

Labour Market Monitor

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New Monthly Unemployment Statistics

The (CSO) has introduced a new series of monthly unemployment estimates in order to provide more detailed and timely labour market statistics. The release will be published monthly and will include any revisions to the series. The new release contains a series of both monthly unemployment rates and monthly unemployment volumes and adhering to international practice covers all persons aged 15-74; previously all persons aged 15-64 were covered.

These new estimates are primarily based on the Quarterly National Household Survey (QNHS). For months where the quarterly unemployment data is not yet available, the Live Register will be used to produce a monthly QNHS estimate. Revised figures will therefore also be produced upon the publication of each new set of benchmark figures from the QNHS and these revisions will be included in the QNHS release.

The new estimates replace the seasonally adjusted Standardised Unemployment Rate (SUR) as the definitive measure of monthly unemployment. The CSO will no longer produce the SUR estimate which was previously published with the Live Register.

The new monthly unemployment figure will be published on the first Tuesday of each month, two days before the live register is published.

Underemployment: Latest Eurostat Data

A recent article from Eurostat looks at underemployment and other broader measurements of unemployment.

In 2014 Q4 in the EU-28, the rate of underemployed part-time workers was 4%. The rate of persons seeking a job but not immediately available for work was 0.8 %. The rate of persons available for work but not seeking it was 3.9%. In comparison, the unemployment rate was 9.9 % in 2014 Q4. Among the EU Member States in 2014 Q4, underemployed part-time work is highest in Cyprus (7.8 % of the labour force), Spain (6.9 %) and France (5.6 %), followed by Ireland and the UK on 5.5%. The lowest rates were measured in the Czech Republic (0.7 %), Bulgaria and Estonia (0.9 % each). Compared to the situation one year before, the increase was particularly high in Cyprus and Greece (+0.8 percentage points each). Ireland (-1.3 pp) and the United Kingdom (-0.5 pp) have the highest rates of decline in underemployed part-time workers in the year to 2014 Q4.

The indicator 'persons seeking work but not immediately available' is highest in the Netherlands and Finland (1.1 % each of the labour force), Germany, Greece, Croatia and Sweden (1.0 % each) and lowest in Hungary (0.2 %), the Czech Republic and Slovenia (0.3 % each). Compared with 2013 Q4, this indicator remains very stable in almost all Member States, with only Croatia (+0.4 pp) showing an increase above 0.2 pp.

The indicator 'persons available but not seeking' is the one showing the highest differences among Member States. While the ratio is very high in Italy (13.2 %) and Croatia (8.9 %), it reaches only 0.4 % in Lithuania and 0.9 % in the Czech Republic. Compared to the situation one year before, the highest increase was in Italy (+0.8 pp), and the largest decrease in Croatia (-1.9 pp).

Workless Households: Submission from Congress to the Oireachtas Committee on Employment, January 2015

The concept of workless households has come to us courtesy of Eurostat. It is a metric on which Ireland does not perform particularly well in an international context, for reasons which are not entirely clear, but which are pointed to in a recent ESRI report. There is some confusion and indeed overlap between workless households and very low work intensity households (VLWI).

We would caution however against devising policy measures which focus exclusively on workless households. A recent ESRI study shows that VLWI households are inextricably linked with the problem of working poor. In our view there are two priority areas among the unemployed - those are the long term unemployed and NEETS.

The proportion of those living in low work intensity households (including workless ones) in 2009 varied from 26% in Ireland, far larger than in any other EU country, and over 16% in both Belgium and the UK to only 7% in Sweden andⁱ just 6% in Cyprus. In Ireland, which was also hit hard but earlier than most other countries, the increase occurred mainly between 2007 and 2008 (the proportion rising by nine percentage points).

It is worth noting that according to a recent study

http://www.centrumvoorsociaalbeleid.be/ImPRovE/Working%20Papers/ImPRovE%20WP%201309_1.pdf

ⁱⁱ the proportion of those living in a workless household who had an income from work in Ireland was 1.2% in 2006 but had risen spectacularly to 20% by 2009. In the same year the comparative figure for the EU 12 was 12.7%.

Those in very low work intensity households have a more disadvantaged educational and social class profile, which means that human capital investment will be needed to enable them to take an active part in the labour

force. In addition, they are more likely to be lone parents or to have a larger number of children. Childcare cost is the key issue in addressing labour market participation in workless and VLWI households.

There are many similarities between the risk factors of being an adult in a jobless household and long-term unemployment. Profiling models indicate that the risk of long-term unemployment is greater for those with low levels of education, larger numbers of children and for older age groups. In addition, unemployed men who have a spouse in employment are less likely to become **long term unemployed (O'Connell et al., 2009)**. If access to active labour market programmes were allocated on the basis of the probability of becoming (or remaining) long-term unemployed, this would already go some of the way towards targeting resources towards adults in jobless households. There is no quick or easy solution to this new problem which Europe has brought to our attention. The high level in Ireland is linked to a mix of factors, of which the following are prominent.

1. *Cost of childcare* Ireland is one of the costliest countries in the EU for childcare. This will tend to lock women - especially those who are lone parents out of the labour market.
2. *Household means testing* People on low incomes will be less likely to take risks. If the perceived best way of protecting household income is through having the same welfare status as the rest of the household people will react in an economically rational way.
3. *Access to job information* We are suffering from the weakness of our public employment service - now being addressed in Intreo. However we are also reaping the long term effects of policies on public housing

specifically the infamous surrender grant of the eighties which cleared much public housing of most of those who worked.

Moving the Goalposts

As the unemployment rate falls, beware of commentators announcing the achievement of full employment. This is a figure that is not fixed, being dependant on other economic variables. Consider this: employment currently stands at 9.9%. Between 2000 and 2007, the unemployment rate hovered between 4.1% and 4.7 %. The lowest level was 4.1% recorded in 2000 – a year associated with a real boom as opposed to a property bubble.

One commentator speaking off the record stated that the Dublin region was currently approaching full employment, with an unemployment rate of 8.8%. It is difficult to see how a rate double that of a decade ago can be regarded as full employment.

JobBridge

As of April 23, 2015, approximately 36% of JobBridge interns went directly into employment on completion of their internship. The independent evaluation of JobBridge carried out by Indecon showed that progression into employment rose to 61% within 5 or more months of completing a Job Bridge internship. (Oireachtas question 28 April 2015). This begs the question: how much of the 25% increase in employment in the five months after completing JobBridge can actually be attributed to JobBridge?

Recent Labour Market Developments

Employment

The latest Central Statistics Office (CSO) employment data, for the fourth quarter of 2014, shows that there are 1,938,900 people at work in Ireland. This represents an overall gain of 29,100 jobs compared to a year earlier (see table 1). Both male and female employment grew by almost 1.5% over the year with increases in full-time work (+39,600) and decreases in part-time employment (-10,400). The proportion of the labour force who are employed, the employment rate, consequently increased to reach 62.6%. Alongside these improvements, the latest data also records a decrease in the proportion of the working age population who are participating in the labour force. Year on year the labour force participation rate decreased to 59.8%. Part of this decline has been driven by an increase in the number of people who are not in the labour force (i.e. neither employed or unemployed) which now stands at almost 1.45 million individuals.

Table 1: Recent Employment Trends (000s individuals and % rates)

	5 years ago	1 year ago	Current	Change over past year thousands	% Change over past year
Employment - all	1921.4	1909.8	1938.9	+29.1	+1.5%

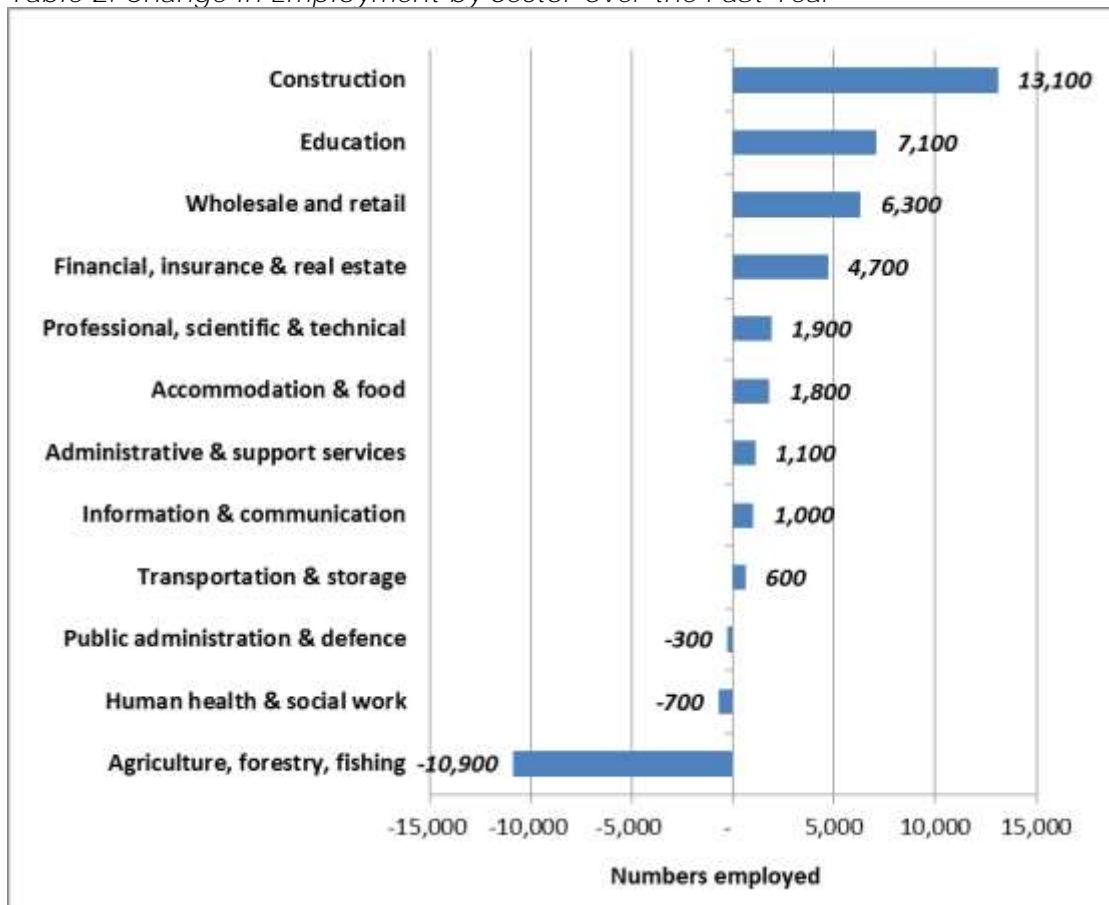
Employment - males	1034.3	1038.2	1053.1	+14.9	+1.4%
Employment - females	887.2	871.6	885.9	+14.3	+1.6%
Full-time	1490.8	1453.0	1492.6	+39.6	+2.7%
Part-time	430.7	456.8	446.4	-10.4	-2.3%
No. not in Labour Force	1400.7	1434.3	1449.3	+15.0	1.0%
Employment rate Labour Force participation rate	60.8%	61.4%	62.6%	+1.2%	
	61.1%	60.1%	59.8%	-0.3%	

Source: CSO Quarterly National Household Survey

Notes Current data is the latest available for Q4 2014. Data from one year ago is for Q4 2013 and from five years ago from Q4 2009. The Labour Force participation rate is calculated on the basis of all those aged between 15 and 64 years.

The distribution of the past year's increase in employment across sectors is detailed in Table 2. While there have been declines in agriculture, human health and public administration there have been gains in all other sectors. Most notable are the recoveries in construction employment (+13,100), education (+7,100), wholesale and retail (+6,300) and finance, insurance and real estate (+4,700).

Table 2: Change in Employment by Sector over the Past Year



Source: Calculated from CSO Quarterly National Household Survey

Notes: The chart compares employment levels by sector between Q4 2013 and Q4 2014. The overall change in employment for this period (net new jobs) was +29,100.

Unemployment

The latest CSO data recorded an unemployment rate of 9.9%, equivalent to more than 213,000 people being counted as unemployed. Over the past year unemployment has fallen by almost 40,000 (see Table 3 below).

Table 3: Recent Unemployment Trends (000s individuals and % rates)

	5 years ago	1 year ago	Current	Change over past year	% Change over past year
Unemployment - all	277.3	253.2	213.6	-39.6	-15.6%
Unemployment - males	195.6	158.9	135.5	-23.4	-14.7%
Unemployment - females	81.7	94.3	78.1	-16.2	-17.2%
Less than 1 year	166.4	95.2	85.3	-9.9	-10.4%
More than 1 year	107.3	155.5	123.4	-32.1	-20.6%
Unemployment rate	12.6%	11.7%	9.9%	-1.8%	
Long-Term Unemp. rate	4.9%	7.2%	5.7%	-1.5%	
Youth Unemp. rate	25.9%	26.5%	20.3%	-6.2%	

Source: CSO Quarterly National Household Survey

Notes: Current data is the latest available for Q4 2014. Data from 1 year ago is for Q4 2013 and from 5 years ago from Q4 2009. The long-term unemployment rate is for those unemployed for more than 12 months. The youth unemployment rate is calculated as a % of the labour force aged less than 25 years who are unemployed.

Most of the unemployed are males (135,500) and a majority have been unemployed for more than one year; the long-term unemployment rate is 5.7%. Regarding youth unemployment the CSO found that 20.3% of all those aged less than 25 years who are in the labour force are unemployed.

Earnings, Hours & Prices

On average earnings increased over the past year with the latest CSO data recording an increase of 2.3% in average weekly earnings and 1.7% in average hourly earnings (see table 4). Below these headline figures lie different trends within areas of employment (public and private) and sectors of the economy. Table 5 below reflects this mixed picture with average hourly earnings declining during the past year in sectors such as construction, transportation and storage, professional services and human health/social work. Over the same period earnings increased in a number of sectors, most notably in administration and support services, information and communications, electricity, water and waste, and financial services.

Table 4: Recent Trends in Earnings and Hours Worked

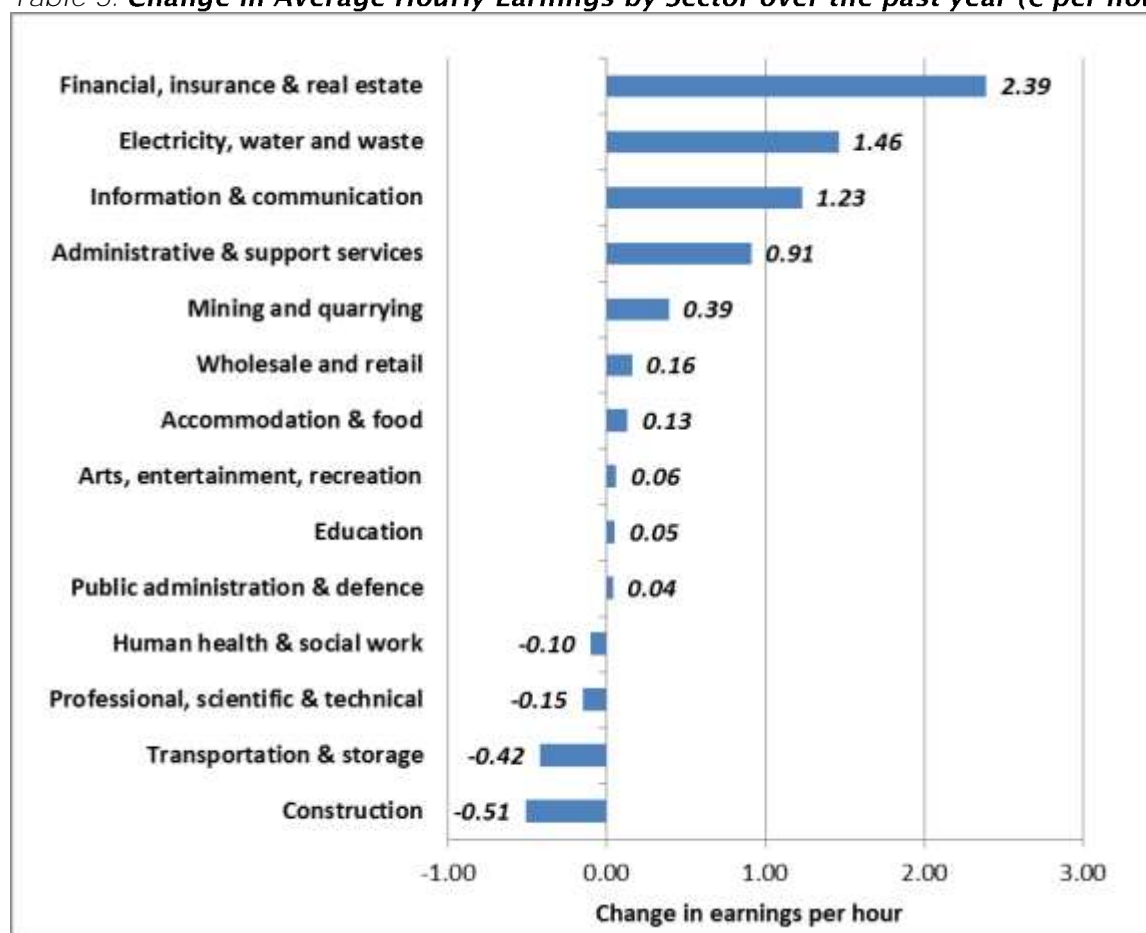
	5 years ago	1 year ago	Current	Change over past year	% Change over past year
Average weekly earnings	717.81	688.78	704.34	+15.56	+2.3%
Average hourly earnings	22.42	21.73	22.11	+0.38	+1.7%
Average weekly paid hours	32.0	31.7	31.9	+0.2	+0.6%

Source: CSO Survey of Earnings and Labour Costs

Notes: Current data is the latest available for Q4 2014. Data from 1 year ago is for Q4 2013 and from 5 years ago from Q4 2009. Earnings data includes irregular bonuses and overtime payments.

Weekly and hourly earnings remain below their levels five years ago while average paid hours are almost unchanged at 31.9 hours per week according to the latest CSO numbers.

Table 5: **Change in Average Hourly Earnings by Sector over the past year (€ per hour)**



Source: Calculated from CSO Survey of Earnings and Labour Costs

Notes: The chart compares average hourly earnings by sector between Q4 2013 and Q4 2014.

Changes in earnings also need to be seen in the context of recent changes in price levels. The CSO CPI inflation data for the year to March 2015 records that prices decreased by 0.6%. The most notable changes in the year were decreases in Transport (-4.9%), Clothing & Footwear (-4.1%), Food & Non-

Alcoholic Beverages (-2.7%) and Furnishings, Household Equipment & Routine Household Maintenance (-2.7%). The index records increases in areas of expenditure including Education (+4.9%), Housing, Water, Electricity, Gas & Other Fuels (+1.8%), Restaurants & Hotels (+1.3%) and Alcoholic Beverages & Tobacco (+1.0%).

Precarious Work

While there are notable gaps in the available data on many areas of precarious work (zero-hour or low-hours contracts etc.), some published indicators offer a useful insight into the extent of precarity and limited work opportunities. The Q4 2014 Quarterly National Household Survey record a total of 446,400 part-time workers of whom 115,500 are classified as underemployed (working part-time but with less hours that they want to work). The underemployed include approximately 54,000 males and 61,400 females.

Data from the Live Register also points towards the number of casual and part-time workers in the labour force. These represent people who may sign on the register while only working part of a week. In March 2015 there were a total of 71,404 casual and part-time workers on the Live Register which represented 2.5% of the total Live Register. The number included 38,119 males and 33,285 females.

This section concludes with Table 6 below, which brings together a series of key labour market indicators from various statistical and research sources.

Table 6: Key Labour Market Indicators

Labour Force		Earnings and Hours	
Labour Force	2,152,500	Average weekly earnings	€704.34
Employment	1,938,900	Average hourly earnings	€22.11
Unemployment	213,600	Average weekly paid hours	31.9
Underemployment	115,500		
No. not in Labour Force	1,449,300	Low Pay	

Participation rate - all	59.8%	Minimum wage	€8.65
<i>Participation rate - males</i>	67.4%	Living Wage (2014)	€11.45
<i>Participation rate - females</i>	52.4%	No. below living wage (per hour)	345,000
Employment rate - all	62.6%	% of employees below living wage	25%
<i>Employment rate - males</i>	67.9%		
<i>Employment rate - females</i>	57.4%	Family Income Supplement (FIS) - 2013 data	
Unemployment rate - all	9.9%	No. of families on FIS	44,159
<i>Unemployment rate - males</i>	11.4%	No. of Children	98,350
<i>Unemployment rate - females</i>	8.1%	Annual cost	€261.8m
<i>Youth Unemployment rate</i>	20.3%		
<i>Long-Term Unemployment rate</i>	5.7%		
No. on Activation Programmes	85,769		

Notes: Table is based on the latest statistical data available at the time of compilation from the CSO QNHS, Live Register and Survey of Earnings and Labour Costs. FIS data is from the Department of Social Protection Annual Statistical Information Report for 2013. Living Wage data is from www.livingwage.ie and Collins (NERI, 2015)

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Europe & Beyond

The Great Recession that started in 2008 opened a debate on the incomplete nature of economic and monetary union and of the role of social benefit systems in maintaining demand- the so called automatic stabilisers.

During the crisis in Spain and Ireland, public expenditure related to labour market policies increased to about 4% of GDP, well above the EU average, suggesting that in these countries the unemployment insurance system was effective in automatically stabilising the economic downturn. But in the EU's hardest-hit countries, Greece and Latvia, such expenditure amounted to about or just slightly more than 1% of GDP, suggesting that automatic stabilisation through unemployment insurance hardly worked.

In the dying days of 2013 (then) Commissioner for Social Affairs, Lazlo Andor opened a debate on a European system of unemployment insurance.

He did this by commissioning the feasibility report which can be accessed at the following link:

<http://intereconomics.eu/archive/year/2014/4/designing-a-european-unemployment-insurance-scheme/>

The report envisaged that the EU would support a substantial percentage of social insurance payments for a period of a year for countries in difficult economic circumstances. The scheme is based on the assumption that economic adversity would not strike all European countries at the same time. Such a scheme would apply only to insurance based schemes, or in Ireland **job seekers' benefit. The analysis showed that over the decade to 2008,** Germany would have been a net beneficiary from such a scheme.

At nine months duration Ireland is among the nine countries with payment duration of less than twelve months (UK is six months). 12 countries have a duration of between 12 and 20 months (among them Germany at 14) while the remaining seven countries have a duration of greater than 20 of which the longest are Denmark and Belgium at 48 months. There are a number of assumptions made in the paper as follows:

- *All employees in the EMU are insured, they contribute a share of their wage up to a certain threshold, linked to each country's average income.*
- *The average insured wage is 80% of the average wage in each country.*
- *The replacement payment is 50% of the insured wage.*
- *Unemployment insurance can build up reserves and borrow in the capital market.*

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- *Unemployment benefits are paid for 12 months.*

This would produce a system which is far superior to the Irish system, as it provides benefits for a year as well as an element of pay related benefit, which has been absent from the Irish system for some decades. The past two decades have seen a levelling down of unemployment benefits to assistance based payments, making it difficult for people to see what they are getting for their social insurance payments.

However the Dullien paper was the opening shot in a debate which will run for some time. Some articles on the neoliberal German website IZA are calling for the drawing down of aid to be linked to the achievement of targets in a 'reform programme' or mini Troika process.

The complexity of the design and implementation of EUI and the question of the right legal base suggest that it would be a long-term project and not a measure to help quickly the millions currently unemployed.

Hungarian Lorry Drivers Win Claim for Equal Pay with Dutch Jobs
Ten Hungarian lorry drivers who took legal action against a Dutch transport company for not paying them the same as Dutch workers have won their case. Judges ruled that the drivers should be paid according to the official Dutch pay and conditions agreement rather than the much lower Hungarian pay scale. They all worked for Van den Bosch whose clients include DSM, Unilever and Cargill. The FNV which supported the men, said the drivers are flown from Hungary to Eindhoven airport. They then travel to the company bases in Erp to pick up their lorry and spend the next three weeks driving in the Netherlands and abroad. Van den Bosch claims their work in the

Netherlands is minimal and they are rightly paid according to Hungarian norms. The union says their Hungarian subsidiary employer is a letter-box firm and everything, including the job interviews, took place in the Dutch town of Erp. The FNV has welcomed the ruling and says the drivers are **entitled to an estimated €1m** in back pay between them. It now aims to take more transport companies with foreign contractors to court over pay.

(Source: Dutch Broadcast News January 8, 2015)

Irish Employment Agency Connected to Convictions in French and Dutch Courts

On 14 March 2015, the French construction company Bouygues, as the main contractor of Dublin based employment agency Atlanco Rimec, was forced to **pay damages of €150,000 and pay back €22 million to the French social security and tax authorities**. The judgement referred to the deliberate creation of complex, cross-border structures with the aim of illegally employing some 500 Polish and Romanian workers over a period of several years. This social fraud took place at a construction site in Flamanville.

On 18 March 2015, an interlocutory judgment in the Netherlands ordered **Atlanco to pay €500,000 to a blocked account as an advance on the final claim**. Atlanco must also make all the requested documents available immediately and comply with the collective labour agreement for the Dutch construction sector. The final judgement is expected soon. The sentence was handed down in respect of the illegal posting of 180 Portuguese and 25 Polish workers to a Dutch construction site, Avenue 2 in Maastricht. In its defence, Atlanco attempted to apply pressure by trying to have Dutch union **leaders held personally accountable for 'damaging the image of Atlanco'**. This claim was dismissed.

Sadly, such actions are just the tip of the iceberg.

Following on this the construction union international , EFBWW and its counterpart employer body FIEC met with social affairs commissioner Thyssen and presented proposals for action on, for example :

Ensuring a correct implementation and application of the Enforcement Directive (2014/67/EC), with the direct involvement of the national social partners

Improving the reliability of the A1 social security forms

Improving the collection of social security contributions in case of temporary cross-border provision of services

Creating a single European business register number.

Providing legal clarity as regards the position of temporary agency workers in the framework of posting.