the labour market and (ii) that youth unemployment would be lower than the average level of unemployment.

In reality neither of these assumptions are true. If we look at the following official figures we see in fact that youth unemployment is consistently higher than average national unemployment figures. It is also worth noting, and statistically significant, that if the number of young people forced into emigration were added to the youth unemployment figures that the statistics would be even more dramatic.

## Monthly Unemployment December 2015, CSO

### Seasonally adjusted unemployment rate:

December 2014: 10.2%

November 2015: 8.8%

December 2015: 8.8%

Change in month: 0.0%

Change in year: -1.4%

### Seasonally adjusted unemployment rate for all persons aged 15-24

	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
2015	22.2	22.2	21.7	20.8	20.4	20.3	20.6	20.6	20.3	19.7	19.4	19.2
2014	26.0	26.2	26.0	25.4	24.9	24.2	23.5	22.9	22.4	22.0	21.9	21.9
2013												25.9

It is also useful to look at these figures in a localised setting.

### Main Labour Force PES Data, State, Dublin City and Ballymun 2011 Census (15-24)

	State	Dublin	Ballymun
Employment Rate	22%	25%	21%
Unemployment Rate	39%	34%	54%
Labour Force Participation	30%	38%	46%

Source: CSO Census, Small Area Population Statistics

As can be seen from these figures the level of youth unemployment is, in general, over twice the national level. It can clearly be seen from these figures that low wages for young people does not encourage high youth participation levels in employment.

Historically it can also be seen that it is only when there are high levels of employment, and low levels of unemployment on a national, that youth participation in the employment market increases.

The Workers Party argues, and believes the facts support, that increasing skills levels amongst young people is the key to high labour market participation. Therefore on the one hand we support a comprehensive third level education maintenance grants scheme which allows all young people, and especially young people from disadvantaged backgrounds, an opportunity to participate in 3<sup>rd</sup> level education.

On the other hand we support a revamped and comprehensive apprenticeship scheme. This has been promised by this government, most notably in January 2014, but so far there have been few tangible results. If there is an economic upturn in this country, and if young people who, for whatever reason, do not have formal 3<sup>rd</sup> level certification are to benefit from that upturn, then it is imperative that the promised revamped apprenticeship scheme is introduced. For too long we have had a situation where industry and employers generally refuse to

contribute in any way to the training of their own workforce and attempt to shift the burden for this to the state or the individual. In any apprenticeship scheme the employer must pay the apprentice the agreed national rate and allow the apprentice the appropriate study leave. However this statement by Tony Donohoe, Ibec head of education policy: "Apprenticeships and other work-based training have a major role to play in helping people secure quality, sustainable jobs. To succeed, however, businesses must be closely involved in the design and delivery of programmes" lead us to believe that the employer is looking for a permanent subsidy rather than shouldering appropriate responsibility for the skills of their own worker.

As regards to what are called labour Activation schemes we echo the position of Impact when it stated, in relation to Jobbridge, which it clearly designated as "workfare": "While JobBridge is presented as a voluntary programme there are nuances in how participants perceive their engagement with the programme. EC (2012) suggests increased budget cuts to JSA for young people so that the payment for those aged 25 is now €155. For those aged under 24 the payment is €100." (economic compulsion).

"The more general increased application of job seeker sanctions (rising from less than 400 in 2011 to more than 4000 in 2014) creates a greater atmosphere of compliance where people anticipate they may be sanctioned and so 'jump before they are pushed'".

We also point out the negative effects on the local economy of a high cohort of low paid workers. It is an established economic reality that increasing the wage levels of the lowest paid has a direct and positive effect on consumer spending and the local economy. On the other hand by maintaining low wages for young people, thereby concentrating high level management salaries or corporate profits has minimal positive effects on the consumer economy because of the different spending and saving patterns of this cohort of the population.

## **Ends**

The Workers' Party is happy that all of this submission may be published and be available for FOI requests.

All Correspondence to;

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