

# INFORMATION

REGIONAL POLICY

## REGIONAL STRUCTURE AND POLICY OF IRELAND

23/72

### The country, the people and the resources

In 1966, Ireland had a population of 2,884,000. The density -- 42 inhabitants per sq.km -- is one of the lowest in Western Europe.

The territory falls into three regional groups :

1. The West, which is very moist and poor, covers 32,000 sq.km and has rather less than 800,000 inhabitants. It thus covers 46 % of the land area, but has only 27 % of the population;
2. The East, excluding Dublin, covers 36,000 sq.km and has a population of 1.3 million -- 52 % of the land area and 46 % of the population;
3. Dublin, the capital, covers 1,000 sq.km and has 800,000 inhabitants -- 2 % of the land area and 27 % of the population.

Though the birthrate is high, the growth in Ireland's population is only slow. There is a permanent loss through emigration; and it is a known fact that between 15 and 20 million Americans can claim Irish ancestry.

Inside the country, at any rate in the most recent period (1966-71), Dublin has had the main benefit of population movements, as have, though to a much smaller extent, the counties immediately surrounding it. All the other counties show a net outward movement which amounts, in the west, to as much as 15 %.

The urban structure is weak. Apart from Dublin the only important city is Cork, which has a population of 122,000. These two towns are both in eastern Ireland. In the west the chief town is Galway (pop. 26,000) which is on the shores of the Atlantic.

Farming, though it has been contracting to a notable extent for some years, still stands for a great deal in the Irish economy. In 1966, agriculture accounted for 31 % of the active population, 23 % of the national product and 50 % of the exports. The census of 1971, however, shows that agriculture in Western Ireland still uses 46 % of the active population -- a proportion far above any prevailing in any region of the present Six-nation Community.

Industry, which consists mainly of firms of modest size, occupies about 30 % of the active population. The chief industrial centres are in the East, near the ports. The County of Dublin by itself provides 40 % of the non-agricultural jobs.

The importance of the tourist trade is growing. In 1969, it accounted for a sixth of the total external receipts.

Unemployment is largely masked by emigration and under-employment in agriculture. During the past decade, the average ranged between 4 % and 6 %; but in Donegal (in the extreme north-west) it remained consistently between 11 % and 13 %; and in Mayo (West) it was between 7 % and 10 %.

The statistics for 1969 make it clear that there are big gaps between the development levels in the different regions. The average in the ten counties of Western Ireland is only 78% of the national average. For the East (excluding Dublin) and covering 15 counties, the corresponding figure is 94 %; and for Dublin itself it is 127 %. Comparing 1969 with 1966, the gaps do not seem to have shown any material shrinkage as between the counties; but some of the counties of the East in the Dublin area have improved their position.

#### The historical and political context

The Republic of Ireland owes its formal existence to an act of the Dail Eireann (parliament) of 1948; but modern Ireland effectively traces from the formation of the Irish Free State in 1921. Its economic structure was very fragile and exceedingly ill-balanced. At this time it was little more than an agricultural annexe to Great Britain and enjoyed dominion status from which it had the right to break away. It lived largely by exporting foodstuffs to the British market, from which it imported British manufactured goods.

From 1932 onwards, Irish policy became strictly protectionist. A first phase of industrial development began, largely concerned with hydro-electric power, the food

industry, footwear and textiles.

In 1958, the same year as the creation of the Common Market, Ireland adopted a new economic policy. A first programme of economic expansion was put in hand to cover the period 1959-63, and aimed to eliminate unemployment and modernise the structure of the country, associating this with the progressive lowering of customs barriers. It was in 1959 that the industrial zone was set up in the free airport of Shannon.

A second and a third expansion plan were launched, respectively in 1963 and 1969. Meantime the United Nations and the Irish Government had commissioned a team of research workers to undertake a regional development study. This was eventually published in 1969; and its proposals were used as a basis for the regional policy put in hand by the government. A fourth plan (1971-76), which has not yet been published, is expected to define a number of the orientations of regional policy. These are likely to include measures to slow down the growth of Dublin by the operation of differential aid provisions; the industrialisation of the main urban centres outside Dublin; and the setting up of small industrial undertakings in the smaller urban centres.

Ireland remains, nevertheless, highly dependent on her farm production, which still accounts for 60 % of her exports; and she remains closely linked with the United Kingdom which takes 78 % of her exports.

#### Regional policy now in force

There is a tendency in Ireland for regional policy to be identified with the main concepts of expansion policy. There are underdevelopment problems everywhere, except in the Dublin area.

Irish regional policy is in the first instance a policy of industrialisation for the whole territory, more especially in the less developed regions. It is also aimed to encourage the economic and social betterment of the Gaeltacht, the region in which the Gaelic language is still current vehicular speech. Though the language is taught in the schools throughout the Republic, it is now the current speech of less than 75,000 people, or 2.5 % of the population.

The Industrial Development Act of 1969 lays down the bases of regional policy. The designated regions cover 56 % of the territory, 32 % of the population and 26 % of the national income. Their standard of living (consumption per inhabitant) is only 76 % of the Irish average. It is important, however, to bear in mind that

industrialisation is a general objective, and aids towards it can be obtained throughout the territory, though there are special inducements in the designated regions.

Among the various aids available, the subsidies paid pro rata to the investment in new fixed capital, may amount to 45 % throughout the country and 60 % in designated regions. Re-equipment and modernisation subsidies for existing firms may be as much as 35 % in designated regions and 25 % elsewhere.

In so far as these aids can be combined, the preference given to the designated regions is 28 % by comparison with the rest of Ireland (excluding Dublin) and 31 % by comparison with the capital itself. In practice, the government is doing its best to discourage new industrial projects being localised in the Dublin area.

Since Ireland's regional policy is mainly a policy of industrialisation, the need for which exists throughout the territory, the Industrial Development Authority (I.D.A.) is in practice the organ of regional policy. I.D.A. was formed in 1949; and under the Industrial Development Act, 1969 it has since 1970 become an independent organisation enjoying a State guarantee and responsible on a national basis for industrial development.

Within the I.D.A. field of action is the granting of regional aids, the administration of two industrial zones, the preparation of industrial sites; and, in co-operation with regional organisations, help in working out the regional development plans.

#### Results and prospects

In the period 1952-70 Irish regional policy in the designated regions has led to the formation of more than 300 firms, representing an investment of over £ 60 million and creating over 25,000 new jobs.

The designated regions, with a population of 32.5 % of that of Ireland as a whole, have been the recipients of 37.3% of the aid and seen the creation of 38.7 % of the jobs. It is thus difficult to distinguish the regional policy in Ireland from the national industrialisation policy.

Of the firms which have had the benefit of this aid, more than 60 % are in the machinery industry, the food industry, textiles and clothing. Moreover 70 % of the new investments were sponsored by foreign firms, the chief of which in descending order were British, American and German. The investments sponsored by firms in these three countries represent 85 % of the foreign investment.

As regards the future, the population trend points to a growth in Ireland's population from 2.8 million in 1966 to 4.1 million in 1986. Having regard to the expected growth in employment the total population should not exceed 3.5 million inhabitants, allowing for 4 % unemployment and an immigration movement which may run to 770,000 people.

Between 1966 and 1986 the total population living in the nine growth areas contemplated (including Dublin, Cork and Limerick) is expected to increase from 1,094,000 to 1,780,000, a growth of 62 %. In the rest of the country, including the less developed regions, the population is expected to decrease from 1,823,000 to 1,720,000 -- i.e. a loss of 5 %. Between the two dates the number of workers in agriculture is likely to fall by about 40 % from 330,000 to 198,000. These figures taken together are indication enough that regional policy in Ireland is a long-term matter.