

labours alternative

The proposals for medium-term economic policy (entitled Labours Alternative) put to the Labour Party by Dick Spring, are of considerable interest for people concerned about unemployment. LA does not describe an employment creating policy as such, it is more a document describing how to establish the pre-conditions for a return to full employment and more equitable distribution of wealth. His proposals are not standard Labour orthodoxies and deserve to be given serious thought.

First, LA proposes a reformed public and a regulated private sector. Gone is the old idea that the private sector has failed and therefore the state must nationalise all around. Public sector operations, such as the semi-state bodies have also failed, and in any case, whether a company is public or private owned, it must (except in rare circumstances) be governed by the same law of competitiveness and commercial viability or profitability. If Ireland is to produce jobs for those who need them, then

Ireland must initiate commercially viable enterprises producing competitively priced goods and services. The function of government is to develop the policies which will support this development, which include creating what LA calls an 'environment for enterprise'.

Second, where private enterprise or co-operative ventures are doing this adequately, government should leave well enough alone. Because, however, native Irish industry is weak, there is an important role for government in building up carefully selected Irish businesses into strong stand-alone companies which will hopefully lead to a greater proportion of the profits produced by Irish workers being retained within the country. These profits are needed, not only for improving the lifestyle of those of us lucky enough to have jobs, but to expand these businesses and thus increase employment. In some cases, the state should own and run certain industries and services, with the same criteria of competitiveness as obtain for private industry, the state cannot sink money forever into chronic money-losers.

Third, the tax system must be reformed. Roughly, what Spring proposes is

that taxes be shifted away from PAYE workers and employers' PRSI and towards tax on property (land, houses, wealth, etc.) and on corporations. This makes sense, because as he admits, the overall tax take cannot currently be reduced while at the same time high tax rates (while not merely being inequitable as presently structured) amount to a tax on working and drive some of the most skilled workers abroad to places where taxes are much lower.

Fourth, LA proposes that the IDA be reconstituted with responsibility for attracting overseas investment to the country, and that the National Development Corporation (NDC) take responsibility for native industry. (At present the NDC is extremely limited

in what it can do). The NDC is envisaged as taking a major role in stimulating, guiding and regulating Irish industrial development. Its success will depend, among other things, on there being 'an increasing flow of potentially profitable projects': a culture of enterprise and innovation, plus full mobilisation of available capital, are needed to generate increased employment.

Labours Alternative is sure to arouse controversy but it deserves credit for its honesty and its willingness to question sacred cows. For people anxious to tackle unemployment, it should be a help to fresh thinking. Governments need more than good intentions and good will if they are to create jobs. ■