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National
Economic and
Social Council

An Chomhairle
Náisiúnta Eacnamaíoch
agus Sóisialach

Industrial
Employment
and the
Regions
1960-82

No. 57

February 1981

NATIONAL ECONOMIC AND SOCIAL COUNCIL

NATIONAL ECONOMIC AND SOCIAL COUNCIL CONSTITUTION AND TERMS OF REFERENCE

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 - (iii) the fair and equitable distribution of the income and wealth of the nation,
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 6. The Council shall have its own Secretariat subject to the approval of the Taoiseach in regard to numbers, remuneration and conditions of service.
 7. The Council shall regulate its own procedure.

Industrial Employment and the Regions 1960-1982

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PART I

**THE COUNCIL'S COMMENTS ON
INDUSTRIAL EMPLOYMENT AND THE REGIONS 1960-1982**

INTRODUCTION

1. The National Economic and Social Council according to its terms of reference must have regard to "the balanced development of all regions in the country". In pursuing these terms, the Council has published a number of reports analysing the problem of regional disparities and suggesting means of alleviating these disparities.

2. *Regional Policy in Ireland: A Review*¹ was the first report in this series and was essentially a description of existing regional policy. *Institutional Arrangements for Regional Economic Development*² outlined existing institutional arrangements, analysed their contributions and identified some changes in these arrangements which would aid regional development. The possibility of encouraging the growth of service type employment in the regions was examined in *Service-type Employment and Regional Development*.³ The principles underlying the relationship between urbanisation and regional development were examined in *Urbanisation and Regional Development in Ireland*.⁴ There have also been a number of reports dealing with county and regional income disparities.⁵

3. The common theme of these reports is the extent of regional disparities and the recommendation of policies in the various areas which would help in reducing these disparities. In *Institutional Arrangements for Regional Development*, the Council set out its views on the debate regarding institutions and their effectiveness in the context of regional development.

4. In the Report on *Urbanisation and Regional Development*, concern was expressed at the growing concentration of population and employment, particularly service-type employment in the East region and the Council considered a continuation of this trend undesirable. The Council believed that

¹NESC, Report No. 4, *Regional Policy in Ireland: A Review*, 1975.

²NESC, Report No. 22, *Institutional Arrangements for Regional Economic Development*, 1976.

³NESC, Report No. 28, *Service-type Employment and Regional Development*, 1977.

⁴NESC, Report No. 45, *Urbanisation and Regional Development in Ireland*, 1979.

⁵NESC, Report No. 30, *Personal Incomes by County in 1973*, 1977.

NESC, Report No. 51, *Personal Incomes by Region in 1977*, 1980.

a policy of accelerating the development of one or two counter-magnet cities to offset the attraction of the East region and the continuing development of a number of smaller regional growth centres could be the most effective means of achieving, in the long term, a regionally balanced growth in employment and population.

5. The Council accepts that there is a continuing need to study the effectiveness of current regional policies in the context of their past achievements, for example, an inquiry into the experience with the degree of decentralisation of the public services that has already taken place, to ascertain whether such decentralisation has been beneficial and to examine the results with regard to performance and cost.

6. This report continues the series of studies on regional policy and its terms of reference were as follows: —

To assess the extent to which the industrial promotion bodies were effective in reducing regional inequalities particularly in employment opportunities.

In addition, a number of more detailed objectives were set out including: —

(a) To assess the appropriateness of the net job targets set at the regional level for the manufacturing sector by the promotional bodies in their industrial plans.

(b) To evaluate the actual outcome of regional job creation efforts in the manufacturing sector and to comment on any divergence between the target and this outcome.

7. James F. Bradley, Lecturer in Economics, Queen's University, Belfast was commissioned to undertake the study and his report and summary are set out in Part II of this Report.

8. Employment policy is one of the most important components of any policy which aims to reduce regional disparities. Within this category, industrial employment policy plays a primary role. Its importance derives from: —

(i) the fact that the location of industrial employment can to some extent be influenced through State action (using significant amounts of Government finance) to achieve regional objectives, and

(ii) the induced effects to which it can give rise through multiplier and linkage effects.

9. The consultant draws attention to the discrepancies between targets and outcomes at regional and State level. This is summarised for the period 1973-1977 in Table 1.5 which compares the targets with the actual net change

in manufacturing employment. The comparison shows that the East and North East actually suffered a decline in manufacturing employment while the State only achieved 5% of its target. However, it is encouraging to note the relative success of the four "less developed" regions with the West and Midlands actually exceeding their targets.

10. The Council does not hold that the non-fulfilment of targets is necessarily a criticism of the planning agencies or does it imply a failure of the planning process. The Council acknowledges the difficulty of achieving regional employment targets since the ultimate decisions regarding the location of an employment generating project rest with the promoter and depend on many other factors in addition to the various forms of regional assistance. This is not, however, an argument against the setting of targets. The formulation of plans and setting of goals illustrate the problems facing the State in the provision of employment and their publication ensures the widest possible discussion of the problems to be overcome in reaching the desired targets. Regional targets are a guide to the direction in which the promotion bodies are attempting to steer employment-generating enterprises and a discussion of the success or otherwise in reaching these targets is useful since it helps to identify the reasons for non-fulfilment where this occurs.

11. Although industrial policy is the most developed aspect of regional policy, the Council acknowledges that changes in employment in other sectors also have important implications for the attainment of regional objectives.

12. The Council considers that long-term defensible employment, preferably that which derives from the indigenous capacity of the region is the most valuable form of employment regardless of the sector in which it occurs.

13. The consultant examines the degree of regional imbalance by reference to population change, unemployment, income per capita and migration rates (Table 1.8). In a recently published NESC Report *Personal Incomes by Region 1977*⁶ the consultant found that the statistical measures of dispersion show a significant narrowing of the gap in income per head between the regions. Despite this progress in the reduction of regional imbalance disparities still remain as shown in Table 1.8. However, these disparities are much less significant than those between EEC regions, for example, in Ireland the highest income per head region is 1 ½ times that of the lowest region in the country, whereas the EEC ratio is 4 ½ : 1.

14. Attempts to reduce regional disparities by means of job creation are

⁶ibid..

influenced to a significant extent by job losses. Thus, the achievement of net regional targets depends not only on gross job creation but also on the extent of regional job losses, the latter being influenced by a wide set of factors including the sectoral structure of each region. The Council acknowledges that because of this, planning at the net level tends to be more inexact and agrees that the setting of gross job targets is more realistic.

15. The Council are at present engaged in a study of Industrial Policy in Ireland. While the study will deal primarily with issues at the national level, its conclusions and recommendations will have important implications for regional policy. The Council will be following up these matters in due course. Meanwhile, the present report is a useful input into the analysis of the regional dimension of present job creation policies in manufacturing industry.

PART II

INDUSTRIAL EMPLOYMENT AND THE REGIONS 1960-1982

by

J. F. Bradley

CHAPTER I

SUMMARY AND CONCLUSIONS Section I

Introduction

1.1 Much has been written on the evolution of Irish regional policy¹ over the post-war period. The NESC report by J. G. Hughes² provides a comprehensive survey of regional objectives set by the Government. This present study is concerned with assessing:

- (i) the appropriateness of regional manufacturing job targets contained in the IDA and SFADCO plans,
- (ii) the relation between actual employment performance and employment targets by regions up to 1977, and
- (iii) the extent to which regional imbalances have been reduced over the period 1960 to 1977.

1.2 Sections II, III and IV of this summary will discuss the findings of this report with respect to these headings. Section II compares the regional and sub-regional 1973-77 targets³ for net manufacturing employment with the 1966-71 experience in terms of targeted percentage increases in net manufacturing employment and targeted regional shares of the change in net manufacturing employment. Section II also compares the 1977-80 and 1978-82

¹Buchanan, C. and Partners in Association with Economic Consultants Ltd., Regional Studies in Ireland, Dublin: An Foras Forbartha. 1968.

Lichfield, N. and Associates: Report and Advisory Outline Plan for the Limerick Region, Dublin: An Foras Forbartha. 1966.

Wright, M., Advisory Regional Plan and Final Report for the Dublin Region, Dublin: An Foras Forbartha. 1967.

²*Regional Policy in Ireland: A Review*, NESC Report No. 4 (Pri. 4147).

³Only national sectoral employment estimates were available for 1971 when the IDA were drafting their 1973-77 Regional Industrial Plans. Based on the IDA's own records and the 1966 distribution of manufacturing employment, they *estimated* the regional distribution of the State manufacturing total for 1971. They then *projected* these estimates up to 1973. Then, using 1973 as base, they set the 1973-77 net manufacturing targets. Thus, the 1971 figures are *estimates*; the 1973 figures are *projections* and the 1973-77 changes are *targets*.

regional net manufacturing targets with the 1973-77 targets. Section III compares the 1973-77 regional and sub-regional net manufacturing targets with the actual outcome for 1973-77 and also compares the 1971-77 IDA projections with the 1971-77 outcome. Section IV summarises the indicators of regional imbalance. An examination of possible employment patterns in the regions up to the end of 1982 follows in Section V.

SECTION II

National Manufacturing Targets

1.3 According to the IDA Regional Industrial Plans 1973-77 the gross job creation target of 55,000 "shows the actual number of new jobs in manufacturing which the IDA will seek to promote in 1973-77" (page 57). Although 55,000 gross jobs may have been necessary to achieve the IDA net target of 38,000 over the 1973-77 plan period, the net target did not require the promotion of 55,000 gross jobs during the plan period as the IDA plans suggest. Because of the time lag between job approvals and job creation, approximately 15,000 gross jobs were expected from pre-plan approvals leaving approximately 40,000 for promotion during the plan period. The 1977-80 and 1978-82 plans give the proportion of the target expected from pre-plan approvals at the national level but no attempt is made to calculate the proportions of the regional targets which can be expected to come on stream from pre-plan approvals.

1.4 The 1973-77 plans also contain projections for 1971-77 (which incorporate the 1973-77 targets). Table 1.1 shows these gross and net projections.

TABLE 1.1
National Manufacturing Projections

	1971-73	1973-77	1971-77
Gross Jobs	14,000	55,000	69,000
Net Jobs	5,000	38,000	43,000

Source: Paragraph 3.3

1.5 The relation between gross and net figures differs substantially between the two sub-periods for which no explanation is given by the IDA. Table 4.1 (main text) shows that the projected net increase for the 1971-73 period was much too low when compared to the actual change for the period.

Regional Manufacturing Targets, 1973-77

1.6 The targeted percentage increases in net manufacturing employment for 1973-1977 were greater for all regions than the actual experience over the 1966-71 period (Table 1.2, Cols. 1 and 2). The four "less developed" regions i.e., Donegal, N. West, West and Midlands were targeted to achieve the greatest percentage increases in the 1973-77 plan period well above the State average. However, Donegal, N. West and West also achieved the greatest percentage increases in 1966-71. Despite these targeted increases the West, N. West and Midlands would have continued with the lowest proportion of their workforce in manufacturing employment if the targets had been achieved. Only Donegal would have shown any improvement in ranking.

1.7 When commenting on targeted percentage changes in net manufacturing employment for the plan period, relative to that in 1966-71, the IDA spoke of rapid acceleration in the four "less developed" regions relative to other regions. However, Table 1.2 (Col. 3) shows that the proposed increase for Donegal was less than the national average and less than that for all other regions except the East and N. East. Despite the IDA's expressed intention in the 1973-77 plans to moderate the growth rate in the East while maintaining it in the N. East, the proposed percentage increase for the East region (20.5) was quite close to that for Donegal (25.7) and substantially above that for the N. East (4.1). Table 1.2 (Col. 3) shows that of the four less developed regions only the West and Midlands would have experienced percentage increases substantially above the relatively more developed regions if the IDA plans had been realised.

1.8 The report finds that the IDA aim of increasing the targeted share of additional manufacturing jobs allocated to the "less developed" regions compared with the outcome for 1966-71 is not supported by the data in the case of Donegal. The increased share allocated to Donegal was insignificant relative to the increased shares allocated to the West, N. West and Midlands and below the increase allocated to the S. West (Table 1.2). However, realisation of the IDA net manufacturing targets would have resulted in an increase in the regional share of total manufacturing employment for all regions except the East and S. East.

Regional Manufacturing Targets, 1977-80, 1978-82

1.9 The 1977-80 and 1978-82 IDA plans concentrate mainly on manufactur-

TABLE 1.2

Percentage Change in Net Manufacturing Employment 1966-71 and Targets for 1973-77¹

	1966-71 Actual Percentage increase	1973-77 Target Percentage increase	1973-77 Percentage increase in relation to 1966-71 percentage Setting 1966-71 = 100	Regional share of total State increase in net manufacturing employment		Percentage change in regional share of net extra jobs in 1973-77 over 1966-71 %
				1966-71 Actual	1973-77 Target	
Donegal	24.9	31.3	125.7	5.14	5.26	+2
North West	26.7	41.9	156.9	2.68	3.42	+28
West	25.3	48.8	192.9	7.09	11.05	+56
South West	13.3	19.8	148.9	17.05	18.42	+8
South East	11.0	15.9	144.5	8.25	8.42	+2
East	7.8	9.4	120.5	33.13	27.11	-18
North East	19.4	20.2	104.1	11.15	8.95	-20
Midlands	15.9	30.8	193.7	5.16	7.37	+43
Mid West	16.4	21.2	129.3	10.35	10.00	-3
State	11.8	16.7	141.5	100.00	100.00	-

Source: Tables 3.5, 3.6, Chapter 3.

¹The "less developed regions" are shown in the boxes.

ing employment and contain much less detail on other regional variables than the 1973-77 plans. In fact, the 1978-82 plan expresses the regional manufacturing targets in gross terms on the grounds that the IDA does not directly influence redundancies. It is difficult to justify this stand unless it can be shown that there is no direct relation between redundancies and the re-equipment grant scheme operated by the IDA.

1.10 The percentage change in the net manufacturing job targets per annum for 1977-80 over 1973-77 shows Donegal, Midlands, South East and North West targeted to achieve the greatest percentage increases (Table 1.3, Col. 1). The East and N. East which suffered severely during the 1974-75 recession were allocated relatively small percentage increases in 1977-80 over 1973-77. The percentage increase in the 1977-80 target over the 1973-77 target is greatest for Donegal, being over twice the State percentage increase.

1.11 The 1978-82 IDA targets for manufacturing employment were presented in the IDA plan in gross terms. The present report derives net targets by regionally distributing expected total redundancies according to the method used by the IDA in their 1977-80 plan. In formulating their 1978-82 plan the IDA's aim was to promote intensively the four "less developed" regions. However, of the four only the Midlands and N. West were targeted to achieve the top percentage increases in 1978-82 over 1973-77 (Table 1.3, Col. 2). The targeted percentage changes in net manufacturing jobs were lowest in the East and N. East — in fact the annual net job manufacturing target for the East was below the 1973-77 target.

1.12 When each region's share of the total net manufacturing target is considered, Table 1.3 shows that the S. West, East and N. East were allocated smaller shares in 1978-82 than in 1973-77. Donegal's share in the 1978-82 plan was below that in the 1977-80 plan and only marginally above its 1973-77 allocation. The N. West, West and Midlands were targeted to achieve a greater share in 1978-82 than in 1977-80.

Pre-Plan Job Approvals and Regional Targets, 1977-80, 1978-82

1.13 Chapter 8 attempts to estimate the extent to which the regional manufacturing targets contained in the 1977-80 and 1978-82 plans are dependent on: (i) IDA job promotion during the plan periods, and (ii) pre-plan job approvals. A very sizeable proportion of the 1977-80 gross job targets in most regions can be expected from (ii). The proportions of the 1978-82 targets expected from (ii) are less but still sizeable in many regions, for example, Donegal can expect less than 6% of its 1978-82 target to come from pre-plan approvals. The N. West and West are also largely dependent on job approvals during the 1978-82 plan period.

TABLE 1.3

**Percentage Change in Net Manufacturing Employment,
1977-1980, 1978-1982**

	Percentage change in net manufacturing job target per annum in 1977-1980 and 1978-1982 over the 1973-1977 target		Regional share of net extra jobs (targets)		
	1977-1980 (1)	1978-1982 ¹ (2)	1973-1977 (3)	1977-1980 (4)	1978-1982 ¹ (5)
	Donegal	68.8	46.3	5.26	6.7
North West	44.2	103.1	3.42	3.7	5.3
West	19.1	68.5	11.05	10.0	14.1
South West	16.1	6.7	18.42	16.2	14.9
South East	64.1	87.5	8.42	10.5	12.0
East	27.4	-19.7	27.11	26.3	16.6
North East	21.3	2.9	8.95	8.3	7.0
Midlands	56.3	93.9	7.37	8.8	10.9
Mid West	25.0	76.7	10.00	9.5	13.4
State	31.6	31.6	100.00	100.00	100.00

Source: Tables 3.6, 8.1, 8.2, Chapters 3 and 8.

¹These columns assume that State redundancies are allocated regionally according to the allocation in the 1977-80 plan.

Sub-Regional Targets

1.14 Counties Donegal, Leitrim, Sligo, Mayo, Roscommon, Longford and Cavan were designated as sub-regions meriting special attention in the 1973-77 plans. Donegal is not dealt with here since it is considered as a separate region. All the designated counties except Longford were targeted to achieve a greater percentage increase in net manufacturing employment in 1973-77 than occurred in 1966-71, with Leitrim, Mayo, Roscommon and Cavan targeted to achieve a greater percentage increase in 1973-77 over 1966-71 than either the State or their respective regions, (Table 1.4). The pattern is similar when the share of the change in State net manufacturing employment is considered. Longford is again the exception with a targeted decline in its share of the change in net manufacturing employment in 1973-77 over 1966-71. Sub-regional targeting is, however, very sensitive to small changes in manufacturing employment because of the small size of the manufacturing base in many of the sub-regions, e.g., Roscommon in Table 1.4. The 1977-80 and 1978-82 plans give no targets for these designated counties.

TABLE 1.4

**Percentage Change in Net Manufacturing Employment, 1966-1971¹ and 1973-1977 at the
Sub-Regional Level**

	% increase in manufacturing employment		1973-77 percentage change in relation to 1966-71 percentage change 1966-71 = 100 (3)	1973-77 percentage change in relation to 1966-71 percentage change in their respective regions (4)	% share of State change in net manufacturing employment		% increase in share of change in 1973-77 over 1966-71 (7)	% increase in share of change in 1973-77 over 1966-71 in their respective regions (8)
	1966-71 Actual (1)	1973-77 Target (2)			1966-71 Actual (5)	1973-77 Target (6)		
Leitrim	36.7	71.4	194.5	156.9	0.80	1.32	65.0	27.61
Sligo	23.9	33.3	139.3	156.9	1.88	2.11	12.2	27.61
Mayo	17.6	50.0	284.0	192.9	2.09	4.47	113.9	55.85
Roscommon	2.0	55.5	2775.0	193.7	0.08	1.32	1550.0	42.83
Longford	64.5	50.0	77.5	193.7	1.49	1.32	-11.4	42.83
Cavan	21.0	34.7	165.2	104.1	1.62	2.11	30.2	-19.73
State	11.9	16.7	140.3	-	-	-	-	-

Source: Tables 1.1, 3.6, 7.1, 7.2, Chapters 1, 3 and 7.

¹1971 data refer to IDA estimates.

SECTION III

Regional Targets and Outcome, 1973-77

1.15 The Report shows that over the 1973-77 period actual net manufacturing employment changes exceeded the targets in only the West and Midlands with targets being below actual numbers for the other regions. The four "less developed" regions were relatively successful in achieving their targets when examined against the background of the overall State performance. The South East was the only other region close to target while the East and the North East actually suffered a decline in net manufacturing employment (See Table 1.5).

1.16 During a recession one would expect the number of actual gross jobs arising from job approvals to fall. In the study an attempt is made to quantify the effects of the 1974-75 recession by comparing the relationship between gross job approvals and job creation in the regions for the pre-plan and plan periods and a shift in the relationship is found as expected with wide variations in the shift inter-regionally.

TABLE 1.5

Targeted and Actual Net Change in Manufacturing Employment, 1973-1977

	1973-1977		Actual net change as a % of target
	Targets	Outcome ¹	
Donegal	2,000	800	40
North West	1,300	1,100	85
West	4,200	5,150	123
South West	7,000	1,000	14
South East	3,200	2,750	86
East	10,300	-11,050	-
North East	3,400	-1,000	-
Midlands	2,800	3,150	113
Mid West	3,800	0	0
State	38,000	1,900	5.0

Source: Table 4.1, Chapter 4.

¹Actual (outcome) data for 1973 and 1977 based on IDA annual employment surveys.

1.17 The study also compares the 1971-77 net manufacturing projections with the 1971-77 outcome according to IDA data and revised Labour Force Survey estimates.

TABLE 1.6

Net Change in Manufacturing Employment, 1971-77

	IDA Projections ¹	IDA Annual Employment Surveys	Revised Labour Force Survey Estimates for 1977 ²
Donegal/N. West	3,289	1,866	2,446
West	4,000	5,511	4,603
S. West	7,022	3,467	1,872
S. East	3,200	4,667	2,086
East	10,667	-6,844	-7,667
N. East	3,556	+622	-997
Midlands	2,667	3,244	1,145
Mid West	3,822	1,733	4,159
State	38,223	14,267	7,647

¹To facilitate comparison, the IDA projections for the 6.75 year period have been converted to a six year base.

²M. Ross, *Personal Incomes by Region in 1977* (NESC, Report No. 51).

Source: Table 4.3, Chapter 4.

1.18 Table 1.6 shows the volatility of regional performance with respect to the actual employment data used, when projected and actual net changes in manufacturing employment over the period 1971-77 are considered. The two sets of actual data yield conflicting results for the S. East, Midlands and Mid-West.

Sub-Regional Targets and Outcome, 1973-77

1.19 The actual change in net manufacturing employment in 1973-77 exceeded the target in Roscommon, Mayo and Longford and was only marginally below target in Cavan and Sligo. All six counties performed very well in relation to the State achievement of 5%. They all performed much better than their respective regions with the exception of Leitrim.

1.20 The severe decline in net manufacturing employment in the East region (Table 1.5) over the period 1973-77 was felt most severely in the Dublin sub-region. The IDA targeted for a net increase of 7,300 in manufacturing employment over the 1973-77 plan period. However, according to IDA data, net manufacturing employment declined by 12,750 over the period.

TABLE 1.7

Targeted and Actual Change in Net Manufacturing Employment at the Sub-Regional Level, 1973-1977

	1973-1977		Actual net change as a % of target	Actual net change as a % of target in their respective regions
	Targets	Outcome		
Leitrim	500	390	78.0	85
Sligo	800	754	94.3	85
Mayo	1,700	2,509	147.6	123
Roscommon	500	790	158.0	113
Longford	500	670	134.0	113
Cavan	800	770	96.3	—
State	38,000	1,900	5.0	—

Source: Table 7.1, paragraph 7.4.

SECTION IV

Indicators of Regional Imbalance

1.21 In accordance with the IDA approach to regional imbalance, the following five indicators are used in the report to assess the degree of imbalance:—

- (a) Population change
- (b) Unemployment
- (c) Income per capita
- (d) Proportion of workforce in industry, services and agriculture
- (e) Proportion of industrial grants and industrial estates expenditure received by a region.

The use of (e) as an indicator is questioned in paragraph 6.1.

Population Change

1.22 The four "less developed" regions suffered population loss over the 1961-66 and 1966-71 periods. In fact, population loss was limited to these four regions over the 1966-77 period. Table 1.8 shows that the 1971-79 period saw an increase in population in all regions with the highest percentage increases in the East and Donegal. Over this period all regions experienced inward migration. However, the four "less developed" regions had the lowest natural increases per 1000 population. Donegal's rapid population growth was due to

the fact that the region experienced the highest rate of inward migration. With the exception of the North East, net migration was lowest in the remaining three "less developed" regions. This and the relatively low natural increases account for their relatively low rates of population growth. When population growth is taken as an indicator those three regions ranked 7 to 9 over the entire 1961-79 period.

Unemployment

1.23 The reliability of the unemployment rate as an indicator of the degree of regional imbalance is questioned in Chapter 5. It is shown that regional rankings can change dramatically depending on the definition of unemployment used. It must also be recognised that low unemployment in a region may be due to high outward migration. These factors should be borne in mind when examining Table 1.8. The actual 1977 figures are based on the Labour Force survey definition of unemployment. Table 1.8 examines the 1977 ratio of regional unemployment rates to the national rate and shows Donegal/North West as the only "less developed" region with an unemployment rate above the national average. The Midlands and West show improvement when the 1977 ratio is compared to the 1971 ratio. The effects of the 1974-75 recession are obvious from the ratios in the Eastern regions.

Income per capita

1.24 Despite the fact that the four "less developed" regions had *per capita* incomes substantially below other regions in 1973, they experienced fairly rapid growth in incomes relative to the East and North East over the 1969-73 period. However, over the 1973-77 plan period the percentage increase in income *per capita* in the Midlands was below that for all regions, including the East. Over this period the West achieved the highest percentage increase, followed by the South West, South East and Donegal/N. West.

1.25 There is some evidence of a reduction in regional disparities when deviations of regional *per capita* incomes from the national average are considered (Table 1.8, see also NESC Report No. 51). This is partly due to the pronounced growth in population in the East. The relative position of the West has shown a marked improvement since 1969. Income *per capita* in Donegal/North West relative to the national average shows little change since 1960 whereas the Midlands was relatively worse off in 1977 than in 1960 (See Table 5.5).

Proportion of the Workforce in Industry, Services and Agriculture

1.26 Realisation of the IDA projections would have resulted in only minor changes in the ranking of regions relative to the position throughout the 1960s when the proportions of the regional labour force employed in industry,

TABLE 1.8
Indicators of Regional Imbalance

	Ratio of Regional Unemployment Rates to national rate		Ratio of Regional real income per capita to national average income/capita at constant 1977 prices (setting State = 100)		Percentage Change in Population		Average annual rate of net migration per 1,000 of average population	
	1971 Live Register Definition	1977 Actual	1973	1977	1966-71	1971-79	1966-71	1971-79
Donegal	2.51	1.38	76.45	76.62	-0.2	12.2	-6.9	6.7
N. West	1.01	0.62	81.44	86.06	-3.9	4.8	-10.0	2.4
West	1.34	0.68			-1.9	8.8	-10.6	2.8
S. West	0.94	0.74	98.94	100.19	+2.9	10.8	-3.0	3.5
S. East	0.89	1.14	94.48	95.31	+2.8	11.5	-4.7	2.9
East	0.92	1.09	117.23	115.40	+7.4	18.1	-0.6	6.4
N. East	1.01	1.09	91.28	91.00	+2.8	9.4	-4.2	1.4
Midlands	0.90	0.78	80.31	78.71	-0.9	8.4	-9.8	1.9
Mid-West	1.03	1.05	95.94	94.80	+1.9	11.4	-5.2	2.8
State	—	—	100.00	100.00	+3.3	13.0	-4.2	4.2

Source: Tables 5.1, 5.4, 5.5, 5.7, 5.8, Chapter 5.

agriculture and services are taken as indicators. No change would have occurred in the regional rankings of the four "less developed" regions if the projected changes in industrial and service employment had been realised. The fact that these "less developed" regions would have experienced the highest percentage increases in their industrial/labour force ratios and lowest percentage declines in their agricultural/labour force ratios can be partly explained by static or falling labour force projections for these regions. The West is the only "less developed" region which would have improved its ranking if the IDA projected increase in service employment had been realised.

1.27 Only very marginal changes occur when actual ratios are used as indicators to rank regions over the 1960 to 1977 period. The four "less developed" regions had the lowest industrial/workforce ratios and service/workforce ratios throughout the period. Large regional discrepancies between percentage changes in actual and estimated ratios over the 1971-77 period can be partly explained by the wide discrepancies between estimated and actual changes in workforce figures, particularly in Donegal/North West and the Midlands.

Grants and Expenditure on Industrial Estates

1.28 The proportion of industrial grants allocated to a region indicates the relative success of that region in generating industry and can therefore be used as an indicator of regional imbalance, according to the IDA. This study assumes that the proportion of industrial grants received by a region might also indicate the extent to which that region is being promoted.

1.29 All regions received increased grants *per capita* in the 1973-77 period over the 1960-73 period. The West, Midlands and South East received a percentage increase in grants *per capita* in the 1973-77 period over the 1960-73 period well above the State increase while the increase in Donegal/North West was well below the State increase.

1.30 The regional share of total State grants in 1973-77 was greater than in 1960-73 for both the West and Midlands, but the Donegal/North West region experienced a decline in its share. However, even though the percentage increase in the regional share in 1973-77 over 1960-73 was substantial in the West and Midlands, the shares allocated to the South West, South East and East were still substantially larger than the shares of the "less developed" regions in 1973-77 (Table 6.1 and 6.2, main text).

1.31 The share of small industry grants allocated to Donegal, North West and West during the 1973-77 plan period was almost half that received during 1960-73. This contrasts sharply with the trend in most of the "developed" regions.

SECTION V

1978-82 Manufacturing Targets and Full Employment

1.32 M. Ross and B. Walsh undertook the task of "regionalising" the full employment target contained in the White Paper, "*Programme for National Development 1978-81*". They assumed that:—

- (i) The unemployment rate in each region would fall to the national rate of 4.6 per cent in 1981.
- (ii) The IDA annual targets contained in the 1977-80 plan would be realised.
- (iii) The White Paper decline in agricultural employment would be distributed regionally according to each region's share of the decline between 1971 and 1977.

They concluded that "a hardly attainable upsurge in employment in the "other" sector (non-manufacturing industry and services) and a much greater regional dispersal of the growth of this employment than has occurred in the past" (page 23) would be required.

1.33 In the light of the Ross and Walsh conclusions it was decided to relax their unemployment assumption and explore the implications for changes in "other" employment in the regions. Three alternative regional unemployment distributions were considered and the 1977-80 annual targets were replaced by annual IDA manufacturing targets for 1978-82. Under these alternative assumptions the required annual growth in "other" employment was found to be less than the Ross and Walsh requirement for all regions except the South West, East and North East. The reductions in the requirements in the "less developed" regions were very significant and as a result the differences between the required changes and actual changes experienced in the past narrow considerably. In addition, the Ross and Walsh requirement of "a much greater dispersal" of "other" employment no longer holds under the alternative unemployment distributions.

Possible Employment Patterns up to 1983

1.34 Since no reliable projections of the labour force by regions are available, a quantification of required annual changes in "other" employment by regions up to the end of the 1978-82 plan period can only be based on assumed changes in the labour force, unemployment, agricultural and manufacturing employment. Chapter 8 considers two possible outcomes. One assumes a static labour force in each region while the second assumes an annual increase by region equal to that contained in the Ross and Walsh study. Each assumes that annual IDA net targets will be realised, that the White Paper annual decline in agricultural employment will take place and will be distributed regionally in line with the actual decline between 1971 and 1977, and that the

annual decline in unemployment contained in the White Paper will be realised. Different regional distributions of the annual decline in unemployment are considered.

1.35 With a zero growth in each region's labour force, the required annual growth in "other" employment necessary to support falling unemployment levels exceeds the actual annual growth experienced by all regions (over the period 1971-77) except the West, East and Mid West. With annual regional growth rates equal to the Ross and Walsh rates, discrepancies between the required annual growth in "other" employment and past growth in this sector are very pronounced except in the West. It is highly unlikely that these annual growth rates could be achieved, particularly in Donegal, the North West, Midlands, North East and South East.

CHAPTER 2

INTRODUCTION

2.1 The overall objective of this study, according to the terms of reference, is:

to assess the extent to which the industrial promotion bodies were effective in reducing regional inequalities, particularly in employment opportunities.

The regions referred to are the nine regions established after the passage of the Local Government (Planning and Development) Act, 1963, for physical planning purposes. The promotional bodies considered in the study are the Industrial Development Authority (IDA), Shannon Free Airport Development Company Ltd. (SFADCO), and An Chomhairle Oiliúna (AnCO). While recognising that until May 1978 the location of all jobs in the Mid-West region was a matter for SFADCO and that employment targets for this region were set after consultations between SFADCO and the IDA, this study refers to IDA targets for the Mid-West simply because most of the data for this region is included in IDA plans and IDA Annual Reports.

2.2 It is recognised in the terms of reference that the methodology used by the promotion bodies in their industrial plans can be evaluated from the regional viewpoint by assessing the appropriateness of regional job targets and/or by comparing the actual outcome with the target set. The appropriateness of a regional target is assumed to depend on the relation between the current target, previous targets, actual employment changes and the overall needs of a region.

The terms of reference state that:

Within the overall objective, two specific objectives may be identified which will be relevant to an examination of the assumptions made in the Industrial Plans of the industrial promotion bodies and the logic underlying the targets set in these Plans:—

- (1) To assess the appropriateness of the net job targets, set at regional level for the manufacturing sector by the promotional bodies, in their industrial plans.
- (2) To evaluate the actual outcome of regional job creation efforts in the manufacturing sector and to comment on any divergence between the target and this outcome.

The study begins with an analysis of the overall state projections for sectoral employment in 1977 contained in the IDA Regional Industrial Plans 1973-77. Chapter 3 assesses the appropriateness of net job targets in manufacturing set by the IDA and SFADCO for the regions over the period 1973-77. Regional job targets in the IDA Industrial Plans 1977-80 and 1978-82 are analysed in Chapter 8. The regional implications of these targets for employment in the other sectors are also considered.

2.3 Discrepancies between targets and outcome are examined in Chapter 4. Data on regional employment for the plan period 1973-77 is limited to IDA figures for manufacturing employment. However, actual regional outcomes for the period 1971-77, based on Census data for 1971 and the adjusted 1977 Labour Force Survey, are compared with IDA and SFADCO projections for this period. Actual regional outcomes for 1977 provide a basis for the evaluation of the 1977-80 and 1978-82 Industrial Plans in Chapter 8.

It was the intention of the study, subject to data availability, to assess (in the words of the terms of reference):

- (i) the extent of any divergence between the projected total employment in grant-aided industry as set out in the Plans and the actual outcome in terms of jobs created.
- (ii) Redundancies in all grant-aided industry in relation to total redundancies over the period.

IDA Annual Reports provide information on job gains and losses but these figures apply to grant-aided and non grant-aided industry. No published figures are available for gross job gains and losses in grant-aided industry only over the 1973-77 plan period. Consequently, it was not possible to quantify (a) discrepancies between targets and outcome for grant-aided industry only (b) redundancies in grant-aided industry only and (c) grant cost per job.

2.4 Regional policy seeks to reduce regional inequalities or to achieve regional balance. The IDA Regional Industrial Plans 1973-77 define regional imbalance in terms of five indicators and on the basis of these indicators four regions ranked consistently low, i.e., Donegal, the North West, West and Midlands. This study uses these indicators and others to assess the appropriateness of the Industrial Plans and to quantify their expected and actual impact on the regions. Each chapter concerns itself with the expected or actual change in the degree of regional imbalance in the four "less developed" regions. The proportion of the workforce engaged in the primary, secondary and tertiary sectors is used as an indicator in Chapters 3, 4, 7 and 8. Chapter 5 questions the use of the unemployment rate as an indicator of regional imbalance. Regional variations in personal income *per capita* and changes in population are also dealt with in Chapter 5. While the IDA uses the

regional proportion of industrial grants and industrial estates expenditure as an indicator on the grounds that it indicates the success of a region in generating industry, this study assumes that it might also indicate the extent to which a region has been promoted. Chapter 6 quantifies the regional allocation of IDA grants and expenditure on industrial estates. Expenditure on training services and fixed assets investment by AnCO is also allocated regionally in Chapter 6.

2.5 The 1971 Census revealed that six counties in the Irish Republic experienced a decline in population of 2 per cent or more over the period 1966-71. As a result the 1973-77 IDA plans designated these counties as high priority areas meriting special attention. Chapter 7 assesses the performance of these counties over the 1973-77 period by applying the indicators outlined in paragraph 2.4.

CHAPTER 3

NATIONAL AND REGIONAL EMPLOYMENT TARGETS 1973-77

Introduction

3.1 This chapter is concerned with the IDA Regional Industrial Plans 1973-77 which were published in June 1972. Since only the preliminary 1971 Census Report was available when these plans were drafted no actual regional employment figures for 1971 were available. Consequently, it was necessary for the IDA to estimate regional employment in the main sectors which made up the regional labour force in 1971; industry, agriculture, services and unemployment. Estimates of sectoral employment in 1971 at the national level were available. These sectoral estimates at the national and regional level were carried forward to 1973, the base year of the plans, and are described in this chapter as IDA projections for 1973. State and regional employment in the main economic sectors were then projected forward to 1977, the final year of the plans. Consequently, all IDA employment figures for 1971, 1973 and 1977 in this chapter are estimates/projections made in 1972. In commenting on the projections for 1973 and 1977 and other events in the past, use is frequently made of the present tense throughout this report. This approach is often adopted when commenting on the contents of a table in the text which refers to the past. In this chapter the present tense is used to avoid the continual use of the past conditional tense when commenting on the implications of the IDA Plans.

State Employment Projections

3.2 IDA employment projections for the whole state over the period January 1973 to December 1977 are based on the White Paper, "The Accession of Ireland to the European Communities" (Pr. 2064). A detailed account is contained in the appendices to the 1973-77 Regional Industrial Plans. The White Paper deals with the longer period 1970-78 and gives estimates of expected changes in sectoral employment. It contains no reference to employment levels except in the case of agriculture. For basic levels of employment in 1971 the IDA uses the estimated sectoral employment at the national level contained in the "Review of 1971 and Outlook for 1972" (Pr. 2357). With the White Paper information on expected changes in sectoral employment it was possible to project employment levels for the plan period. Table 3.1 contains the Review and Outlook estimates for 1971 and the IDA projections for 1973 and 1977. Labour force figures were calculated from population projections for 1973 and 1977 using activity rates derived by the IDA from data supplied by the Department of Labour.

TABLE 3.1

Sectoral Employment 1971, 1973, and 1977

	April 1971	January 1973	December 1977
Agriculture	282,000	269,000	234,000
Industry	328,000	336,000	381,000
Services	461,000	472,000	499,000
Labour force	1,139,000	1,149,000	1,171,000

Sources: Review of 1971 and Outlook for 1972, (Pri. 2357).
IDA Regional Industrial Plans 1973-77 Part I, Appendices page 3.

IDA Manufacturing Target 1973-77

3.3 Table 3.1 shows that the IDA projected increase in industrial employment between April 1971 and December 1977 was 53,000, with an estimated increase of 45,000 in the plan period. The estimated net increase in manufacturing employment between April 1971 and December 1977 was 43,000, with an increase of 38,000 expected during the plan period 1973-77. Redundancies during the five year plan period were estimated at 17,000. Consequently, an increase of 55,000 in gross manufacturing employment was required to achieve the net target of 38,000. This estimated net increase of 43,000 jobs between April 1971 and December 1977 is consistent with the estimate of 50,000 additional manufacturing jobs in the White Paper if an additional 7,000 jobs are projected for 1978.

Regional Employment by Sectors: IDA Methodology¹

3.4 When formulating the 1973-77 Regional Industrial Plans the latest comprehensive set of regional employment figures at the disposal of the IDA related to 1966. It was decided that a regional distribution for 1971 was desirable so that the five year period 1966-71 could be compared with the 1973-77 plan period. Consequently, the IDA proceeded to allocate the 1971 State estimates of sectoral employment contained in the "Review of 1971 and Outlook for 1972" among the regions.

3.5 The regional allocation of manufacturing employment in April 1971 was based on IDA records with the shortfall between IDA records and the state estimate for manufacturing allocated according to the 1966 distribution of manufacturing employment. Non-manufacturing industrial employment in April 1971 was distributed regionally according to the 1966 distribution of industrial employment. The estimated State fall in agricultural employment between 1966-71 was distributed by regions according to the regional share of the absolute change in the agricultural sector between 1961 and 1966. Unemployment by regions in 1971 was derived from county estimates of

unemployment. These were based on the number on the live register for each county in 1971 after adjustments to make the figures comparable with the Census figures for persons "out of work". The adjustment factor used for each county was the ratio between the number on the live register in April 1966 and the number "out of work" according to the 1966 Census of Population. Service employment by region was then derived as the residual labour force not accounted for under industrial employment, agricultural employment or unemployment. County labour force figures were again calculated from population data contained in the preliminary census report 1971 and activity rates supplied to the IDA by the Department of Labour.

3.6 The regional projections for January 1973, the beginning of the plan period, were carried forward from the estimated 1971 base, outlined in paragraph 3.5. It was assumed that the change in State industrial employment between April 1971 and January 1973 would be distributed regionally according to the estimated 1966-71 experience. The national expected decline in agricultural employment between April 1971 and January 1973 was distributed by regions according to the 1961-66 share in the absolute change. The State unemployment estimate for 1973 was distributed regionally according to the estimated 1971 distribution, which was calculated as outlined in paragraph 3.5. Service employment was again taken as the residual.

3.7 With the exception of manufacturing employment the methodology outlined in paragraphs 3.5 and 3.6 was used to obtain regional employment projections for December 1977, the end of the plan period, from State projections for that year. According to the Appendices (page 5) to the 1973-77 plans the IDA considered that "the less well-off regions (Donegal, North West, West and Midlands) should attain a higher proportion of the new manufacturing jobs created over the plan period than they obtained in the past".

Regional Industrial Employment

3.8 Actual, estimated and projected employment figures for the regions are given in Table 3.2. With the exception of the East and North East the percentage increases for 1973-77 are higher than those for 1966-71 in all regions. Only in the East and North East are the increases less than the national average. Over the plan period the highest percentage increases would occur in Donegal, North West, West and Midlands — the four "less developed" regions. However, the North West and Donegal also experienced the highest percentage increases between 1966 and 1971, see Table 3.2. The projected increase for the West over the plan period is almost double that in the previous period. Although the projected increase for the Midlands over the plan period ranks fourth highest, it is in fact just less than half that for the West. Because of this and the low growth in industrial employment in the

¹For a detailed account see Regional Industrial Plans 1973-77 Part I, Appendices

TABLE 3.2
Industrial Employment 1961-77

	1961 (Actual)	1966 (Actual)	1971 (IDA estimates)	1973 (IDA projections)	1977 (IDA projections)	Percentage changes		Annual increase	
						1966-71	1973-77		1966-71
Donegal	6.75	7.80	9.3	9.7	11.9	19.2	22.7	300	440
North West	4.13	4.11	5.0	5.1	6.5	21.7	27.5	178	280
West	11.22	12.84	15.0	15.6	20.3	16.8	30.1	432	940
South West	39.12	44.20	49.7	51.1	59.1	12.4	15.7	1,100	1,600
South East	23.41	26.84	29.9	30.6	34.4	11.4	12.4	612	760
East	124.61	139.39	151.9	154.9	168.1	11.1	8.5	2,502	2,640
North East	15.75	18.05	21.3	22.0	25.8	18.0	17.3	650	760
Midlands	16.62	17.44	19.5	19.9	23.4	11.8	17.6	412	700
Mid West	17.23	23.09	26.4	27.1	31.5	14.3	16.2	662	880
State	258.84	293.76	328.0	336.0	381.0	11.7	13.4	6,848	9,000

Sources: Census of Population Vol. IV 1961, Vol. III 1966.
IDA Regional Industrial Plans 1973-77 Part II.

Midlands since 1961, the projected percentage increase for this region is second lowest over the entire period 1961 to 1977. Of the four "less developed" regions, only Donegal and the West fall within the top four rankings for the 1961 to 1977 period when the percentage increase in employment is taken as an indicator.

3.9 Annual average changes in industrial employment are given in Table 3.2. Realisation of the IDA plans would cause the national annual rate of change to increase by over 30 per cent compared with the annual rate for the 1966-71 period. Compared with the 1966-71 period the percentage increase in the annual rate projected for the three Eastern regions is less than the national average, with an increase of over 5 per cent projected for the East and 17 per cent for the North East. The annual growth rate projected for the West is more than double that for the earlier period while that for the Midlands is almost 70 per cent higher. On the other hand, the projected annual percentage increase for Donegal is only marginally higher than that for the South West.

3.10 The proportion of the labour force in industrial employment is one indicator of the degree of economic development in an area. An examination of Table 3.3 shows that only marginal changes would occur in regional rankings over the entire period 1961 to 1977. Despite the large projected increase in industrial employment, the four "less developed" regions would continue to have the lowest proportion of their workforce in industrial employment. The West and North West have rankings 8 to 9 in Table 3.3 whereas they would experience the highest percentage increase in industrial employment according to Table 3.2.

TABLE 3.3
Industrial Employment as a Percentage of the Labour Force 1961-77

	1961	1966	1971	1973	1977	Percentage increase	
	(Actual)	(Actual)	(IDA estimates)	(IDA projections)	(IDA projections)	1966-71	1973-77
			percentage				
Donegal	15.1	18.1	21.5	22.5	28.0	18.8	24.7
North West	11.6	12.6	16.6	17.2	22.7	31.7	31.9
West	10.4	12.5	15.2	16.0	20.8	21.9	30.3
South West	22.7	25.7	28.6	29.2	33.2	11.3	13.7
South East	19.3	22.3	24.7	25.1	28.3	10.8	12.5
East	34.5	36.0	36.6	36.6	37.9	1.7	3.5
North East	22.5	26.4	31.3	32.2	37.2	18.6	15.6
Midlands	17.6	19.3	22.1	22.7	27.1	14.5	19.1
Mid-West	17.1	22.7	25.9	26.5	30.6	14.1	15.6
State	23.4	26.3	28.8	29.2	32.5	9.5	11.3

The labour force figures used are IDA estimates (1971) and projections (1973 and 1977).

Sources: Census of Population Vol. IV 1961, Vol. III 1966

IDA Regional Industrial Plans Parts I and II 1973-77

3.11 Although little change would take place in regional rankings over time when the proportion of the labour force in industrial employment is used as an indicator, the "less developed" regions would experience the highest percentage increases in the ratio over the plan period, see Table 3.3. However, with the exception of the Midlands this was also the case during the 1966-71 period. In fact the projected percentage increase for the North West over the plan is only marginally above that for 1966-71. The high percentage increases in the ratio in both periods for the four "less developed" regions is not only due to the high percentage increases in industrial employment, see Table 3.2, but also to a falling or static labour force. The labour force figures used in Table 3.3 are IDA estimates and projections. The lower percentage increases in the ratio in the "developed" regions over the plan period are a result of the relatively low projected percentage increases in industrial employment and a rising labour force in all regions except the South East.

Manufacturing Employment

3.12 The net target for manufacturing employment is an increase of 38,000 over the plan period. Rather than distribute these new jobs regionally according to the distribution of manufacturing employment over the period 1966-71 it was decided that the "less developed" regions should receive a higher proportion of net jobs in the 1973-77 period relative to 1966-71, (see paragraph 3.7).

Table 3.4 gives the IDA job estimates for 1971 and job projections for 1973 and 1977. These estimates and projections are then expressed as a percentage of IDA workforce estimates and projections. When the ratio of the workforce in manufacturing employment is taken as an indicator¹ of economic development, it is evident from Table 3.4 that, despite the priority given to the West, North West and Midlands, these regions would remain in rankings 7 to 9 over the entire period since 1961. Of the four "less developed" regions only Donegal would show any improvement, moving in rank from 6 to 5 and exchanging places with the South East. Realisation of the IDA projections would result in a higher ratio in the North East than the East in 1977.

3.13 IDA projections for the plan period imply a higher percentage increase in manufacturing employment in all regions relative to the 1966-1971 period, see Table 3.5. With the exception of the North East this also holds for percentage changes in the proportion of the workforce in manufacturing employment. Only in the East is the percentage increase less than the national average. The projected annual changes also show a marked increase over the rate in 1966-71.

¹For an alternative measure of regional disparities see paragraph 3.19 and Table 3.8.

TABLE 3.4
Manufacturing Employment 1961-77

	Manufacturing Employment (in thousands)				Manufacturing Employment as a Percentage of the Workforce				
	1961 (Actual)	1966 (Actual)	1971 (IDA estimates)	1973 (IDA projections)	1961 (Actual)	1966 (Actual)	1971 (IDA estimates)	1973 (IDA projections)	1977 (IDA projections)
Donegal	4.3	4.9	6.1	6.4	10.5	12.4	16.0	16.9	22.0
North West	2.2	2.4	3.0	3.1	6.4	7.6	10.4	11.0	15.9
West	5.8	6.6	8.3	8.6	5.6	6.7	8.8	9.2	13.6
South West	27.2	30.4	34.4	35.3	16.7	18.6	21.1	21.6	25.0
South East	15.9	17.8	19.7	20.1	13.9	15.6	17.6	17.9	20.4
East	93.7	100.2	108.0	109.7	27.2	26.9	27.5	27.4	28.2
North East	12.0	13.6	16.2	16.8	17.9	20.8	25.0	26.0	30.4
Midlands	7.6	7.7	8.9	9.1	8.4	8.9	10.8	11.2	14.6
Mid West	10.8	15.0	17.4	17.9	11.4	15.6	18.4	18.9	22.4
State	179.4	198.6	222.0	227.0	17.1	18.6	20.7	21.1	23.8

The workforce figures used are IDA estimates (1971) and projections (1973, 1977).
Sources: Census of Population Vol. IV 1961, Vol. III 1966.
IDA Regional Industrial Plans Parts I and II 1973-77.

TABLE 3.5

Changes in Manufacturing Employment 1966-77

	Percentage change in manufacturing employment		1973-77 percentage increase in relation to 1966-71 percentage	Percentage change in manufacturing/workforce ratio		Annual increase in manufacturing employment	
	1966-71	1973-77	1966-71	1966-71	1973-77	1966-71	1973-77
	%	(projected)	= 100	%	%		
Donegal	24.9	31.3	125.7	29.4	30.2	240	400
North West	26.7	41.9	156.9	36.9	44.5	120	260
West	25.3	48.8	192.9	31.8	47.8	340	840
South West	13.3	19.8	148.9	13.4	15.7	800	1,400
South East	11.0	15.9	144.5	12.7	14.0	380	640
East	7.8	9.4	120.5	2.0	2.9	1,560	2,060
North East	19.4	20.2	104.1	20.4	16.9	520	680
Midlands	15.9	30.8	193.7	21.3	30.4	240	560
Mid-West	16.4	21.2	129.3	18.0	18.5	480	760
State	11.8	16.7	141.5	11.3	12.8	4,680	7,600

Source: Table 3.4, Chapter 3.

The four "less developed" regions would experience the highest percentage increases in manufacturing employment over the 1973-77 period. However, Table 3.5 shows that, with the exception of the Midlands, these regions also experience the highest percentage increases in 1966-71.

3.14 When commenting on the percentage changes in manufacturing employment in Table 3.5 the IDA states (page 58, IDA Regional Industrial Plans)

"The acceleration proposed for the West, North West, Donegal and Midlands regions is particularly rapid, even allowing for the small industrial base in these regions. Acceleration of the growth rate is also proposed for the South West, South East and Mid-West regions. The North East had an exceptionally high rate of increase in manufacturing employment in 1966-71 and this growth will be maintained in the period 1973-77. The future industrial growth in the East region is moderated to accord with Government policy on Dublin".

The proposed acceleration in the growth rate for 1973-77 is relative to that experienced during the 1966-71 period. Closer examination of the percentage increases in both periods reveals that the proposed acceleration for Donegal is anything but rapid. When the 1966-71 percentage increases are taken as 100 the corresponding indices for 1973-77 are given in Column 3 of Table 3.5. Column 3 shows that Donegal in fact would experience an increase which is below the national average and less than all other regions except the East and

North East. Despite the expressed intention to moderate the rate of growth in the East region while maintaining it in the North East, Column 3 of Table 3.5 shows that the East would experience an increase which is quite close to Donegal's increase and substantially above the increase in the North East. The increase in the North West is only marginally above the increase in the South West and South East. Of the four "less developed" regions only the West and Midlands would experience increases substantially above the increases in the "developed" regions.

3.15 When the annual change in manufacturing employment projected for the plan period is compared with the annual rate during 1966-71, Donegal would experience a percentage increase marginally above the national average but below that for the South West and South East. The West and Midlands would again experience percentage increases substantially higher than the increases in all other regions.

3.16 The unfavourable treatment of the Donegal region is also evident when the IDA target for 1973-77 is compared with the increase during the 1966-71 period, see Table 3.6.

TABLE 3.6

Net Increase in Manufacturing Jobs 1967-71 and 1973-77

	Net extra jobs		% increase in 1973-77 relative to 1966-71	Regional share of net extra jobs as percentage of total increases in manufacturing employment	
	1966-71	1973-77 (IDA targets)	1966-71	1966-71	1973-77
Donegal	1,214	2,000	64.7	5.14	5.26
North West	633	1,300	105.4	2.68	3.42
West	1,674	4,200	151.0	7.09	11.05
South West	4,027	7,000	73.8	17.05	18.42
South East	1,948	3,200	64.3	8.25	8.42
East	7,877	10,300	31.6	33.13	27.11
North East	2,635	3,400	29.0	11.15	8.95
Midlands	1,219	2,800	129.7	5.16	7.37
Mid-West	2,446	3,800	35.6	10.35	10.00

Source: IDA Regional Industrial Plans Parts I and II 1973-77. Census of Population Vol. III 1966.

The 1971 figures are IDA estimates rather than the Census figures which appeared after the publication of the plans. Table 3.6 shows that Donegal would experience a percentage increase which is less than half that for the West and Midlands and below that for the South West. It is only marginally above that for the South East. The North East would again experience a percentage increase less than that for the East.

3.17 Contained in the Industrial Regional Plans 1973-77 (page 57) is the statement that:

"In view of the goals and objectives of the regional industrial plans and in particular the improved population performance sought in the less developed regions viz., Donegal, North West, West and Midlands, the IDA aims to increase the share (of the additional manufacturing jobs created in the State) taken by these regions compared with the outcome in 1966-71, and to reduce the share of the more developed regions, particularly the East region".

Examination of the regional shares in Table 3.6 reveals that two of the "developed" regions, the South West and South East, would experience an increase in their share relative to the 1966-71 period. The East, North East and Mid-West would experience a decrease with the greatest decline occurring in the North East, rather than the East as the above statement suggests. The North West, West and Midlands would experience sizeable increases in their share but the increase for Donegal is relatively insignificant; substantially below that for the South West, and very marginally above that for the South East. When the regions are ranked according to their percentage share of the net increases in manufacturing employment in both periods, the West shows a marked improvement, moving from rank 6 in 1966-71 to rank 3 in 1973-77. However, the remaining three "less developed" regions occupy rankings 7 to 9 in both periods.

3.18 A fall in the percentage share of net extra jobs in the region does not necessarily result in a fall in that region's share of total manufacturing employment. It can be seen from Table 3.7 that the only regions showing a decline in their share of total manufacturing employment are the East and South East.

TABLE 3.7

Regional Distribution of Total Manufacturing Employment 1961-77

	1961 (Actual) %	1966 (Actual) %	1971 (IDA estimates) %	1973 (IDA projections) %	1977 %
Donegal	2.35	2.46	2.75	2.82	3.17
North West	1.22	1.19	1.35	1.37	1.66
West	3.26	3.34	3.74	3.79	4.83
South West	15.15	15.31	15.50	15.55	15.96
South East	8.86	8.95	8.87	8.85	8.79
East	52.22	50.50	48.65	48.33	45.28
North East	6.67	6.84	7.30	7.40	7.62
Midlands	4.24	3.87	4.01	4.01	4.49
Mid-West	5.99	7.54	7.84	7.89	8.19

Sources: Census of Population Vol. IV 1961, Vol. III 1966
IDA Regional Industrial Plans Parts I and II 1973-77.

In all other regions the percentage share of net extra jobs in Table 3.6 is greater than that region's share of total manufacturing employment in Table 3.7. The fall in the share of total manufacturing employment in the South East helps explain why Donegal's ranking in Table 3.4 improved at the expense of this region.

3.19 Realisation of IDA targets for industrial and manufacturing employment would certainly reduce the regional disparities when the proportion of the labour/workforce employed in industry/manufacturing is taken as an indicator. If we let the region with the highest proportion in any year equal one hundred and calculate the corresponding indices for the remaining regions, the findings are as in Table 3.8.

There is a noticeable narrowing of the range over time. However, the reduction in regional disparities is more pronounced when the proportion of the labour force in industrial employment is taken as an indicator.

Non-manufacturing Industry

3.20 The projected net increase in non-manufacturing industrial employment for the plan period is 7,000 and a net increase of 3,000 is estimated for the period April 1971 to January 1973, giving a total of 10,000 over the period 1971-77. In deriving the regional distribution for the 1973 projection the plans assume that the change of 3,000 "would be distributed by county according to the estimated 1966-71 experience" (Appendices page 4). However, the appendices contain no information on the assumptions implicit in the regional distribution of the 7,000 net increase expected over the plan period. Since the 1971-77. In deriving the regional distribution for the 1973 projection the plans assume that the change of 3,000 "would be distributed by county according to differences occur when the IDA distribution is compared with the regional distribution suggested by 1966-71 experience. The IDA allocations to Donegal, the North West and North East are seriously out of line with past experience. When the discrepancy is expressed as a percentage of the IDA allocation the North West's allocation is over 80 per cent below that based on past experience. The IDA allocations to Donegal and North East are 53 per cent and 66 per cent below. Only three regions receive allocations higher than those based on 1966-71 experience, with the largest discrepancies of over 30 per cent occurring in the Midlands. The pattern is similar when the IDA regional distribution of the 10,000 additional jobs for the period 1971-77 is considered. The North West allocation is then 161 per cent below that based on the 1966-71 distribution while the corresponding percentage for the North East is 90 per cent. Overall, the IDA allocations are very much at variance with past experience.

ERRATUM

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Paragraph 3.20, Fourth sentence should read: "Since the 1971-73 change was distributed according to the estimated 1966-71 experience it was decided to distribute the 1973-77 change in this way. Large"

TABLE 3.8

Regional Disparities in the Proportion of the Labour/Workforce in Industrial/Manufacturing Employment

	1961 (Actual)		1966 (Actual)		1971 (IDA estimates)		1973 (IDA projections)		1977 (IDA projections)	
	East = 100		East = 100		East = 100		East = 100		East = 100	
	(a)	(b)	(a)	(b)	(a)	(b)	(a)	(b)	(a)	(b)
Donegal	44	39	50	46	59	58	61	62	74	72
North West	34	24	35	28	45	38	47	40	60	52
West	30	21	35	25	42	32	44	34	55	45
South West	66	61	71	69	78	77	80	79	88	82
South East	56	51	62	58	67	64	69	65	75	67
East	100	100	100	100	100	100	100	100	100	100
North East	65	66	73	77	86	91	88	96	98	93
Midlands	51	31	54	33	60	43	62	41	72	48
Mid-West	50	42	64	60	71	67	72	69	81	74

(a) denotes industrial/labour force ratio

(b) denotes manufacturing/workforce ratio

Indices are calculated on the basis that the region with the highest ratio in any year equals 100.

Sources: Census of Population, Vol. IV 1961, Vol. III 1966.

IDA Regional Industrial Plans, Parts I and II 1973-77.

Agricultural Employment

3.21 Estimated and projected changes in agricultural employment are distributed regionally by the IDA according to each region's share of the change in agricultural employment between 1961 and 1966. However, some discrepancies occur when IDA allocations are compared with figures based on 1961-66 experience. The IDA projected decrease for Donegal is 5 per cent out of line while the West and South East exhibit discrepancies of around 4 per cent.

3.22 The regional distributions of agricultural employment are given in Table 3.9. The projected percentage decline for the plan period is less than that estimated for 1966-71 in all regions but, with the exception of the East, is greater than that experienced during 1961-66. The North West, Mid-West, Midlands and North East would experience the highest percentage decline in all periods followed by Donegal and the West. The average annual decrease projected for the plan period is over 30 per cent less than the annual decrease estimated for 1966-71 in all regions except Donegal where it is 28 per cent below.

3.23 Despite the high projected decline over the 1961-77 period in the North West and Midlands, the four "less developed" regions would continue to have the highest proportion of their labour force in agricultural employment, see Table 3.10. With the exception of the interchange between the Mid-West and South East, there is no change in regional rankings over the entire 1961-77 period when this proportion is used as an indicator. The proportion of the labour force in agricultural employment is higher than the national average in all regions except the East. The percentage decline in the ratio, however, is above the national average in only two regions in each period, according to Table 3.10. Realisation of the IDA projections would result in the four "less developed" regions experiencing the lowest percentage fall, after the South East, in the proportion of the labour force employed in agriculture. This is due in part to the IDA projected decline in the labour force in these regions. The South East would experience the lowest percentage decline in the ratio over the plan period as a result of the projected decline in its labour force and the very low projected rate of decline in employment in Table 3.9. Despite the relatively low rate of decline in employment in the East and South West these regions would experience a relatively high percentage decline in the ratio due to a projected increase in their labour force.

Service Employment

3.24 Due to difficulties in obtaining reliable estimates of service employment by regions the IDA plans treat services as a residual. Where figures were widely out of line with the 1961-66 trends, adjustments were made in the activity rate assumed. Table 3.11 illustrates the percentage changes in service employment implicit in the IDA 1973-77 plans.

CHAPTER 4

REGIONAL EMPLOYMENT: PROJECTIONS AND OUTCOME 1971-77

Introduction

4.1 A comparison of projected employment changes and actual changes will show how successful the IDA have been in reaching the industrial employment targets. The IDA recognise in the foreword of their Regional Plan that:

“By publishing these plans we are saying in effect that during the next five years our success or failure can be measured not only against the target to create 55,000 new jobs in manufacturing industry, but also by the extent to which the 55,000 jobs are distributed in accordance with the regional pattern specified in the plans”. (Foreword of Regional Industrial Plans, 1973-77 Part I, June 1972).

Comparison of actual and projected employment in other sectors provides an indirect assessment of the methodology used to derive these projections.

4.2 Unfortunately, no regional employment figures for sectors other than manufacturing are available for 1973, the base year of the plan period. However, the 1971 Census volumes which were published after the 1973-77 plans were drafted, provide detailed information on employment by county for 1971. Since only the preliminary 1971 Census report was available to the IDA, all 1971 figures in Chapter 3 are estimates. In the plans, 1973 regional employment figures are projections carried forward from 1971, according to the methodology outlined in Chapter 3. Consequently, IDA employment projections cover the period April 1971 to December 1977. By using the Census figures for 1971 and revised estimates of sectoral employment contained in the 1977 Labour Force Survey it is possible to derive actual changes in employment for the period April 1971 to April 1977. M. Ross has revised the 1977 Labour Force Survey estimates of sectoral employment in the light of the recent 1979 Census of Population. These revisions of non-agricultural employment by regions form the basis of his calculations for employee remuneration in industry in “Personal Incomes by Regions in 1977” (NESC Report No. 51). This chapter will rely heavily on the Ross estimates of regional employment in 1977. It is recognised that IDA employment projections relate to the period April 1971 to December 1977 while the actual changes in employment relate to April 1971 to April 1977. To facilitate an exact

comparison the 6.75 year IDA period is converted to a six year base in this chapter. Because of the sample size the Labour Force Survey treats Donegal and the North West as one region. This region will be referred to as the North West and IDA projections for Donegal and the North West will be aggregated. An alternative source of information on manufacturing employment is the IDA Annual Employment Survey which has been undertaken since January 1973. Although the IDA plans and annual reports do not explicitly provide figures for actual manufacturing employment by region in 1973, it is possible to derive these figures from manufacturing employment by region in 1978 and figures for actual net job gains/losses over the 1973-77 period. This chapter will begin with an analysis of manufacturing employment by region based on IDA data. However, since IDA data is confined to manufacturing employment only, the remainder of the chapter will rely on the Ross revisions to the 1977 Labour Force Survey estimates.

Manufacturing Employment: IDA data

4.3 Actual and estimated changes in manufacturing employment over the period 1971-77 are considered in Table 4.1 since IDA employment projections cover this entire period. Net changes in employment for the pre-plan (April 1971 to December 1972) and plan period proper (January 1973 to December 1977) are also given.

While the actual data for 1973 and 1977 are based on the IDA Annual Employment Survey the figures for actual employment in April 1971 are derived from the 1971 Census of Population. As stated in paragraph 4.2, the 1973 figures are derived from the 1978 figures by subtracting (adding) the net job gains (losses) for the period 1973-77. The data used is contained in the IDA Industrial Plan 1978-82.

4.4 In commenting on the targets and outcome for 1973-77 the IDA Industrial Plan 1978-82 (page 43) states:

“Detailed statistics are available from IDA employment surveys for the outcome of the five years, and they indicate that notwithstanding the very severe recession of 1974-75, substantial progress was made in the four less developed regions”.

It is interesting to examine the above statement in the light of the findings in Table 4.1. The Table confirms that actual employment in the West and Midlands exceeded estimated changes for the 1973-77 period. However, when the “developed” regions of the East, North East, South West and Mid-West are excluded, the Donegal region ranks lowest in performance. It achieved 40% of its target, less than half that achieved by the South East. When the entire 1971-77 period is considered, the relatively poor performance of Donegal is again evident. It achieved 26% of its target, which is marginally

TABLE 4.1

**Changes in Manufacturing Employment — Actual v Estimates
Actual data for 1973 and 1977 based on IDA Annual Employment Surveys**

	Net change in employment		Actual net change as % of IDA estimates		Net change in employment		Actual net change as % of IDA estimates	
	April 1971-Dec. 1972		Jan. 1973-Dec. 1977		April 1971-Dec. 1977		Actual net change as % of IDA estimates	
	Actual	IDA estimates	Actual	IDA estimates	Actual	IDA estimates	Actual	IDA estimates
Donegal	-200	300	800	2,000	600	2,300	40	26
North West	400	100	1,100	1,300	1,500	1,400	85	107
West	1,050	300	5,150	4,200	6,200	4,500	123	138
South West	2,900	900	1,000	7,000	3,900	7,900	14	49
South East	2,500	400	2,750	3,200	5,250	3,600	86	146
East	3,350	1,700	-11,050	10,300	-7,700	12,000	-	-
North East	1,700	600	-1,000	3,400	700	4,000	-	18
Midlands	500	200	3,150	2,800	3,650	3,000	113	122
Mid-West	1,950	500	0	3,800	1,950	4,300	0	45
State	14,150	5,000	1,900	38,000	16,050	43,000	5.0	37

Actual data for 1971 is based on the 1971 Census.

Sources: Census of Population, Vol III 1971
IDA Regional Industrial Plans 1973-77
IDA Industrial Plan 1978-82

above the North East region but below that experienced by all other regions except the East. Even the Mid-West region which experienced no net gain over the 1973-77 period, according to IDA data, achieved a success rate almost double that of Donegal when the 1971-77 period is considered. Over this period the South East region outperformed all four "less developed" regions.

4.5 The regional employment figures for 1973 (derived from IDA data on net job gains for 1973-77 and employment data for 1978) imply that all regions except Donegal and the East achieved a startling increase in manufacturing employment, over the April 1971 to December 1972 period, which at the State level was more than 2.5 times the IDA estimate. The actual increase in the South East was 6.25 times the IDA estimate. Donegal, on the other hand, experienced a decline equal to 66.7% of the estimated increase.

Gross Job Gains in Manufacturing and the Recession

4.6 While it is extremely difficult to quantify the effect of the recession on actual job creation in manufacturing over the 1973-77 period, it seems reasonable to assume that the relation between job approvals and job creation was affected. A tentative measure of the extent to which this occurred in the regions can be gained by comparing the relation between approvals and job creation for the pre-plan period with that for the 1973-77 period.

4.7 The 1978-82 IDA plan gives a regional breakdown of gross job gains over the plan period 1973-77. It is necessary to compare these actual IDA figures with estimates of gross job gains from job approvals figures, based on the pre-plan relation between approvals and gains. The 1971/72 IDA Annual Report (page 27) gives lead times between approvals and actual employment based on past experience. For each year from 1972 the Annual Report assumes that 76 per cent of approvals in a given year will become actual new jobs within five years. The implicit pattern contained in the Report translates 9 per cent of approvals into actual jobs in the year of approval, 29.5 per cent in the second year, 25 per cent in the third year, 8.5 per cent in the fourth and 4 per cent in the fifth year. The Report concentrates on a five-year period and neglects changes in actual jobs in the sixth and subsequent years. Consequently, it represents a minimum estimate of gross job increases. Since this relation between approvals and actual jobs was based on pre-plan experience and was expected by the IDA to hold for the 1973-77 plan period, it is particularly appropriate for the estimation of expected gross job gains from job approval figures. These estimates are given in Column I of Table 4.2.

Job approvals by region are given in the IDA Annual Reports since 1972/73. Prior to this period only total State approval figures are given. Actual gross jobs expected in the plan period from State approvals prior to 1972/73 were

TABLE 4.2

Gross Job Gains: Estimates v Actual — 1973-77

	Estimated gross job gains	Actual gross job gains	Estimated-Actual as % of actual
Donegal	2,381	2,300	3.5
North West	1,896	1,800	5.3
West	7,583	7,350	3.2
South West	10,321	9,100	13.4
South East	12,723	7,200	76.7
East	15,068	14,600	3.2
North East	6,398	4,500	42.2
Midlands	5,795	5,350	8.3
Mid-West	7,502	5,300	41.5
State	69,667	57,500	21.2

Sources: IDA Annual Report 1971/72, page 27.
 IDA Annual Reports 1972/73-1977.
 IDA Industrial Plans 1978-82, page 44.

estimated. It was decided to distribute these jobs regionally according to the regional distribution of actual job gains given in the 1978-82 IDA plan and reproduced in Column 2 of Table 4.2. Table 4.2 shows that estimated gross job gains are over 20 per cent above actual gross gains. Given that estimated gross gains represents a minimum, these findings tend to confirm the expectation of a shift in the relation due to the recession. However, there is wide variation among the regions when estimated and actual gross job gains are compared. Table 4.2 shows that the four "less developed" regions and the East have the lowest discrepancies in percentage terms. In the South East, however, actual gross jobs are over 5,000 below the minimum estimate. The shortfall is also particularly severe in the North East and Mid-West.

Manufacturing Employment: IDA and revised LFS data

4.8 Actual changes in manufacturing employment based on IDA data and revised Labour Force Survey (LFS) estimates are given in Table 4.3. The IDA totals are converted from a 6.75 year period to a six year base to facilitate comparison with the period April 1971 to April 1977 for which alternative data are available. In deriving the revised LFS estimates for 1977 the regional distribution of employment in manufacturing and mining given by M. Ross in "Personal Incomes by Region in 1977" (Table 15) is assumed. In line with the Ross approach (page 56) for electricity, gas and water, it is assumed that no decline occurred in mining employment relative to the 1971 level and that the 1971 regional distribution continued to hold in 1977.

TABLE 4.3

Changes in Manufacturing Employment — Actual v Estimates 1971-77

	Manufacturing employment April 1977 (000)		Actual employment as % of IDA estimates		Net change in manufacturing employment April 1971 - April 1977		Actual net change as % of IDA estimates		Percentage changes in manufacturing employment 1971-1977		
	Actual	IDA estimates	(a)	(b)	Actual	IDA estimates	(a)	(b)	Actual	IDA estimates	
	(a)	(b)	(a)	(b)	(a)	(b)	(a)	(b)	(a)	(b)	
Donegal and North West	10.2	10.8	82.3	87.1	1,866	2,446	3,289	56.7	74.4	22.3	29.3
West	13.0	12.1	105.7	98.4	5,511	4,603	4,000	137.8	115.1	73.1	61.1
South West	35.6	34.0	86.0	82.1	3,467	1,872	7,022	49.4	26.7	10.8	5.8
South East	25.2	22.7	110.0	99.1	4,667	2,086	3,200	145.8	65.2	22.7	10.1
East	97.3	96.5	118.7	81.3	-6,844	-7,667	10,667	-	-	-6.6	-7.4
North East	16.9	15.3	85.4	77.2	+622	-997	3,556	17.5	-	3.8	-6.1
Midlands	11.8	9.7	101.7	83.6	3,244	1,145	2,667	121.6	42.9	38.0	13.4
Mid-West	17.8	20.2	84.0	95.3	1,733	4,159	3,822	45.3	108.8	10.8	25.9
State	227.8	221.3	260.2	85.1	14,267	7,647	38,223	37.3	20.0	6.7	3.6

To facilitate comparison the IDA estimates for the 6.75 year period have been converted to a six year base.

Actual data for 1977 based on (a) IDA Annual Employment Surveys and (b) Revised Labour Force Survey estimates for 1977

Sources: Census of Population, Vol. III 1971.
 IDA Regional Industrial Plans 1973-77.
 IDA Industrial Plan 1978-82.
 M. Ross, *Personal Incomes by Region in 1977* (NESC Report No. 51).

4.9 Table 4.3 shows that actual manufacturing employment in April 1977 based on IDA data was over 6,000 higher than the revised LFS estimates would suggest. However, in the North West and Mid-West regions the revised LFS totals exceed IDA totals. The regional discrepancies become more evident when actual employment is expressed as a percentage of estimated employment. No region reached the estimated 1977 level according to the revised LFS estimates whereas the level of employment in the West, South East and Midlands exceeded the IDA estimates for these regions according to IDA data. The discrepancies in the Midlands and Mid-West are particularly marked. The revised LFS estimates show that employment is substantially above the IDA figure in the Mid-West but substantially below the IDA figure for the Midlands. The revised LFS estimates for the South East and North East are also substantially below the IDA totals.

4.10 Regional performance is highly volatile with respect to the actual employment data used when estimated and actual net changes in manufacturing employment over the period 1971-77 are considered. According to IDA data, the actual employment changes in the South East and Midlands substantially exceeded the estimated increases. Revised LFS estimates show that the actual increase in the Midlands was 43% of the IDA estimated increase. The corresponding figure for the South East is 65%. Table 4.3 shows that this pattern is reversed for the Mid-West where the estimated increase is exceeded according to revised LFS estimates whereas less than half the estimated increase is achieved according to IDA data. These discrepancies are also evident when actual and estimated percentage changes in manufacturing employment are considered in Table 4.3.

Industrial Employment

4.11 Figures for actual industrial employment in 1977 based on the revised LFS estimates are given in Table 4.4. Actual employment is less than the IDA estimates in all regions except the West, with the largest discrepancies occurring in the East, North East and Midlands. At the national level the actual figure is 42,000 below the estimate and the actual percentage increase over the 1971-77 period is 3.2 per cent compared with an estimated increase of 14.4 per cent. While it is recognised that the recession of 1974/75 and the freeing of trade have had their effect on industrial employment, particularly in the Eastern regions, it is difficult to attribute the pronounced regional disparities in industrial employment in Table 4.4 entirely to these factors. Only the West succeeded in reaching its target. The East and North East suffered severe declines of 6,393 and 951 respectively compared with estimated increases of 14,400 and 4,000. In performance, these two regions are followed by the Midlands, a region selected for special treatment in the 1973-77 IDA plans. According to the revised LFS estimates the Midlands achieved 25.6 per cent of the IDA target for the period. The pattern is similar when actual and estimated

percentage changes in industrial employment are considered. Actual percentage changes are less than estimates in all regions except the West for the 1971-77 period. In the Midlands the percentage increase is 4.7 against an estimated 17.8 per cent.

TABLE 4.4

Changes in Industrial Employment — Actual v Estimates 1971-77

	Industrial Employment April 1977 (000)		Net Change in Industrial Employment April 1971-April 1977		Actual as % of IDA estimates	Percentage change in Industrial Employment 1971-77	
	Actual	Estimates	Actual	Estimates		Actual	Estimates
Donegal and North West	16.5	17.9	2,706	3,644	74.3	19.6	25.5
West	20.9	19.7	5,796	4,711	123.0	38.4	31.4
South West	51.2	58.1	2,589	8,356	31.0	5.3	16.8
South East	33.5	33.9	2,171	4,000	54.3	6.9	13.4
East	141.5	166.3	-6,393	14,400	—	-4.3	9.5
North East	20.6	25.3	-951	4,000	—	-4.4	18.8
Midlands	19.8	23.0	887	3,467	25.6	4.7	17.8
Mid-West	29.1	30.9	3,546	4,533	78.2	13.9	17.2
State	333.1	375.1	10,351	47,111	22.0	3.2	14.4

To facilitate comparison the IDA estimates for the 6.75 year period have been converted to a six-year base.

Actual data for 1977 is based on revised LFS estimates

Sources: Census of Population, Vol. III 1971

IDA Regional Industrial Plans 1973-77.

M. Ross, *Personal Incomes by Region in 1977*, NESC Report No. 51.

Manufacturing and Industrial Employment as a Proportion of the Workforce

4.12 IDA estimates of the proportion of the workforce employed in manufacturing and industry in 1977 are set against the actual proportions based on the revised LFS estimates in Table 4.5.

Divergences between estimated and actual ratios are much less pronounced than those for manufacturing and industrial employment. When the ratio is used as an indicator of the degree of economic development the "less developed" regions occupy the lowest rankings with the East, North East, South West and Mid-West occupying the top four rankings. Only marginal changes occur in regional rankings when 1971 is compared with 1977.

4.13 The actual proportion of the workforce in industrial employment in 1977 is less than the estimate in all regions except the North West, West and South East. Only in the West and South East is the actual proportion employed in manufacturing in 1977 greater than the IDA estimate, see Table 4.5. When percentage changes in ratios over the 1971-77 period are considered the actual

TABLE 4.5

Industrial/Manufacturing Employment as a Proportion of the Workforce — Actual v Estimates

	Industrial Employment as a percentage of workforce 1977		Manufacturing Employment as a percentage of workforce 1977		Percentage changes in ratio of workforce employed in industry and manufacturing 1971-77			
	IDA		IDA		Industry		Manufacturing	
	Actual	estimate	Actual	estimate	Actual	Estimates	Actual	Estimates
Donegal and North West	27.6	27.2	18.1	18.8	29.0	27.1	40.3	38.2
West	22.6	20.9	13.1	13.0	35.3	31.5	57.8	47.9
South West	31.7	34.5	21.1	24.6	5.0	13.1	5.5	16.6
South East	30.6	29.8	20.8	20.1	8.9	11.6	13.0	14.4
East	34.0	39.4	23.2	28.1	-10.8	2.1	-13.4	2.3
North East	33.8	38.2	25.1	29.8	1.5	16.1	-0.4	19.0
Midlands	26.2	28.2	12.8	14.2	12.0	18.5	20.8	31.0
Mid-West	31.3	33.5	21.7	23.0	13.8	20.1	26.2	24.9
State	31.2	33.8	20.7	23.5	2.0	10.5	2.0	13.5

Actual data for 1977 is based on revised estimates of the LFS.

IDA estimates of employment and the workforce for the 6.75 year period are converted to a six-year base.

Sources: Census of Population, Vol. III 1971

IDA Regional Industrial Plans 1973-77

M. Ross, *Personal Incomes by Region in 1977*, NESR Report No. 51.

increases in the manufacturing and industry ratios in the North West and West exceed the estimated increases as does the manufacturing ratio for the Mid-West. Although estimated increases exceed actual increases in the Midlands the differences are much less pronounced than the differences between actual and estimated employment over the same period. In the case of the North West and Midlands this is mainly due to the very wide discrepancies between actual and estimated workforce figures. When the actual fall in the workforce is greater than the estimated fall, this causes the actual ratio to increase relative to the estimated ratio, assuming a given level of employment. An actual fall in the workforce where an increase has been projected will also cause the actual ratio to rise. The actual and estimated changes in the workforce for 1971-77 are given in Table 4.6.

The actual decrease in the workforce in the North West was five times the estimated decrease while the actual decline in the Midlands was almost ten times the estimated decline. These discrepancies have a marked effect on the percentage changes in ratios for all regions given in Table 4.5.

TABLE 4.6

Changes in Workforce 1971-77

	Actual change 1971-77	IDA estimated change 1971-77
Donegal and North West	-4,849	-977
West	+1,929	-89
South West	+392	+5,422
South East	-2,241	+1,778
East	+27,164	+28,978
North East	-3,655	+1,511
Midlands	-5,029	-533
Mid-West	-150	+2,133
State	+13,561	+38,222

IDA workforce estimates have been converted to a six year base.

Actual data for 1977 is based on revised LFS estimates

Sources: Census of Population, Vol. III 1971

IDA Regional Industrial Plans 1973-77.

M. Ross, *Personal Incomes by Region in 1977*, NESR Report No. 51.

Revised estimates of agricultural employment in 1977 supplied by M. Ross.

Agricultural Employment

4.14 Over the 1971-77 period the actual decline in agricultural employment exceeded the estimated decline in all regions except the South West. The largest absolute declines occurred in the "less developed" regions and the Mid-West. With the exception of the South West, where the second largest absolute decline was projected for the period, this accords with the IDA estimates, see Table 4.7.

In the Mid-West the estimated annual decline was 61.2 per cent of the actual decline. The next largest discrepancy occurred in the East where the corresponding percentage was 63.7.

4.15 An examination of the percentage change in agricultural employment in Table 4.7 shows that regional disparities are much more pronounced when actual figures are considered. Regional differences in the estimated percentage changes are small, ranging from 11.7 per cent to 17.2 per cent, due to the methodology used. Table 4.7 shows that the actual percentage decrease in the South West is just less than one third of that in the North West while the actual percentage decline in the South East is just one half that of the Mid-West. Overall, the highest actual percentage declines occur in the Mid-West, North West, Midlands and East. This contrasts sharply with the IDA estimate for the East which was expected to experience the lowest percentage decline over the period.

TABLE 4.7

Agricultural Employment — Estimates v Actual 1971-77

	Annual decline 1971-77		Percentage decrease in agricultural employment 1971-77		Percentage of workforce employed in Agriculture		Percentage decrease in proportion employed in agriculture 1971-77	
	Actual	IDA estimates	Actual	IDA estimates	Actual 1977	Actual	IDA estimates	
Donegal and North West	1,333	903	27.0	17.2	36.2	21.0	15.9	
West	1,333	1,288	17.1	15.7	41.9	18.8	15.5	
South West	767	1,141	9.8	14.1	26.3	9.9	16.8	
South East	917	814	14.7	12.7	29.1	12.9	14.0	
East	767	489	19.0	11.7	4.7	24.2	17.2	
North East	600	593	17.0	16.4	28.9	11.9	18.2	
Midlands	1,150	963	19.8	16.4	37.0	14.6	15.9	
Mid-West	1,500	919	28.0	17.2	24.9	27.8	15.3	
State	8,367	7,110	18.4	15.1	20.9	19.3	17.9	

IDA employment and workforce estimates have been converted to a six year base.

Actual data for 1977 is based on revised LFS estimates

Sources: Census of Population, Vol. III 1971

IDA Regional Industrial Plans 1973-77.

Revised estimates of agricultural employment in 1977 supplied by M. Ross.

4.16 The ranking of regions by the proportion of the workforce employed in agriculture shows little change over the period, with the highest ratios to be found in the "less developed" regions in 1971 and 1977. Table 4.7 shows that the highest rates of decline in the ratio were projected by the IDA for the North East, East and South West. This is in line with past experience since 1961, see Table 3.10. However, the North East and South West experienced the smallest declines in the actual ratio over the period. The sharpest declines in the actual ratio occurred in the Mid-West, East, North West and West. In each of these four regions the actual percentage decline is substantially above the IDA estimate, see Table 4.7. In the North West the large percentage decline in agricultural employment relative to the IDA estimate more than offset the severe underestimation of the decline in the workforce, (see Table 4.6) and resulted in the actual decline in the ratio being greater than estimated. To a lesser extent the discrepancies between actual and estimated workforce changes also reduced the actual decline in the ratio relative to the estimated decline in the East and Mid-West. In the West the discrepancy between actual and estimated changes in the workforce complemented the discrepancy between actual and estimated changes in employment. The actual percentage change in the ratio in the Midlands is less than the estimated change according to Table 4.7. Here the very substantial underestimation of the decline in the workforce was sufficient to offset an actual percentage decline in agricultural employment which exceeded the estimated decline.

Service Employment

4.17 The national annual rate of change in service employment over the 1971-77 period exceeded the estimated annual change by over 50 per cent. However, only three regions experienced an actual annual increase above the estimated increase. As Table 4.8 shows, the actual annual increase in the East of 6,355 is more than double the IDA estimate. In the Mid-West and West the actual annual rates are 69 per cent and 41 per cent above the estimated rates respectively. The pattern is similar when actual and estimated percentage changes over the period are considered, see Table 4.8.

TABLE 4.8

Service Employment
Estimates v Actual 1971-77

	Annual changes 1971-77		Percentage change in service employment 1971-77		Percentage of workforce in services 1977		Percentage change in proportion of workforce in services 1971-77	
	Actual	IDA estimates	Actual	IDA estimates	Actual	Actual	IDA estimates	
Donegal and North West	70	133	2.0	3.8	36.2	10.4	5.4	
West	689	489	14.4	9.8	35.5	12.0	9.8	
South West	402	652	3.7	6.0	42.0	3.5	2.8	
South East	187	445	2.6	6.1	40.3	4.7	4.4	
East	6,355	2,919	17.6	8.1	61.3	10.1	0.7	
North East	150	178	4.1	4.9	37.4	10.3	2.7	
Midlands	167	296	3.7	6.5	36.9	10.8	7.2	
Mid-West	879	519	14.9	8.6	43.8	15.0	11.3	
State	8,899	5,631	11.6	7.3	48.0	10.3	3.7	

IDA employment and workforce estimates have been converted to a six year base

Actual data for 1977 is based on revised LFS estimates

Sources: Census of Population, Vol. III 1971

IDA Regional Industrial Plans 1973-77.

M. Ross, *Personal Incomes by Region in 1977*, NESR Report No. 51.

According to IDA plans, the Midlands was expected to achieve the fourth highest percentage increase but as paragraph 3.23 states, this was seriously out of line with the 1961-66 trend. The South East with a projected increase of 6.1 per cent only realised a percentage increase of 2.6. This is another region where the IDA estimates for 1977 and the 1961-66 trend were at variance. The actual percentage increases in service employment were lowest in the North West, South East and Midlands whereas the highest percentage increases occurred in the East, Mid-West and West, see Table 4.8. The performances in the three latter regions are in line with IDA projections. However, the regional disparities in the actual percentage increases are very pronounced when

compared with IDA estimates. The highest estimated percentage increase is less than three times the lowest whereas the highest actual increase is over eight times the lowest.

4.18 The very high proportion of the workforce employed in services in the East region relative to all other regions in 1977 is evident from Table 4.8. While the "less developed" regions occupy the lowest rankings in terms of the ratio of the workforce in services, the differences between regions other than the East are not particularly marked. When percentage changes in the ratio are considered, each region experienced an actual percentage increase greater than the estimated increase, see Table 4.8. However, the discrepancies are particularly large in the North West, East and North East. Clearly, this results from discrepancies between actual and estimated workforce changes, as given in Table 4.6, and discrepancies between the employment changes in Table 4.8. The severe underestimation of the decline in the workforce in the North West and a decline in the North East's workforce of 3,655 against an estimated increase of 1,511 helps explain the substantial increase in the ratio in these two regions, despite relatively poor employment performances. The large increase in service employment relative to the IDA estimate accounts for the high actual change in the East's ratio.

CHAPTER 5

UNEMPLOYMENT, REGIONAL INCOMES AND POPULATION

Introduction

5.1 In assessing the degree of regional imbalance in the Irish economy, five indicators are used by the IDA in the 1973-77 plans. Three of these indicators are unemployment, income *per capita* and population change. This chapter examines the regional unemployment implications of the 1973-77 IDA plans and explores the relation between estimated and actual unemployment rates in 1977. Regional changes in incomes *per capita* and population are considered for the periods 1960-77 and 1961-79 respectively.

Unemployment

5.2 The standard definition of an unemployed person is one who is jobless, available for work and seeking work. However, major problems arise when one attempts to define such phrases as "seeking work" and "available for work". In Ireland the main sources of unemployment statistics are the Live Register, the Census of Population and the Labour Force Surveys. The Live Register consists of claimants for unemployment benefit and applicants for unemployment assistance, excluding small holders and other registrants. It, therefore, excludes first time job seekers and other unregistered unemployed persons but includes some groups such as certain categories of farmers whose classification as unemployed is open to question. The unemployment statistics derived from the Census of Population do not have these limitations, but the concept of unemployment in the Census is subjective, depending on the respondent's own opinion. According to the Report of the Interdepartmental Study Group on Unemployment Statistics¹ (page 20)

"The Group did not have to consider the question (of a satisfactory measure of unemployment) for long to decide that individual assessments, based on fairly detailed and well structured interviews, provide the only source of obtaining the precise information required to formulate a satisfactory definition of unemployment. It was clear, therefore, that the Labour Force Surveys, with certain aspects of methodology suitably adapted, provided the only potential source".

¹Report of the Interdepartmental Study Group on Unemployment Statistics (Pr. 7925), C.S.O. April 1979.

Unemployment rates

5.3 Just as there are different definitions of unemployment so there are a variety of unemployment rates. One rate used in Ireland expresses the number of insured persons on the Live Register as a ratio of the total numbers insured. While this rate is perfectly adequate for some purposes it is accepted that when dealing with unemployment and employment in the national setting it is more appropriate to use the total labour force. The IDA Regional Plans 1973-77 use either Live Register data or Census data as a proportion of the total labour force.

Regional Unemployment and the 1973-77 Plans

5.4 In order to facilitate comparison with the Census definition of unemployment the IDA unemployment projections for the 1973-77 plan are based on adjusted Live Register data for 1971. However, in ranking regions by unemployment the same plan uses unadjusted Live Register data for 1971. When this indicator, for the one year 1971, is used, it fails to give low rankings to two "less developed" regions; the Midlands and North West. In fact the Midlands and North West ranked second and fifth respectively (page 32 Regional Plans, Part II). The IDA fails to comment on the fact that these rankings are related to the year 1971 only. One has only to examine the position in 1970 when the Midlands and North West occupy the lowest rankings with the two remaining "less developed" regions. Indeed, with the exception of 1971 the North West failed to move out of rankings 6 to 9 between 1961 and 1971.

5.5 The methodology used by the IDA to distribute State unemployment projections for 1973 and 1977 among the regions is outlined in paragraph 3.5. The adjustment factor used on 1971 Live Register data was based on the relation between numbers on the Live Register in 1966 and numbers "out of work" in the 1966 Census. There is little evidence to suggest that such a relation based on 1966 data would hold in 1971. Indeed, one of the main disadvantages of the Live Register data relates to its discontinuity. As the Interdepartmental Report claims (page 19)

"The coverage of the total Live Register is affected by changes in the conditions governing the eligibility for benefits and these can cause quite substantial discontinuities in the Live Register statistical series which greatly take from its value as an indicator of long term trends".

As a check, the methodology described by the IDA was used to derive unemployment levels by county for 1971 — this information was not contained in the IDA Industrial Plans. Large discrepancies appear when the derived unemployment levels are compared with the actual 1971 Census figures for persons "out of work". When the differences between actual and estimated unemployment levels are expressed as a percentage of the estimate,

one-third of the counties had discrepancies of over 15 per cent while one half had discrepancies of over 10 per cent. These discrepancies consisted of overestimates and underestimates.

5.6 As paragraphs 3.5 and 3.6 outline, the IDA estimated regional unemployment distribution for 1971 was applied to State unemployment projections for 1973 and 1977. Strict application of this methodology could only result in an equal percentage change in unemployment levels in all regions. No attempt was therefore made to strive for an improvement in the relative position of the "less developed" regions. To illustrate the implications of the 1973-77 plans for regional unemployment rates and hence for the concept of regional balance, the unemployment rates implicit in the plan are expressed as a ratio of the national rate in Table 5.1.

TABLE 5.1

Ratio of Regional Unemployment Rates to National Rate

	1966		1971		Regional distribution of state unemployment estimates according to IDA 1971 distribution	
	Live Register definition	Census definition	Live Register definition	Estimated IDA distribution	1973	1977
Donegal	2.25	1.75	2.51	1.98	1.99	2.01
North West	1.32	0.90	1.01	0.78	0.81	0.79
West	1.34	0.72	1.34	0.68	0.72	0.71
South West	0.96	1.05	0.94	1.02	1.03	1.02
South East	0.85	1.20	0.89	1.22	1.23	1.27
East	0.82	0.84	0.92	0.86	0.84	0.83
North East	1.06	1.01	1.01	0.84	0.84	0.86
Midlands	0.85	1.04	0.90	1.14	1.13	1.16
Mid-West	1.05	1.21	1.03	1.22	1.22	1.22

IDA labour force estimates are used

Sources: The Trend of Employment and Unemployment, 1966 (Pr. 9811) and 1971 (Pr. 2817) Census of Population, Vol. III 1966, Vol. III 1971. IDA Regional Industrial Plans 1973-77.

The Live Register and Census definition of unemployment is used for 1966. In 1971, use is made of the Live Register and the adjusted definition outlined in paragraph 5.5. Unemployment rates for 1973 and 1977 are based on State estimates distributed regionally according to the 1971 distribution. As Table 5.1 shows, the definition of unemployment used affects regional rankings considerably. The West has the lowest ratio when the Census or equivalent definition is used but it has the second highest ratio when the Live Register definition is used. The North West also ranks relatively low under the Census definition. This may be due to the inclusion of persons such as farmers, who

are not fully unemployed, in the Live Register but not in the Census. The South East, on the other hand, ranks second and first according to the Live Register definition compared with seventh and eight under the Census definition. Donegal ranks lowest whatever the definition used. Comparison between the Live Register and Census definitions in Table 5.1 are limited to 1966 and 1971. However, the findings are the same for other years. Between 1961 and 1971 the North West and West consistently ranked seventh and eight while the South East ranked first or second according to the Live Register. Rankings according to the 1961 Census are only marginally different from those in 1966. In the light of the major changes in regional rankings in response to changes in the unemployment definition, the use of unemployment rates as an indicator of regional imbalance must be questioned.

5.7 The ratios for 1973 and 1977 in Table 5.1 show that the projected IDA regional distributions for 1973 and 1977 would actually increase regional unemployment disparities. In the four "less developed" regions the ratios of regional to national unemployment rates show an increase between 1971 and 1977. Despite the fact that strict application of the IDA methodology should result in an equal rate of change in unemployment levels in all regions, the IDA regional projections for 1973 and 1977 imply a variety of rates of change. It is clear from Table 5.2 that no consistent attempt has been made to allocate the largest percentage declines to regions with the most severe unemployment rates, whatever the definition used.

TABLE 5.2

Projected Changes in Unemployment Levels

	<i>IDA projected decline in unemployment levels implicit in 1973-77 plans</i>	
	<i>1973-77</i>	<i>1971-77</i>
	<i>%</i>	<i>%</i>
Donegal	20.4	15.7
North West	26.7	21.4
West	22.7	15.0
South West	22.1	17.0
South East	20.2	14.8
East	19.6	15.5
North East	19.4	14.7
Midlands	21.0	18.3
Mid-West	21.8	17.6

Source: IDA Regional Industrial Plans Parts I and II 1973-77.

Table 5.2 gives the percentage declines in unemployment levels implicit in the IDA projections for 1973-77 and 1971-77. The highest percentage decline in both periods was allocated to the North West. This region ranked second in

1971 under the IDA equivalent of the Census definition and as high as fifth under the Live Register definition. Donegal, on the other hand, which ranks lowest under all definitions, was allocated a percentage decline below all regions except the East, North East and South East over the 1973-77 period. The decline allocated to the West over this period was the second highest while the percentage decline in the Midlands was only marginally above the rate for Donegal. Over the 1971-77 period the highest percentage declines were allocated to the North West and Midlands. Donegal and the West were allocated rates substantially below the "developed" regions of the Mid-West and South West.

Actual and Estimated Unemployment

5.8 The Labour Force Surveys divide unemployment into persons having lost or given up a previous job and persons looking for a first regular job. To facilitate comparison with the Census and IDA estimates of unemployment the Labour Force figures for persons having lost or given up a previous job are used. Actual unemployment according to the 1977 Labour Force Survey was 85,600 compared with the projected figure of 57,000. While it is recognised that the actual figure refers to April and the projected figure to December, no adjustments will be made in this chapter as the regional distribution is unlikely to be influenced to any significant extent. Revised estimates of the unemployment figures contained in the 1977 Labour Force Survey are not available but the regional distribution is unlikely to be altered significantly. In calculating the actual labour force by region these unemployment levels are added to the adjusted LFS workforce totals.

5.9 Actual and estimated unemployment by regions is given in Table 5.3. The largest discrepancies in percentage terms between actual and estimated unemployment levels occurred in the East and North East. Discrepancies in these regions were 103.9 per cent and 86.2 per cent of the IDA estimate. The East region accounted for over 65 per cent of the discrepancy at the national level. As Table 5.3 shows, actual unemployment in the Midlands is less than the IDA estimate while actual unemployment in the South West is only marginally above the estimate. The actual share of unemployment is less than the estimated share in all regions except the East and North East. An actual State increase in unemployment of over 20,000 between 1971 and 1977 contrasts sharply with the estimated decrease of 11,000. The actual increase in the East region over the period accounts for almost 80 per cent of the change at State level. Table 5.3 shows a decrease in unemployment over the period in the Midlands and South West and a very marginal increase in Donegal, the North West and West

5.10 The actual regional distribution of unemployment in 1977 has little in common with the estimated IDA distribution for 1971. The regional distribution which results from the application of IDA unemployment methodology to the actual state total of 85,000 is given in Table 5.4.

TABLE 5.3

Unemployment: Actual v Estimates

	Unemployment levels		Regional share of		Change in	
	Actual	IDA	State unemployment		unemployment levels	
	1977	projections	1977		1971-77	
	in thousands		Actual	IDA	Actual	IDA
			%	estimates	%	estimates
Donegal and						
North West	6.8	5.4	7.9	9.5	148	-1,100
West	4.8	3.4	5.6	6.0	196	-600
S. West	9.3	8.8	10.9	15.4	-685	-1,800
South East	10.0	7.5	11.7	13.2	1,610	-1,300
East	36.7	18.0	42.9	31.6	16,690	-3,300
North East	5.4	2.9	6.3	5.1	1,858	-500
Midlands	4.7	4.9	5.5	8.6	-386	-1,100
Mid-West	7.9	6.1	9.2	10.7	1,477	-1,300
State	85.6	57.0			20,908	-11,000

Actual 1977 figures relate to April and 1977 IDA estimates relate to December
Actual 1977 unemployment levels according to the 1977 Labour Force Survey

Sources: Labour Force Survey 1977
Census of Population, Vol. III, 1971.
IDA Regional Industrial Plans 1973-77.

When compared with the actual outcome this regional distribution over-estimates the unemployment levels in all regions except the East and North East. However, the largest discrepancies in percentage terms occur in the Midlands and S. West followed by Donegal and the North West. Regional rankings show a marked change when actual 1977 unemployment rates are compared with IDA estimates, see Table 5.4. In all regions actual rates are greater than estimated rates. Donegal and the North West and the South East have the highest actual and estimated rates while the West has the lowest actual and estimated rate. Due to employment and labour force discrepancies between actual and estimated figures the Midlands and South West take over rankings 2 and 3 from the East and North East, see Table 5.4. Expressing regional unemployment rates as a ratio of the national rate gives some idea of the extent of regional disparities. There is some evidence of a narrowing in the actual range relative to the estimated range in Table 5.4.

Income per capita by Regions

5.11 A second indicator used by the IDA to assess the degree of regional imbalance is the level of income *per capita* by regions. While the industrial sector is but one of the sectors which affects regional incomes the IDA plan 1978-82 recognised that "industrial development is a particularly significant element" because "in addition to the direct benefits from extra industry by way of jobs it brings spin-off benefits to towns and regions through factory construction and the expenditure of companies and their employees" (page 45).

TABLE 5.4
Unemployment

	Estimated regional distribution of 85,600 according to IDA estimated distribution in 1971 (1)	Divergence between unemployment in column (1) and actual unemployment in 1977 as % of actual level	Unemployment rate 1977		Ratio of regional unemployment rate to national rate 1977	
			Actual	IDA estimates	Actual	IDA estimates
Donegal and North West	8.8	29.6	10.2	9.4	1.38	1.94
West	5.0	4.8	4.9	3.5	0.62	0.71
South West	13.4	43.5	5.5	5.0	0.74	1.02
South East	11.1	10.8	8.4	6.2	1.14	1.27
East	26.8	-26.9	8.1	4.1	1.09	0.83
North East	4.3	-20.7	8.1	4.2	1.09	0.86
Midlands	7.6	60.6	5.8	5.7	0.78	1.16
Mid-West	9.3	17.8	7.8	5.9	1.05	1.22

Actual 1977 figures relate to April and 1977 IDA estimates relate to December
Figures for the actual labour force in 1977 are based on the revised LFS

Sources: Labour Force Survey 1977 and revisions contained in Personal Incomes by Region in 1977, NESR Report No. 51.
IDA Regional Industrial Plans 1973-77.

Although industrial policy is not the only factor affecting incomes *per capita* in the regions it is an important one. Expansion of manufacturing employment in a region directly affects incomes in that sector and indirectly affects employment and incomes in other sectors in the region via the linkage and multiplier effects. It has been shown by T. J. Baker and M. Ross¹ that "an induced relationship exists between the induced and autonomous sectors of employment at local levels". New employment in manufacturing industry will undoubtedly have an induced effect but the study shows that the size of the induced effect depends on the share of agriculture in the autonomous sector and that the growth of the induced sector fails to keep pace with a rapidly expanding autonomous sector. No attempt has been made to use the forecasting models developed in the paper to predict the induced employment effects likely to result from particular manufacturing job targets.

Personal income *per capita* by region since 1969 is given in Table 5.5. Between 1969 and 1973 *per capita* incomes were growing more rapidly in the "less developed" regions than in the East. However, over the 1973-77 plan period the percentage increase in *per capita* income in the Midlands was just over half the national increase and lower than that achieved by all other regions including the East, see Table 5.5.

TABLE 5.5

Per Capita Income

	Real income <i>per capita</i> (£) constant 1977 prices			Percentage change in real income <i>per capita</i>		Regional Rankings			
	1969	1973	1977	1969-77	1973-77	1960	1969	1973	1977
Donegal/ North West	853	1,149	1,209	41.7	5.2	8	8	8	8
West	879	1,224	1,358	54.6	10.9	7	7	6	6
South West	1,126	1,487	1,581	40.4	6.3	2	2	2	2
South East	1,051	1,420	1,504	43.3	5.8	4	4	4	3
East	1,432	1,762	1,821	27.1	3.3	1	1	1	1
North East	1,049	1,372	1,436	36.8	4.7	5	5	5	5
Midlands	900	1,207	1,242	38.1	2.9	6	6	7	7
Mid-West	1,081	1,442	1,496	38.4	3.7	3	3	3	4
State	1,159	1,503	1,578	36.2	5.0				

Sources: M. Ross, Personal Incomes by County in 1973, NESR Report No. 30.
M. Ross, Personal Incomes by Region in 1977, NESR Report No. 51.

¹T. J. Baker and M. Ross, *Employment Relationships in Irish Counties*, ESRI Paper No. 81, May 1975.

The largest increases over the plan period occurred in the West where the rate was more than double that achieved in Donegal/North West, which ranked fourth in terms of percentage increases. The very low growth in *per capita* income in the Midlands is partly obscured when the entire 1969-77 period is considered. Although the same four regions experienced the largest percentage increases over this period, with the West substantially ahead, the percentage increase achieved by the Midlands was above the national increase and the rates achieved in the East and North East, see Table 5.5. When regions are ranked according to the level of *per capita* income, Table 5.5 shows only marginal changes over the period 1960 to 1977. In 1973 the West improved its ranking at the expense of the Midlands and maintained this ranking in 1977. The Mid-West and S. East exchanged rankings in 1977 relative to previous years.

5.12 Overall, since 1960 there has been a movement towards greater income equality among the regions. Table 5.6 gives the deviations of regional *per capita* incomes from the national average. Since 1969 there has been a steady decline in the extent to which *per capita* income in the East exceeded the national average. This narrowing was due mainly to the substantial growth in population in this region. According to Ross¹ the estimated growth in population in the East was 17 per cent over the 1969-77 period. The next highest rate of 10 per cent occurred in the South East.

TABLE 5.6

Per Capita Incomes by Region in Relation to
the National Average 1960-77

Region	Deviations of <i>per capita</i> regional incomes from the national average as a per cent of the national average				
	1977	1973	1969	1965	1960
Donegal/ North West	-23.4	-23.6	-24.6	-26.3	-24.4
West	-13.9	-18.6	-24.2	-22.4	-21.8
South West	+0.2	-1.1	-2.8	-2.0	-1.2
South East	-4.7	-5.5	-9.3	-8.5	-6.5
East	+15.4	+17.2	+23.6	+23.8	+24.2
North East	-9.0	-8.7	-9.5	-11.3	-12.3
Midlands	-21.3	-19.7	-22.3	-21.5	-17.1
Mid-West	-5.2	-4.1	-6.7	-5.4	-5.8

Source: M. Ross, Personal Incomes by Region in 1977, NESR Report No. 51.

Table 5.6 illustrates the dramatic performance of the West since 1969. The position of Donegal/North West relative to the national average has changed little since 1960 with *per capita* income marginally more than 75 per cent of the national average. The Midlands suffered a deterioration in its position since

¹M. Ross, *Personal Incomes by Region in 1977*, NESR Report No. 1 (Table 9).

1973 and was relatively worse off in 1977 than in 1960. The Mid-West and North East also show a deterioration since 1973 but an improvement in 1977 relative to 1960.

Regional Population Change 1961-79

5.17 The four "less developed" regions experienced population declines over the 1961-66 and 1966-71 periods. In fact population loss was limited to these four regions over the 1966-71 period, see Table 5.7. In both periods the North West region suffered the most severe decline. Although the rates of decline were substantially lower in 1966-71 relative to 1961-66 for these four regions, the discrepancies between them widened in the later period. Donegal went from a decline of 4.6 per cent in 1961-66 to a marginal decline of 0.2 per cent in 1966-71 and moved ahead of the West and Midlands when regions are ranked by population change. The North West experienced a percentage decline in 1966-71 which was more than double that for the West and over four times that for the Midlands, see Table 5.7. This contrasts sharply with the differences between these regions over the 1961-66 period. Only the East, South West and Mid-West experienced an increase in population in 1961-66 and 1966-71. However, the South East and North East experienced an increase in 1966-71 compared with a decline in 1961-66. In the East, the percentage increase was lower in the later period than in 1961-66.

TABLE 5.7

Percentage Change in Population

	1961-66	1966-71	1971-79
Donegal	-4.6	-0.2	+12.2
North West	-6.0	-3.9	+4.8
West	-3.4	-1.9	+8.8
South West	+1.3	+2.9	+10.8
South East	-0.1	+2.8	+11.5
East	+9.1	+7.4	+18.1
North East	-1.0	+2.8	+9.4
Midlands	-2.0	-0.9	+8.4
Mid-West	+1.6	+1.9	+11.4
State	+2.3	+3.3	+13.0

Sources: Census of Population, Vol. I, 1961 and 1966.
Census of Population 1979, Preliminary Report.
IDA Regional Industrial Plans 1973-77.

5.18 The 1971-79 period saw a staggering increase at the national level and all regions experienced percentage increases over the period substantially above those previously experienced when the figures are converted to a five year basis to facilitate comparison. Table 5.7 gives the percentage increases for the 1971-79 period in column 3. The largest percentage increase was once again experienced by the East. In contrast to previous periods the next highest

percentage increase occurred in Donegal. However, the three remaining "less developed" regions experienced percentage increases which were below those in all other regions. These three regions occupied rankings 7 to 9 over the entire period 1961-79 when percentage change in population is taken as an indicator of regional balance. The percentage increase in the North West was marginally more than half that experienced by the West and Midlands and just over one third of the national average.

Net Migration

5.19 Annual average rates of net migration per 1,000 population are given in Table 5.8 for each of the three periods. In the earlier periods all regions experienced outward migration except the East in 1961-66. The rate per 1,000 was highest in the four "less developed" regions in 1961-66 and 1966-71. With the exception of Donegal in 1966-71, the rate was well over twice the national average in both periods. Over the 1971-79 period all regions experienced an excess of inward migration over outward migration, see Table 5.8.

TABLE 5.8

Net Migration 1961-79

	Annual average rates of net migration per 1,000 of average population		
	1961-66	1966-71	1971-79
Donegal	-15.0	-6.9	+6.7
North West	-15.1	-10.0	+2.4
West	-13.5	-10.6	+2.8
South West	-5.7	-3.0	+3.5
South East	-9.8	-4.7	+2.9
East	+2.7	-0.6	+6.4
North East	-5.7	-4.2	+1.4
Midlands	-12.6	-9.8	+1.9
Mid-West	-6.0	-5.2	+2.8
State	-5.4	-4.2	+4.2

Sources: Census of Population, Vol. I, 1961 and 1966.
Census of Population 1979, Preliminary Report.
IDA Regional Industrial Plans 1973-77.

This inward migration to all regions complemented the natural increase over the period to give the increases in population discussed earlier. The rate of inward migration was highest in Donegal for the 1971-79 period. This explains the high percentage increase in population in the region, since the natural increase per 1,000 in Donegal over this period was equal to that in the West and less than that for all other regions except the North West. This high inward migration rate has undoubtedly contributed to the high unemployment levels in this region over the period. Table 5.8 shows that the inward migration rate in Donegal was over twice that experienced by all other regions except the East and South West. However, with the exception of the North East the

migration rate was lowest in the remaining three "less developed" regions. These three regions also experienced the lowest natural increase per 1,000 population which explains their relatively low rates of population growth for the 1971-79 period.

CHAPTER 6

REGIONAL GRANT ALLOCATIONS 1960-77

Introduction

6.1 Chapter 5 dealt with three of the five indicators used by the IDA to assess the degree of regional imbalance. One of the remaining indicators used by the IDA is the regional proportions of the industrial grants and IDA industrial estates expenditure. It is difficult to justify the use of industrial grants and expenditure as a reasonable indicator of social and economic development in an area. According to the IDA¹ "the level of industrial grant and IDA industrial estate expenditure over the 1961-71 period may also be regarded as an indication of the relative success of regions in generating industry over that period". It is assumed in this chapter that the total grants allocated to a region over a plan period gives some indication of the extent to which that region has been promoted. The chapter will concentrate on the regional proportions of industrial grants and industrial expenditure by the IDA, SFADCO, and AnCO. While it is recognised that SFADCO had responsibility for the location of jobs in the Mid-West region over the period, the figures for grants and industrial expenditure on estates, factories and land are based on the data provided in the IDA Annual Reports for all nine regions.

National Expenditure and Expenditure on Industrial Programmes

6.2 Although explicit regional policy refers to expenditure by the promotional bodies, it is important to put this level of expenditure in the wider context of the regional distribution of total national expenditure. Due to lack of data it is impossible to allocate total national expenditure regionally. However, M. Ross² has allocated expenditures accounting for 40 per cent of gross national product regionally for the financial year 1969. Half of the expenditures analysed were current and capital transfers to enterprises and households. Whereas explicit regional expenditures on industrial programmes in 1969 accounted for 6 per cent of these transfers or 3 per cent of total expenditure dealt with, 66 per cent of these transfers went on Social Welfare and agriculture. Ross found that expenditure on industrial programmes about equalled expenditure on childrens allowances or accounted for around 50 per cent of expenditure on old age pensions.

¹Page 31, Regional Industrial Plans, Part II 1973-77

²M. Ross, Comprehensiveness in Regional Policy, Article in Irish Economic Policy: A Review of Major Issues, B. R. Dowling and J. Durkan (eds.), ESRI 1978 .

Grants: 1960-77¹

6.3 The study by P. N. O'Farrell² quantifies total grants to new industries only over the period 1960-73 at constant 1973 prices in order to derive a meaningful figure for total grants per job by regions in new industries. It is impossible to provide more recent figures for grants per job as information on job gains and losses by regions for the 1973-77 period is unavailable for grant-aided industry. This chapter relies on industrial grants and expenditure on industrial estates at current prices for the period 1960-77. This is line with the approach adopted by the IDA when ranking regions according to the highest IDA *per capita* expenditure. In fact, the regional rankings using current prices for the period 1960-73 produce results which correspond very closely with the O'Farrell rankings at constant prices.

6.4 A regional breakdown of total grants paid and grants *per capita* for three separate periods is given in Table 6.1.

TABLE 6.1

Total Industrial Grants¹ Paid by Regions 1960-77

	1960-73		1960-77		1973-77 ²	
	£ million (current prices)	Grants <i>per</i> <i>capita</i> (1971 population)	£ million (current prices)	Grants <i>per</i> <i>capita</i> (1971 population)	£ million (current prices)	Grants <i>per</i> <i>capita</i> (population based on 1975 Labour Force Survey)
	£	£	£	£	£	£
Donegal	2.52	23.3	10.45	96.8	7.94	77.9
North West	7.82	99.6	13.93	177.3	6.11	
West	7.01	27.2	25.22	97.9	18.20	71.0
South West	23.52	50.6	67.24	144.7	43.72	88.7
South East	12.20	37.2	42.73	130.4	30.54	88.3
East	30.02	28.4	71.05	67.1	41.03	36.2
North East	11.86	68.3	29.70	170.9	17.84	101.4
Midlands	6.83	29.4	23.82	102.5	16.98	72.8
Mid-West	14.60	34.2	30.15	112.0	15.55	54.9
State	116.38	39.2	314.29	105.8	197.91	63.8

¹Total grants include expenditure on New, Small and Service Industry, Joint Ventures, adaptation and re-equipment grants, Research and Development, Industrial estate, factories and land.

²The period refers to April 1973-December 1977. All 1973 and 1977 figures in the Table refer to April and December respectively.

Sources: Census of Population, Vol. I 1971.
IDA Annual Reports 1969/70-1977.
Labour Force Survey 1975.

¹Excluding AnCO and Gaeltarra Éireann which are treated separately later.

²P. N. O'Farrell, Regional Industrial Development Trends in Ireland 1960-73; IDA Paper I, 1975.

Up to 1971/72 total grants consisted of new and small industry grants, re-equipment and adaptation grants. From 1972/73, Research and Development grants and IDA industrial estates expenditure are added. Figures for later years include expenditure on service industry and joint ventures. Regional rankings based on grants *per capita* in Table 6.1 show little change when the 1960-73 period is compared with 1960-77. In both periods the North West received the highest *per capita* grants. The other three "less developed" regions, however, received *per capita* grants below the national average in both periods. In fact, Donegal, the West, the Midlands and the East were allocated the lowest grants *per capita* in 1960-73 and 1960-77. The allocations to the "less developed" regions over the 1973-77 plan period were low relative to the *per capita* allocations to many of the "developed regions". Only the East and Mid-West regions received lower allocations *per capita*. The 1973-77 period relies on the 1975 Labour Force Survey for population figures which explains why Donegal and the North West are treated as one region for this period in Table 6.1. Despite the low *per capita* grants received by the "less developed" regions, these figures show a substantial percentage increase over the entire period. The North West region is the exception when percentage changes are considered. It experienced a percentage increase in 1960-77 over the previous period which is less than half the national average and considerably below any other region. The highest percentage increase occurred in Donegal. The rate of increase in the Midlands was below that experienced by the South East while the rate of increase in the West was marginally above both of these regions.

6.5 Each regions percentage share of total grants is given in columns 1 and 4 of Table 6.2.

TABLE 6.2

Regional Distribution of Total State Grants¹ by Grant Type

	Each regions share as a percentage of total state grants						
	1960-73			1960-77			
	Total grants %	New industry grants %	Small industry grants %	Total grants %	New industry grants %	Small industry grants %	Expenditure on industrial estates %
Donegal	2.16	2.23	7.21	3.33	4.51	5.04	1.47
North West	6.72	9.17	12.08	4.43	5.84	7.86	3.05
West	6.03	6.10	10.32	8.02	9.93	7.36	10.18
South West	20.21	21.81	14.50	21.39	22.65	17.02	24.43
South East	10.48	9.78	8.70	13.60	11.54	11.60	23.24
East	25.79	16.93	7.53	22.61	15.27	13.21	12.34
North East	10.19	10.45	15.31	9.45	9.75	16.60	8.33
Midlands	5.87	5.86	15.03	7.58	6.69	12.21	16.06
Mid-West	12.55	16.67	9.32	9.59	13.82	9.09	0.91

¹See Table 6.1

Sources: IDA Annual Reports 1969/70-1977.

The proportions of total grants going to the North West, East, Mid-West and North East show a decline when the 1960-77 period is compared with the earlier period. The increased share going to the South West is marginal but it is considerable for the South East and the three remaining "less developed" regions. This is due to the increased share allocated to these regions over the 1973-77 plan period. During this period Donegal's share almost doubled when compared with its 1960-73 experience while the share allocated to the North West over the plan period was less than half its 1960-73 allocation. The proportions going to the Midlands and the West increased by over 40 per cent in 1973-77 relative to 1960-73.

6.6 The regional distribution of new industry grants is also given in Table 6.2. The South East is the only "developed" region which shows an increase in its percentage of new industry grants in the 1960-77 period relative to the earlier period. Of the "less developed" regions the North West shows a decline of over 35 per cent in its proportion. The proportion allocated to Donegal more than doubled while the West's share increased by over 60 per cent. More marginal increases were experienced by the Midlands and South East. During the 1973-77 plan period the proportion of new industry grants paid to Donegal, the West and the Midlands more than doubled compared with 1960-73 while the proportion allocated to the North West declined by over 60 per cent. The East's share fell by over 40 per cent in 1973-77. Corresponding percentage declines of 30 per cent were experienced by the Mid-West and North East.

6.7 All four "less developed" regions received a smaller proportion of total small industry grants in the 1960-77 period compared with 1960-73, see Table 6.2. The proportions allocated to Donegal, the North West and the West during the 1973-77 plan period were almost half those received during 1960-73. The Mid-West is the only developed region which received a smaller proportion in 1960-77 relative to the earlier period. Over the plan period the East's share increased by over 100 per cent compared with 1960-73 while the South East's share increased by over 50 per cent.

6.8 Expenditure on industrial estates, factories and land is also distributed regionally in Table 6.2. Since the scheme did not get under way until the early seventies it is omitted from the earlier period. It is noticeable that Donegal and the North West received a smaller share than that received under any of the grant types or grant totals. The largest shares went to the South West and South East with the West and Midlands receiving sizeable proportions.

Regional Breakdown of Total Grant

6.9 A breakdown in percentage terms of the total grants received by each region in 1960-73 and 1960-77 is given in Table 6.3.

TABLE 6.3
Grant Type as a Percentage of Total Regional Grants¹

	1960-73				1960-77				
	New industry grants	Small industry grants % of total regional grants	Re-equipment grants % of total regional grants	Adaptation grants % of total regional grants ²	Expenditure on industrial estates etc.	New industry grants	Small industry grants % of total regional grants	Re-equipment grants % of total regional grants	Expenditure on industrial estates etc.
Donegal	67.4	11.4	9.3	6.1	5.3	76.9	5.7	9.5	6.4
North West	89.3	6.1	2.7	1.1	0.7	74.8	6.6	7.6	9.9
West	66.3	5.8	7.6	2.8	17.2	70.2	3.4	7.1	18.2
South West	73.9	2.4	10.2	12.0	1.0	60.1	3.0	15.6	15.4
South East	61.1	2.8	13.0	16.4	6.0	48.2	3.2	17.4	24.6
East	42.9	1.0	23.9	29.7	0.4	38.3	2.2	34.9	7.8
North East	67.1	5.1	14.2	13.0	0.2	58.5	6.6	16.1	12.7
Midlands	65.3	8.7	9.8	8.8	6.4	50.0	6.0	10.5	30.4
Mid West	86.9	2.5	4.6	5.3	—	81.7	3.5	10.3	1.4
State	65.4	3.4	13.0	14.7	2.5	56.7	3.7	18.1	14.4

¹See Table 6.1.

²These %s do not total to 100 since total grants also include R and D grants, expenditure on service industry and joint ventures.

Sources: IDA Annual Reports 1969/70—1977.

The new industry grant as a percentage of total grants is lower in 1960-77 than in 1960-73 in all regions except Donegal and the West. The decline in the Midlands is largest in both absolute and percentage terms. Over the 1960-77 period new industry grants as a percentage of total grants is less than the national average in this region. It shares this distinction with only two other regions, the East and South East. Small industry grants as a percentage of total grants show a decline in 1960-77 relative to 1960-73 in only three regions, Donegal, the West and Midlands. The fall in Donegal is largest in absolute and percentage terms. Small industry grants in the East in 1960-77 account for 2.2% of total grants to the region compared with 1 per cent in 1960-73. Expenditure on industrial estates etc. accounts for a higher percentage in the later period in all regions. With the exception of Donegal and the West the increases over the earlier period are considerable.

TABLE 6.4

**AnCO: Regional Expenditure on Training Operations¹
April 1974-December 1978
and Regional Distribution of Fixed Assets, December 1978**

	AnCO expenditure on training in 1978 as % of total AnCO expenditure April 1974-December 1978	AnCO expenditure on training as % of total industrial grants ² April 1974-December 1978	AnCO expenditure per capita April 1976-December 1978 ³		Fixed assets per capita (1971 population) December 1978	Fixed assets by region as % of total fixed assets December 1978
			£ (1971 population)	£ (1975 population)		
Donegal	27.1	18.4	14.8	} 20.4	1.01	1.01
N. West	30.3	25.9	26.5		3.8	2.8
West	30.0	16.9	16.6	16.7	2.0	4.8
South West	34.3	14.2	14.9	14.1	3.4	14.8
South East	32.8	14.1	15.9	15.1	2.5	7.7
East	42.2	18.6	10.6	9.8	4.5	44.7
North East	30.8	13.7	21.0	20.7	2.3	3.7
Midlands	43.7	9.3	8.8	8.7	5.0	10.7
Mid-West	32.6	28.6	25.1	23.8	3.9	9.8
State	35.2	16.8	14.7	14.1	3.6	100.0

¹The figures refer to the direct cost of training operations and do not include training advisory services. Expenditure on management and summer courses is excluded.

²Grants as defined in Table 6.1.

³It is assumed that the division of expenditure between Ballina and Sligo in 1978 is similar to that in 1976 and 1977. Fixed assets are distributed in a ratio 1 : 4.

Sources: Table 6.1 and IDA Annual Report 1978
AnCO Annual Report and Accounts 1974-78
Census of Population Vol. I, 1971
Labour Force Survey 1975.

Regional Expenditure by AnCO

6.10 It is possible to derive regional figures for expenditure by AnCO over the period April 1974-December 1978 from the Annual Reports and Accounts. This expenditure relates to the direct cost of training operatives which accounts for a very high proportion of total expenditure but does not include training advisory services. The findings are given in Table 6.4.

Column 1 of Table 6.4 shows that around one-third of total expenditure on training for the entire period took place in 1978. AnCO expenditure on training as a percentage of total industrial grants, outlined in paragraph 6.4, for the period April 1974-December 1978 was less than 20 per cent in all regions except the North West and Mid-West. In the Midlands it was in fact less than 10 per cent or just over half the national average. When expenditure *per capita* is considered the allocation to the Midlands is again lowest and substantially below the national average. Donegal's *per capita* share is third lowest. The highest *per capita* allocations went to the North West and Mid-West while the North East's share was also substantially above the national average. When fixed assets *per capita* are considered the Midlands ranks highest. This is due to net additions in 1978 which doubled the value of net assets in the region. Donegal, on the other hand, has net assets per capita less than one-third of the national average. Donegal and the West have the lowest net assets *per capita*, see Table 6.4.

CHAPTER 7

SUB-REGIONAL POLICY AND PERFORMANCE

Introduction

7.1 According to the 1973-77 plans, three areas of "contrasting socio-economic characteristics emerged as meriting special attention" (page 7). These were (i) the counties of Donegal, Leitrim, Sligo, Mayo, Roscommon, Longford and Cavan (ii) Dublin County and (iii) the Gaeltacht. The 1971 Census revealed that six counties experienced a decline in population of 2 per cent or more over the period 1966-71. As a result they were declared high priority areas by the IDA. Donegal was also included as an area meriting special attention due to "its isolated geographical location and very high unemployment rate" (page 8). However, since Donegal forms a separate region it is proposed to concentrate on the remaining six counties in (i). This chapter will also deal with the employment performance in County Dublin over the 1973-77 period.

Manufacturing Employment in the High Priority Counties

7.2 It is appropriate to begin with the manufacturing job targets set for these counties in the 1973-77 plans. The smallness of the manufacturing base in each county is evident for Table 7.1. With the exception of Sligo the proportion of the workforce employed in manufacturing in these counties was less than half the national average in 1966.

Even if the IDA plans had been realised the proportion of the workforce in manufacturing in the six counties, particularly Roscommon, would have remained substantially below the national average. However, the plans did seek to raise the proportions by percentage ranging from over 80 per cent in Leitrim to 33 per cent in Sligo. Table 7.1 shows that realisation of the plans would result in little change in the rankings of the counties compared with 1966 and 1961 when the proportion of the workforce in manufacturing employment is used as an indicator. Leitrim, Roscommon and Mayo have the lowest rankings in all years. All six counties remain in rankings 18 to 26 between 1961 and 1977, despite the projected increases contained in the plans.

7.3 The projected increases in manufacturing employment in Table 7.1 imply

TABLE 7.1

Manufacturing Employment

	1966 (Actual)		1971 (IDA estimates)		1973		1977	
	a	b	a	b	a	b	a	b
Leitrim	512	4.2	700	6.7	700	6.9	1,200	12.6
Sligo	1,855	9.8	2,300	12.6	2,400	13.3	3,200	17.7
Mayo	2,806	6.5	3,300	8.3	3,400	8.8	5,100	13.5
Roscommon	882	4.0	900	4.5	900	4.6	1,400	7.3
Longford	547	5.2	900	9.0	1,000	10.1	1,500	15.2
Cavan	1,817	8.7	2,200	11.3	2,300	12.1	3,100	16.6
State	198,377	18.6	222,000	20.7	227,000	21.1	265,000	23.8

(a) manufacturing employment

(b) manufacturing employment as a proportion of the workforce

Sources: Census of Population, Vol. III, 1966
IDA Regional Industrial Plans 1973-77

large percentage increases because of the small manufacturing base. Realisation of the IDA targets would result in percentage increases in the share of total manufacturing employment of 40 per cent, 14 per cent, 28 per cent, 33 per cent, 30 per cent and 16 per cent in Leitrim, Sligo, Mayo, Roscommon, Longford and Cavan respectively. However, since these counties were singled out for special attention one would expect an increase in their share of net extra jobs relative to previous periods. Table 7.2 shows that Longford was allocated a proportion which is 11 per cent below its 1966-71 share. The five remaining counties would experience increases of varying percentages.

TABLE 7.2

**Share of (a) State Manufacturing Employment and
(b) Change in State Manufacturing Employment 1966-77**

	Share of State manufacturing employment (%)				Share of change in State manufacturing employment (%)	
	1966 Actual	1971 (IDA estimates)	1973 (IDA projections)	1977	1966-1971 ¹	1973-77 (IDA estimates)
Leitrim	0.26	0.32	0.31	0.45	0.80	1.32
Sligo	0.94	1.04	1.06	1.21	1.88	2.11
Mayo	1.41	1.49	1.50	1.92	2.09	4.47
Roscommon	0.44	0.41	0.40	0.53	0.08	1.32
Longford	0.28	0.41	0.44	0.57	1.49	1.32
Cavan	0.91	0.99	1.01	1.17	1.62	2.11

¹Figures for 1971 are IDA estimates

Sources: Census of Population, Vol. III, 1966
IDA Regional Industrial Plans 1973-77

Table 7.2 shows a massive increase for Roscommon but it must be pointed out that Roscommon's share of 0.08 per cent in 1966-71 was particularly low and contrasts with a share of 0.99 per cent in 1961-66. The IDA target for Sligo represents an increase of 12 per cent in its share while the corresponding figures for Cavan, Leitrim and Mayo are 30 per cent, 65 per cent and 114 per cent respectively.

Outcome 1973-77

7.4 Despite the high priority given to these counties in the 1973-77 IDA plans, the later plans contain no references to job gains and/or losses in these counties over the plan period. In contrast to the 1973-77 plans the later IDA plan gives no manufacturing targets for counties. Information on net changes in manufacturing employment by county for the 1973-77 plan period was supplied by the IDA. It shows that the net projected increase in manufacturing employment implicit in Table 7.1 was exceeded in three of the six counties

under consideration. The estimated IDA net increase was exceeded by 58%, 47.6% and 34% in Roscommon, Mayo and Longford respectively. 96.3% of the estimated increase was achieved in Cavan and 94.3% in Sligo. The corresponding percentage in Leitrim was 78%. Only Carlow outperformed Roscommon, Mayo and Longford over the 1973-77 period according to IDA data. The performance in Leitrim was very respectable relative to that in counties such as Offaly, Monaghan, Wicklow, Wexford, Donegal etc.

Unemployment

7.5 The usefulness of the unemployment rate as an indicator of the degree of regional imbalance has been questioned in Chapter 5. Nevertheless, it is one of the five indicators used by the IDA to rank areas in terms of social and economic development. It is interesting to apply this indicator to the counties chosen for special attention.

7.6 The 1973-77 plans contain no information on unemployment by county for the years 1971, 1973 and 1977. These figures were clearly calculated by the IDA as they form the basis for estimates of regional unemployment in these years, according to the Appendices to the plans. Use was made of the IDA methodology to calculate estimates of county unemployment rates in 1971 and 1977. Table 7.3 shows that application of the IDA adjustment factor to the 1971 Live Register data puts five of the six counties into the top ten rankings in 1971. Roscommon had the second lowest unemployment rate in the country. Only Longford had a high unemployment rate and a poor ranking. These rankings are fairly consistent with those obtained from the 1971 Census. It is clearly possible that low unemployment rates may be the result of high outward migration. However, despite the commitment to these counties in the 1973-77 plans, the IDA unemployment projections for 1977 causes a deterioration in the rankings of all counties except Longford. The lower unemployment rates in all counties for 1977 are due to the substantial fall in the State estimate between 1971 and 1977. This contrasts sharply with the actual outcome. Since IDA estimates of unemployment are based on the Census definition it is not possible to compare estimated IDA figures with the actual outcome in 1977. Live Register data is available for 1977 but data on the labour force by county is lacking. To get some idea of the actual position in 1977, unemployment in each county in 1977, according to the Live Register, was expressed as a percentage of total numbers on the Live Register. A similar exercise was carried out for 1971. The results show that only Sligo and Cavan had a higher share of total unemployment in 1977 than in 1971.

IDA Grants and Expenditure

7.7 A fairly reliable indicator of the priority given to an area is the proportion of industrial grants and IDA expenditure on industrial estates which the area is allocated. Table 6.2 shows that the proportion of total grants allocated to the

North West, East, North East and Mid-West declined over the 1960-77 period compared with 1960-73. In the East the decline was due entirely to a reduction in the allocation to Dublin from 20.8 per cent to 15.8 per cent. The share going to other counties in the region showed an increase. The Mid-West's decline was shared by all three counties. The actual allocation of IDA grants and expenditure on industrial estates etc. to the six counties meriting special attention is given in Table 7.4.

Sligo and Longford received a lower proportion of total grants in 1960-77 than in 1960-73 while the increase in Roscommon was insignificant. Only eleven counties in all experienced a falling share of total grants, the other nine being the three Mid-Western counties, Dublin, Louth, Monaghan, Kilkenny, Waterford and Offaly. Sligo's share during the 1973-77 plan period was less than half its 1960-73 allocation while Longford received just over 60 per cent. Roscommon's share of total State grants showed a marginal increase going from 1.03 per cent in 1960-73 to 1.048 per cent in 1960-77. Three of the counties in Table 7.4 experienced a fall in their share of total grants allocated to their region over the 1973-77 plan period. The allocation to Longford was 43.7 per cent of its 1960-73 share. Corresponding percentages for Roscommon and Sligo were 69.7 per cent and 79.8 per cent respectively. Sligo and Longford also experienced a marked decline in their share of State and regional grants to new industries in 1973-77 relative to earlier periods. Roscommon's share of State new industry grants showed a significant increase in this period relative to the earlier period but its share of the regional allocation increased only marginally. With the exception of Cavan, all of the counties in Table 7.4 received a smaller share of state small industry grants in the plan period. Mayo's share in 1973-77 was less than 25 per cent of its 1960-73 allocation. The corresponding percentages for Leitrim, Sligo, Roscommon and Longford are 48.2 per cent, 45.1 per cent, 41.9 per cent and 57.3 per cent respectively. Sligo, Mayo, Roscommon and Longford also received a smaller share of their regions small industry grant during 1973-77 relative to the earlier period, see Table 7.4.

TABLE 7.3

Estimated Unemployment Rates by County Using IDA Methodology

	Estimated unemployment as % of estimated labour force		Estimated unemployment as % of estimated labour force	
	1971	Ranking of counties	1977	Ranking of counties
Leitrim	4.4	4	4.2	9
Sligo	4.8	6	4.1	8
Mayo	4.5	5	4.1	7
Roscommon	4.0	2	3.6	3
Longford	9.0	24	7.8	24
Cavan	5.0	10	4.4	11

Sources: Appendices to IDA Regional Industrial Plans Part I, 1973-77
The Trend of Employment and Unemployment in 1971 (Prl. 2817)

TABLE 7.4
County Distribution of Total State and Regional Grants¹ by Grant Type

	County share of (i) total state grants and (ii) total grants to region					
	1960-73		1960-77		1960-77	
	Total grants % of state	New industry grants % of state	Total grants % of state	New industry grants % of state	Total grants % of state	New industry grants % of state
Leitrim	0.43	0.09	0.65	0.49	5.17	8.4
Sligo	6.29	9.08	3.78	5.35	2.68	91.6
Mayo	1.61	1.64	3.12	4.20	2.96	40.2
Roscommon	1.03	0.88	1.04	1.03	3.37	27.6
Longford	1.54	1.86	1.19	1.20	4.57	37.4
Cavan	2.69	3.00	2.96	3.10	8.98	54.1

¹Grants as defined in Table 6.1
Sources: IDA Annual Reports 1969/70-1977.

Income per capita

7.8 In 1960 all six counties had incomes *per capita* which were less than 80 per cent of the national average. If Donegal is included, they occupied the lowest seven rankings in the country. As table 7.5 shows, the period 1960-73 produced percentage increases in income *per capita* above the national average in all six counties but rankings changed very little.

Leitrim's relative position showed little improvement. In this county, income *per capita* as a proportion of the national average was the same in 1973 as in 1960 and the percentage increase in income *per capita* was only marginally above the national average. Unfortunately, no data is available on county incomes in 1977.

TABLE 7.5

Real Income Per Capita 1960-73 (1969 Constant Prices)

	1960			1969			1973			Percentage increase in real income <i>per</i> <i>capita</i> 1960-73
	(a)	(b)	(c)	(a)	(b)	(c)	(a)	(b)	(c)	
	£			£			£			
Leitrim	213	0.73	26	291	0.68	26	410	0.73	26	92
Sligo	232	0.79	19	339	0.79	18	463	0.83	19	100
Mayo	214	0.73	25	319	0.74	23	438	0.78	24	105
Roscommon	222	0.76	22	312	0.73	24	459	0.82	21	107
Longford	221	0.75	23	325	0.76	22	440	0.79	23	99
Cavan	228	0.78	21	334	0.78	19	460	0.82	20	102
State	293	—	—	429	—	—	560	—	—	91

(a) Income *per capita*

(b) Income *per capita* as a proportion of the national average

(c) Ranking of counties by income *per capita*

Source: Personal Incomes by County in 1973, NES, Report No. 30.

Population

7.9 The designation of the six counties as priority areas by the IDA was as a result of their decline in population over the period 1966-71. Leitrim is one of only two areas showing a decline in population over the period 1971-79, according to the 1979 preliminary Census report. However, with the exception of Longford and Sligo, the percentage increases over the period in the remaining three counties are substantially below all other counties. The percentage increases in Roscommon and Mayo between 1971 and 1979 were 1.1 per cent and 3.9 per cent compared with an overall increase for Connaught of 7.0 per cent. Cavan experienced an increase of 2.1 per cent compared with an overall increase of 8.9 per cent in Ulster. With the exception of Dublin, Longford had the lowest percentage increase in Leinster.

Dublin County

7.10 The severe decline in industrial employment in the East region over the period 1973-77 was felt most severely in Dublin. The IDA target for Dublin between 1973 and 1977 sought a net increase of 7,300 in manufacturing employment or 1,460 new jobs per annum. According to IDA sources net manufacturing employment declined by 12,750 over the plan period.

7.11 From information contained in the 1977 Labour Force Survey it is possible to compare IDA projections for the county between April 1971 and December 1977 with the actual outcome for the slightly shorter period April 1971 to April 1977. The findings are given in Table 7.6.

TABLE 7.6

Dublin County: Estimates and Outcome 1971-77

	IDA estimates 1971-77 ¹	Actual Outcome 1971-77 ¹
Absolute changes in		
Agricultural Employment	-400	-1984
Service Employment	15,300	24,582
Industrial Employment	12,000	-9,316
Manufacturing Employment	8,700	-8,776
Workforce	26,900	13,182
Unemployment	-2,563	14,931
Labour force	24,337	28,113

¹IDA Estimates relate to the period April 1971 to December 1977 and actual figures relate to April 1971 to April 1977.

Sources: IDA Regional Industrial Plans for East region 1973-77

Census of Population, Vol. III 1971

Labour Force Survey 1977

Conversion of the estimated outcome to a six year base makes no significant difference. The estimated unemployment change has been derived using the method outlined in paragraph 3.5. The actual proportion of the labour force employed in agriculture in 1977 was 0.7 per cent compared with an IDA estimate of 1.3 per cent. Table 7.6 shows that a large discrepancy occurred between the actual and projected change in service employment over the period. Services is the only sector which experienced an increase in actual employment above that projected. Despite the higher than anticipated change in the labour force the percentage employed in services increased to 59 per cent compared with an estimate of 56 per cent. The percentage of the labour force employed in manufacturing declined from 27 per cent in 1971 to 22 per cent in 1977. This contrasts with an estimated 28 per cent for 1977.

CHAPTER 8

IDA Industrial Plans 1977-80 and 1978-82 and the Regions

Introduction

8. The White Paper, National Development 1977-80, forms the basis for the estimated State increase in manufacturing employment contained in the IDA Industrial Plan 1977-80. A revised IDA Plan for the 1978-82 period was published in 1979 following the assessment of the employment potential in manufacturing contained in the White Paper, Programme for National Development 1978-81 (Prl. 7618). These later plans contain much less detailed plans for the regions when compared with the 1973-77 plans. According to the 1977-80 plan "in contrast with the Regional Industrial Plans 1973-77, the IDA Industrial Plan 1977-80 contains much more than a regional dimension". This chapter will deal with the regional implications of the 1977-80 and 1978-82 plans.

IDA Industrial Plans 1977-80 and 1978-82

8.2 The IDA recognises that an evaluation of regional needs and potential is necessary for appropriate manufacturing targets. The later plans, however, contain no information on the methodology used to derive targets based on regional needs. In the words of the 1977-80 Plan (page 41) "the estimates of regional need for new manufacturing employment take account of population growth, expected changes in participation rates, reduction in agricultural employment and the need to reduce the level of unemployment". However, the 1977-80 and 1978-82 plans provide no regional estimates of the labour force, unemployment or employment in agriculture, industry or services for the plan period. Regional estimates in these later plans are limited to changes in manufacturing employment. Although the 1977-80 and 1978-82 plans contain job targets of 2,500 and 3,000 respectively for the service industry programme, no regional allocation is given.

8.3 As Chapters 4 and 7 have shown, the effect of the recession has been severe in the East region, particularly in Dublin. To compensate Dublin for the severe job losses a number of new initiatives have been taken by the IDA to promote the Dublin area as a location for large scale industries and for the small industries programme. However, according to the 1976 Annual Report (page 3) "The expansion of industry in Dublin will not be at the expense of industrial development in other regions of the country. The total effect is being

increased to take care of Dublin's need". The White Paper (Prl. 7618) also recognises the need to improve employment in those areas which experienced a relatively large decline during the recession while the 1978-82 plan seeks to provide "manufacturing employment in the East region to take account of the workers made redundant during the recession and where possible to provide employment also for new job seekers and the unemployed" (page 45). In addition, the 1977-80 plan states that "a greatly increased input will be required in Donegal and Eastern regions" (page 41).

Manufacturing targets

8.4 Targets for gross job gains and net job gains in manufacturing employment are given in the 1977-80 plans. The estimated 7,000 job losses in manufacturing are distributed regionally on the basis of "the distribution of job losses 1973-76 and on the distribution of long established industry" (1977-80 Plan page 41). The 1978-82 plan, on the other hand, gives regional targets for gross job gains only on the grounds that "by concentrating on new grant aided jobs, the IDA is reflecting its planning approach of setting targets for what it can directly influence" (1978-82 Plans page 13). However, the 1978-82 target of 15,000 gross new jobs per annum is expected to yield the White Paper target of 10,000¹ net jobs in manufacturing per annum. Consequently, redundancies in manufacturing of 5,000 per annum are expected over the period. Since the regional distribution of redundancies in the 1977-80 plan was based on past experience and the distribution of long established industry, it seems reasonable to assume that this distribution will hold for the 1978-82 period. The net job gains referred to in this chapter for the 1978-82 period are derived from the gross job targets given in the plan by applying this regional distribution to expected redundancies.

8.5 Net and gross job gains per annum for 1977-80 and 1978-82 are compared with manufacturing targets for 1973-77 in Table 8.1.

Annual changes are considered due to differences in the number of years in the periods 1977-80 and 1978-82. It is clear from Table 8.1 that the percentage increases in the 1977-80 annual allocations over those in 1973-77 are highest in the Midlands, Donegal, the S. East and N. West when gross and net targets are considered. The West region was to experience the second lowest percentage increase when 1977-80 annual net targets are compared with 1973-77. Annual gross targets in the N. East, East, S. West and M. West for 1977-80 period are less than the 1973-77 annual targets. However, annual net targets for these four regions in 1977-80 show an increase. The two regions which suffered most severely during the recession, namely, the East and N. East regions, received relatively low allocations which show little sign of "a greatly increased input".

¹The 1980 Budget Speech contains the admission that this target would not be reached.

TABLE 8.1

Relation Between Job Targets

	1977-80			1978-82				
	Gross job target per annum	% change relative to gross job target per annum in 1973-77	Net job target per annum	% change relative to net job target per annum in 1973-77	Gross job target per annum	% change relative to gross job target in 1973-77	Net job target per annum	% change relative to net job target in 1973-77
Donegal	750	33.9	675	68.8	800	42.9	585	46.3
N. West	400	17.7	375	44.2	600	76.5	528	103.1
West	1100	3.8	1000	19.1	1700	60.4	1415	68.5
S. West	1875	-0.3	1625	16.1	2200	17.0	1494	6.7
S. East	1225	30.3	1050	64.1	1700	80.9	1200	87.5
East	3375	-0.7	2625	27.4	3800	11.8	1655	-19.7
N. East	1000	-6.0	825	21.3	1200	13.2	700	2.9
Midlands	950	39.7	875	56.3	1300	91.2	1086	93.9
M. West	1075	-0.5	950	25.0	1700	57.4	1343	76.7
State	11750	6.8	10000	31.6	15000	36.4	10000	31.6

Sources: IDA Regional Industrial Plans 1973-77.
IDA Industrial Plans 1977-80 and 1978-82.

8.6 Annual gross and net job allocations for the 1978-82 period show an increase over 1973-77 allocations in all regions except the East, (see Table 8.1). According to the 1978-82 plan (page 45), "the IDA strategy to 1982 will be as follows;

"— continued intensive promotion and development of the four less developed regions — Donegal, N. West, West and Midlands and this will be reflected in higher target growth rates.

— in the other regions with a long established base of industry — M. West, S. West, S. East and N. East — assistance to industry to complete modernisation and sufficient expansion to achieve a moderate growth in employment".

Table 8.1 shows that Donegal's percentage increase in the 1978-82 annual allocation over that in 1973-77 is less than the percentage increases allocated to the "developed" regions of the M. West and S. East when net and gross job targets are considered. The percentage increase in the West is also below that in the M. West and S. East when net job targets are considered. Of the four "less developed" regions only the Midlands and N. West would experience the top percentage increases in 1978-82 over 1973-77. In fact the S. East replaces the N. West when gross targets are considered. Despite the expressed commitment to those regions "which suffered relatively worse during the recession" (page 45) the percentage increases with respect to gross and net targets in the East and N. East are lowest in Table 8.1. In fact the net annual target in the East region is below the 1973-77 annual target and only marginally above the actual annual decline experienced over the 1971-77 period.

8.7 The regional distributions of gross and net national targets for the three periods are given in Table 8.2.

The regional shares allocated to the West, S. West, East, N. East and M. West show a decline when gross and net targets for 1977-80 are compared with 1973-77. When 1978-82 is compared with 1973-77 the S. West, East and N. East regions also show a decline for gross and net targets. The share allocated to Donegal in the 1978-82 Plan is substantially below the 1977-80 allocation and only slightly above its 1973-77 share. In the case of the S. West, East and N. East the proportions in 1978-82 are less than those in the two previous periods. It is difficult to reconcile these findings with the IDA's expressed intent "to compensate (Donegal) for its poorer performance 1973/76" and to favour the East and N. East regions.

8.8 The regional distributions of total manufacturing employment according to the IDA annual employment survey and the 1977 Labour Force Survey are also given in Table 8.2. We saw in paragraph 3.18 that only the East and S.

TABLE 8.2

Regional Distribution of (a) Total Manufacturing Employment and (b) Projected Changes in National Manufacturing Employment

	1973-77		1977-80		1978-82		Regional distribution of manufacturing employment % share of total
	Regional share of:		Regional share of:		Regional share of:		
	gross job target	net job target	gross job target	net job target	gross job target	net job target	
Donegal	5.1	5.3	6.4	6.7	5.3	5.8	Labour Force Survey 1977 (Revised Estimates) } 4.9 IDA Employment Survey January 1978 } 2.7
N. West	3.1	3.4	3.4	3.7	4.0	5.3	
West	9.6	11.0	9.4	10.0	11.3	14.1	
S. West	17.1	18.4	16.0	16.2	14.7	14.9	
S. East	8.6	8.4	10.4	10.5	11.3	12.0	
East	30.9	27.1	28.7	26.3	25.3	16.6	
N. East	9.6	9.0	8.5	8.3	8.0	7.0	
Midlands	6.2	7.4	8.0	8.8	8.7	10.9	
M. West	9.8	10.0	9.2	9.5	11.3	13.4	

Sources: IDA Regional Industrial Plans 1973-77.
IDA Industrial Plans 1977-80 and 1978-82.
M. Ross, Personal Incomes by Region in 1977, NESCC Report No. 51.

East regions were allocated shares of the total net target in 1973-77 less than their share of total manufacturing employment. The outcome is similar when the 1977-80 plan is considered. In the S. East the share of the net target is below the proportion of manufacturing employment according to the IDA survey but marginally above according to the revised Labour Force Survey. Only the East region is allocated a share of extra jobs substantially below its share of total manufacturing employment in the 1977-80 plan. In the 1978-82 plan the allocation of net targets to the S. West, East and, depending on the employment distribution used, the N. East is less than their share of manufacturing employment in 1977. All four "less developed" regions receive an allocation which is substantially above their share of total manufacturing employment in 1977.

Approvals and Actual Jobs

8.9 The full implications of the IDA regional targets for the relevant period are obscured by the jobs which are expected to come on stream automatically from job approvals in the pre-plan period. From information on the time lags between job approvals and actual job creation contained in the 1971/72 Annual Report it was possible to calculate the build-up of actual gross jobs as a percentage of job approvals over a five-year period, see paragraph 4.7. According to the 1978-82 Plan (page 14) "IDA surveys have shown that in the case of medium/large industries approved under the new industry programme, some 60 per cent of the expected jobs, on average, are translated into actual jobs in five years". Sixteen per cent of job approvals are expected to be realised in the first year, 13 per cent in the second, 10 per cent, 11 per cent and 10 per cent in the third, fourth and fifth years. The phasing from year 1 to year 5 in paragraph 4.7 is 9 per cent, 29.5 per cent, 25 per cent, 8.5 per cent and 4 per cent respectively.

8.10 Actual gross jobs expected from job approvals in the pre-plan period are calculated using the phasing contained in the Annual Report (Method I) and the 1978-82 Plan (Method II). The results are given in Table 8.3.

These actual gross job figures are likely to underestimate the true position due to the cut off point of five years. The fact that small industries bring jobs on stream more quickly than larger projects according to the 1978-82 Plan (page 15) could affect the calculations marginally but since small industries account for around 10 per cent of total job approvals in the pre 1977 period it is unlikely to alter the regional findings in Table 8.3 substantially. The proportion of actual gross jobs coming on stream from pre 1977 approvals accounts for a very sizeable proportion of the 1977-80 gross job targets. Method I gives a higher proportion in all regions except Donegal and the South East, see Table 8.3. The proportions are highest in the West, South East and North East irrespective of the method used. However, Donegal and the North West could

TABLE 8.3

Job Targets

	1977-80		Proportion of gross target expected from pre 1977 approvals		Gross job targets	1978-82		Proportion of gross target expected from pre 1978 approvals		
	Gross job targets	Actual jobs expected from pre 1977 approvals	Method II	Method I		%	Actual jobs expected from pre 1978 approvals	Method II	Method I	%
Donegal	3,000	396	325	13.2	4,000	206	233	5.2	5.8	
North West	1,600	460	563	28.8	3,000	490	590	16.3	19.7	
West	4,400	2,980	3,735	67.7	8,500	2,412	2,756	28.4	32.4	
South West	7,500	2,673	2,721	35.6	11,000	2,224	2,214	20.2	20.1	
South East	4,900	2,689	2,569	54.9	8,500	3,055	3,662	35.9	43.1	
East	13,500	4,818	5,456	35.7	19,000	6,037	7,245	31.8	38.1	
North East	4,000	2,094	2,422	52.4	6,000	2,345	2,851	39.1	47.5	
Midlands	3,800	1,718	2,064	45.2	6,500	2,517	3,211	38.7	49.4	
Mid-West	4,300	1,955	2,076	45.4	8,500	2,448	3,070	28.8	36.1	
State	47,000	19,783	21,931	42.1	75,000	21,733	25,832	29.0	34.4	

Sources: IDA Annual Reports 1969/70-1978
IDA Industrial Plans 1977-80 and 1978-82

expect a very low proportion of their 1977-80 targets to come from pre 1977 approvals. For the 1977-80 plan the regions Donegal, North West, South West and East had proportions less than the national average.

8.11 The proportions of the 1978-82 regional targets expected from pre 1978 approvals are less than those for 1978-80 but the regional pattern is similar. With the exception of the South West, Method I proportions are larger than those derived using Method II. Donegal can expect less than 6 per cent of its target to come from pre 1978 approvals compared with around 40 per cent in the Midlands, North East and South East. Under Method II, five regions can expect a proportion less than the national average. Three of these are the "less developed" regions of Donegal, the North West and West. The same three regions can also expect a proportion less than the national average with Method I, see Table 8.3. It is abundantly clear that unlike the "developed" regions (with the exception of the South West) Donegal and the North West are heavily dependant on job approvals during the 1978-82 plan period.

Regional Distributions of Job Approvals 1978-82

8.12 It is interesting to examine the outturn for the first year of the 1978-82 plan. The 1978 Annual Report contains information on job approvals for 1978 and grant aided jobs filled in 1978. Applying the phasing in Method II to the 1978 approvals and pre 1978 approvals will give expected new jobs in 1978. It is likely that the figures will underestimate the actual position. The expected and actual jobs in 1978 are given in Table 8.4.

TABLE 8.4

Actual and Expected New Jobs in 1978

	Job approvals 1978	Jobs expected from pre 1978 approvals	Jobs expected from 1978 approvals Method II	Total jobs expected 1978	Actual jobs 1978
Donegal	1,082	81	173	254	210
North West	411	182	66	248	400
West	1,343	971	215	1,186	1,490
South West	3,919	1,085	627	1,712	2,020
South East	4,084	1,236	653	1,889	1,820
East	13,670	2,433	2,187	4,620	2,860
North East	2,991	921	479	1,400	1,180
Midlands	1,702	922	272	1,194	1,350
Mid-West	1,019	953	163	1,116	1,580
	30,221	8,784	4,835	13,619	12,910

Sources: IDA Industrial Plan 1978-82
IDA Annual Reports 1971/72-1978

Actual new jobs in 1978 are less than expected in four regions, Donegal, the South East, East and North East. The discrepancy is particularly serious in the East where realised new jobs are less than 62 per cent of expected jobs. Donegal and the North East realised just over 80 per cent. The North West on the other hand realised 161 per cent of the expected total. For the entire country, 95 per cent of expected jobs, using Method II, were realised.

8.13 In order to average an annual gross increase of 15,000 jobs up to 1982 the IDA states (page 14) that "industries must be negotiated and approved, which have a long term employment potential of 30,000 jobs per annum". If we take actual new jobs in 1978 and assume that the 1978 regional distribution of approvals continues to apply to the estimated 30,000 yearly approvals over the plan period, the findings are given in Table 8.5.

TABLE 8.5

Expected Gross Jobs 1978-82

	Expected gross jobs when 30,000 job approvals per annum are distributed regionally according to the 1978 distribution	Expected jobs as % of gross target	Expected gross jobs when 30,000 job approvals per annum are distributed regionally according to the April 1972-December 1977 distribution	Expected jobs as % of gross target
	Method II		Method II	
	1978-82	1978-82	1978-82	1978-82
Donegal	2,261	56.5	1,399	35.0
North West	1,258	41.9	1,831	61.0
West	4,732	55.7	7,261	85.4
South West	8,409	76.4	8,427	76.6
South East	9,109	107.2	10,792	127.0
East	22,594	118.9	15,871	83.5
North East	6,614	110.2	6,592	110.0
Midlands	5,223	80.4	6,797	104.6
Mid-West	4,439	52.2	7,063	83.1
State	64,639	86.2	66,033	88.0

Sources: IDA Industrial Plans 1978-82
IDA Annual Report 1971/2-1973

Method II is applied to pre-plan approvals and the estimated 30,000 yearly approvals between 1979 and 1982. Actual new jobs in 1978 given in the Annual Report are used for that year. Table 8.5 shows that if the 1978 regional distribution of approvals is allowed to continue the regions Donegal, the North West, West and Mid-West will achieve less than 60 per cent of their gross job targets. The three Eastern regions are likely to exceed their targets.

8.14 As an alternative to the 1978 distribution of job approvals, the regional distribution experienced over the period April 1972-December 1977 is taken.

The regional distribution of gross jobs expected from the application of this distribution to expected yearly approvals of 30,000 between 1979 and 1982 is given in Table 8.5. Actual new jobs in 1978 are added to give total expected gross jobs for the plan period. Only three regions could expect to exceed their targets, the South East, North East and Midlands. The West, Mid-West, East and South West could expect to achieve over 75 per cent of their targets. In Donegal and the North West the percentages are 35 per cent and 61 per cent respectively.

White Paper Projections and the 1978-82 IDA Plan

8.15 The 1978-82 plan concentrates on manufacturing targets only for the regions and gives no projections for the regional distribution of the labour force, unemployment, services or agricultural employment. It is therefore impossible to examine the implications of these targets for regional employment in other sectors with the information provided in the plan. Although the Government White Paper, "Programme for National Development 1978-81", contains projected changes in total State employment, agricultural employment and unemployment, it provides no projections for population or the labour force. M. Ross and B. Walsh undertook the task of "regionalising" the full employment target in "Regional Policy and the Full-Employment Target"¹. This paper gives regional labour force projections for 1981. While it is recognised that these projections were made prior to the publication of the 1979 preliminary Census the conclusions arrived at in the paper deserve attention especially as the stated objective of the study was "to raise a number of regional policy issues and to try to stimulate a discussion of how full-employment might be attained in the regions" (page 1). Attention will not be focused on the limitations of the data in the light of the 1979 Census but on the assumption made by Ross and Walsh about the regional distribution of unemployment. It is assumed that all regions will have an unemployment rate equal to the projected national unemployment rate of 4.6 per cent. Given that this results in a "hardly attainable upsurge" in employment in non-manufacturing industry and services, it is useful to explore the implications for "other" employment if this is relaxed. Before dealing with this point it is worthwhile quoting the conclusions contained in the core section of the Ross and Walsh paper which states that:

"the main features of the regional dimension of the full employment targets laid out in the White Paper are:

- (a) a much more impressive increase in manufacturing employment in all regions, but especially in the East and North East, after 1977 than in earlier years

¹M. Ross and B. Walsh, Regional Policy and the Full Employment Target, ESRI, June 1979.

(b) a marked slowing down in the rate of decline in agricultural employment after 1977 and

(c) a hardly attainable upsurge in employment in the "other" sector and a much greater regional dispersal of the growth of this employment than has occurred in the past". (page 23).

"Other" employment refers to employment other than manufacturing and agricultural employment, i.e., total employment less manufacturing and agricultural employment.

The projected decline of 17,000 in agricultural employment over the 1977-81 period was distributed regionally by Ross and Walsh according to each region's share of the total decline between 1971 and 1977. This resulted in wide discrepancies, referred to in (b), between the projected annual decline in all regions compared with that experienced over the periods 1966-71 and 1971-77. Since this chapter has already dealt with (a), it is now proposed to examine (c).

8.16 The regional labour force projections in Ross and Walsh imply a substantial rise in the growth of the labour force in all regions over the period 1977-81 relative to 1971-77. To arrive at work force projections it was necessary to distribute the projected unemployment level of 54,700 in 1981 among the regions. This reduction of 46,000 in unemployment by 1981 implied an unemployment rate of 4.6 per cent. In calculating work force projections, Ross and Walsh assume that all regions will have an unemployment rate of 4.6 per cent in 1981. Required changes in "other" employment in 1981 are then calculated by taking the difference between regional work force projections and total regional employment in manufacturing and agriculture on the assumption that the decline in agricultural employment is distributed regionally as described in paragraph 8.15 and that the annual net increase in manufacturing employment set for the regions in the 1977-80 IDA plan is realised. The Ross and Walsh paper shows wide discrepancies in all regions between the required growth in "other" employment and the actual growth experienced in the past.

8.17 The required annual growth in "other" employment when the 1978-82 IDA manufacturing targets replace the 1977-80 targets in the Ross and Walsh study are given in Table 8.6.

All other assumptions made by Ross and Walsh continue to hold. Net job targets are derived from gross targets in the 1978-82 plan by applying the regional distribution of redundancies given in the 1977-80 plan. The required growth in "other" employment when 1978-82 IDA targets are used is still significantly higher than that experienced by all regions except the West since

TABLE 8.6

Employment in Non-manufacturing Industry and Services ("other" employment)

	Annual change 1966-71 (Actual)	Annual* change 1971-77 (Actual)	Annual change required assuming 1977-80 IDA targets	Annual change required assuming 1978-82 IDA targets
	(a)	(b)	Ross and Walsh 1971-81 (projections)	1977-81 (projections)
Donegal and				
N. West	244	214	114	1180
West	417	744	886	1280
S. West	1090	253	522	1755
S. East	487	-223	201	1730
East	3442	6433	6567	8120
N. East	305	-108	158	1055
Midlands	273	-228	124	950
M. West	549	1178	777	1930
				1132

The 1977 Labour Force Survey was used to derive the figures in the final two columns.

*(a) 1977 figures based on IDA data for manufacturing and the revised (Ross) LFS estimates of the workforce.

(b) 1977 figures based on Ross revisions of the LFS.

Sources: Census of Population, Vol. III 1966 and Vol. III 1971.
Labour Force Survey 1977.

M. Ross, Personal Incomes by Region in 1977, NESR Report No. 51.

M. Ross and B. Walsh, Regional Policy and the Full-Employment Target, ESRI June 1979.

IDA Industrial Plan 1978-82.

1966. In fact the projected annual change for the West was exceeded between 1971-77 according to revised LFS estimates. There is a marked decrease in the required change in the West, Midlands and the M. West relative to the Ross and Walsh findings. The required annual change is 58.7 per cent of the Ross and Walsh figure in the M. West, 61.4 per cent in the West and 69.6 per cent in the Midlands. In fact the required change is less in all the "less developed" regions. The required change in the N. East, however, is 37.4 per cent above the Ross and Walsh figure. There is a marginal increase in the annual change required in the East and S. West. The Ross and Walsh statement that "in all other regions, with the possible exception of the M. West, the gap between past performance and the requirements to meet the 1981 targets is much greater than in the East" (page 21) no longer holds when 1978-82 annual manufacturing targets are assumed to have been realised.

Changes in the 1981 Regional Unemployment Distribution

8.18 The high projected increases in regional workforces is a result of large increases in the projected labour force and reductions in regional

unemployment levels. The Ross and Walsh findings are based on the assumption that all regions will have the same unemployment rate of 4.6 per cent in 1981. While the result is highly desirable it is not particularly realistic. It is proposed to analyse the required changes in "other" employment when different unemployment distributions are applied to the projected unemployment total for 1981. Unemployment can refer to persons having lost or given up a previous job and persons looking for a first regular job. This is the definition of unemployment used by Ross and Walsh for 1977 in Table 1 of their study. The narrow definition of unemployment, which accords most closely with the Census, excludes persons looking for a first regular job. Each region's share of total unemployment, narrowly and broadly defined, according to the 1977 Labour Force Survey was applied to the projected figure of 54,700 for 1981. Projected unemployment for 1981 was also distributed regionally according to the 1977 Live Register distribution and the 1971 Census distribution. The required annual changes in "other" employment for three of these distributions are given in Table 8.7. Since the distinction between unemployment narrowly and broadly defined had little effect on the distribution, it was decided to work with the broad definition. The calculations are based on the Ross and Walsh labour force projections for 1981 and the annual net manufacturing targets contained in the 1978-82 plan. When distributions (1) and (2) in Table 8.7 are used, the required annual growth in "other" employment is less than that in Ross and Walsh for all regions except the S. West, East and N. East. In fact the annual change required in the M. West and Donegal and the N. West is less than 60 per cent of the Ross and Walsh figures. When the projected employment in 1981 is distributed regionally according to the 1977 Live Register, the required annual change in the West, Donegal and N. West falls dramatically to less than half the Ross and Walsh annual change. All regions except the S. West, East and N. East require lower annual rates than those in Ross and Walsh. The pattern is similar when the 1971 Census distribution of unemployment is used. In this case the required annual change in Donegal and the N. West is less than one-third of the Ross and Walsh figure while the required annual change in the Midlands is slightly over half. Only in the East and N. East are the required annual changes higher than those in Ross and Walsh. While there are still substantial discrepancies between the required changes in "other" employment and the actual figures given in Table 8.6 for the 1971-77 period, the differences narrow considerably in the "less developed" regions when alternative unemployment distributions are considered. The reverse occurs in the "developed" regions of the East, N. East and S. West. It is clear from Table 8.7 that the Ross and Walsh requirement of "a much greater regional dispersal" of "other" employment is no longer so pronounced when alternative unemployment distributions are introduced. The Ross and Walsh required increase in regional dispersal is reflected in the increases in the proportion of the workforce in "other" employment in 1981 relative to the actual ratios in 1977, see Table 8.7.

TABLE 8.7

"OTHER" EMPLOYMENT

	(1)		(2)		(3)		(4)		"other" employment as % of workforce 1977 (Actual)*
	Labour Force Survey (a)	(b) %	Live Register (a)	(b) %	Census of Population (a)	(b) %	Ross and Walsh (a)	(b) %	
Donegal and N. West	686	46.5	461	45.7	381	45.4	1180	48.6	45.7
West	1014	45.5	576	44.4	939	45.3	1280	47.0	45.0
S. West	2293	53.6	2058	53.3	1705	53.0	1755	53.0	52.6
S. East	1240	50.6	1673	51.3	1153	50.4	1730	51.8	50.2
East	8633	72.9	9088	73.1	10015	73.3	8120	72.3	72.2
N. East	1423	49.0	1453	49.1	1500	49.3	1055	48.7	46.1
Midlands	799	51.4	834	51.5	514	50.7	950	52.6	50.2
M. West	1110	53.8	1067	53.8	1000	53.7	1930	55.8	53.4

(a) "other" employment 1981

(b) "other" employment as percentage of workforce 1981

Assuming projected unemployment of 54,700 in 1981 is distributed regionally according to the distribution in (1) Labour Force Survey 1977 (2) Live Register 1977 (3) Census of Population 1971 and (4) Ross and Walsh

*This column uses revised LFS estimates.

All other columns use the 1977 Labour Force Survey and the Ross and Walsh labour force projections for 1981.

Sources: M. Ross and B. Walsh, Regional Policy and the Full-Employment Target, ESRI June 1979.

M. Ross, Personal Incomes by Region in 1977, NESC Report No. 51.

Labour Force Survey 1977.

Census of Population, Vol III, 1971.

IDA Industrial Plan 1978-82.

The increases are particularly marked in the "less developed" regions, the N. East and M. West. Changes in the unemployment distribution given in Table 8.7 have little effect on the proportion of the workforce in "other" employment. With the exception of the N. East these ratios are extremely close to the actual proportions in 1977.

Possible Employment Patterns in the Regions up to 1983

8.19 Our purpose in discussing the Ross and Walsh paper was to examine the implications for employment in non-manufacturing industry and services of changes in the regional distribution of unemployment. This approach remains valid despite the fact that the employment data used in the paper needs to be revised in the light of the 1979 preliminary Census. Since no reliable projections of the labour force by regions exist one can only attempt a quantification of the required changes in "other" employment up to 1983 for assumed changes in the labour force, unemployment, agricultural and manufacturing employment. Attention will be focused on the period up to 1983 to coincide with the IDA plan period. Suppose we assume that the annual IDA net manufacturing targets by region will be realised over this period. It would seem not unreasonable to take an annual rate of decline in agricultural employment equal to that assumed in the White Paper, discussed above. This annual decline of 4,250 will be distributed regionally in line with the regions' relative rate of decline between 1971 and 1977, with the 1977 figures based on revised LFS estimates. The unemployment assumption will follow that contained in the White Paper, namely, an annual decline of 11,500 and various regional distributions will be considered. It is then possible to determine the required change in "other" employment by region for any assumed annual change in regional labour force figures. This section will compare the required annual growth in "other" employment with actual annual growth over the period 1971-77, (i) when the labour force is static in each region and (ii) when the annual growth rate equals that assumed by Ross and Walsh for each region. All actual figures for 1977 are based on the revised LFS estimates.

8.20 Table 8.8 gives the required annual increase in "other" employment associated with different regional distributions of the annual decline in unemployment. We are now concerned with the regional distribution of an annual change in unemployment rather than the regional distribution of the unemployment level considered in paragraph 8.18. Consequently the Ross and Walsh approach is inapplicable. Table 8.8 shows clearly that the required annual increase in "other" employment, necessary to support a falling unemployment level despite a constant labour force, exceeds the annual rate experienced over the 1971-77 period in all regions except the West, East, M. West and, depending on the unemployment distribution, the S. West.

TABLE 8.8

Required Annual Employment Change in Non-manufacturing Industry and Services ("other" employment)

	Annual change* in "other" employment 1971-77 (Actual)		Required annual change in "other" employment when Labour Force is static in each region			Required annual change in "other" employment when annual growth in Labour Force equals the Ross and Walsh rate			Annual increase in Labour Force assumed by Ross and Walsh
	(a)	(b)	(1)	(2)	(3)	(1)	(2)	(3)	
Donegal and N. West	214	114	488	678	744	938	1128	1194	450
West	744	886	16	386	80	641	1011	705	625
S. West	253	522	186	384	680	1711	1909	2205	1525
S. East	-223	201	686	321	758	1886	1521	1958	1200
East	6433	6567	3457	3073	2294	8782	8398	7619	5325
N. East	-108	158	303	278	237	978	953	912	675
Midlands	-228	124	160	132	400	814	782	1050	650
M. West	1178	777	459	504	560	1459	1504	1560	1000

* (a) 1977 figures based on IDA data for manufacturing and revised LFS estimates of workforce.

(b) 1977 figures based on revised LFS estimates.

All figures assume (i) an annual decline of 4250 in agriculture distributed according to the 1971-77 decline (ii) that annual IDA net manufacturing targets for 1978-82 plan are realised.

Assuming annual decline of 11,500 in unemployment is distributed regionally according to the distribution of unemployment in (1) Labour Force Survey 1977 (2) Live Register 1977 and (3) Census of Population 1971.

Sources: Census of Population, Vol III 1971.

M. Ross, Personal Incomes by Region in 1977, NESR Report No. 51.

M. Ross and B. Walsh, Regional Policy and the Full-Employment Target, ESRI, June 1979.

IDA Industrial Plans 1977-80 and 1978-82.

Programme for National Development 1978-81 (Pri. 7618), Stationery Office Dublin.

8.21 When the annual regional growth rate equals that assumed by Ross and Walsh the discrepancies between required growth in "other" employment and past growth in this sector are very substantial indeed, see Table 8.8. Only the West region achieved annual rates comparable with those required. The differences are particularly pronounced in Donegal and the N. West, the Midlands, N. East and S. East. It is highly unlikely that these targets could be achieved.

8.22 For annual growth rates in the labour force between zero and the Ross and Walsh rates the corresponding required growth rates in "other" employment will lie between those given in Table 8.8 — assuming the other assumptions continue to hold. Failure to reduce unemployment sufficiently will have a similar effect on the required increase in "other" employment to an increase in manufacturing employment or a lower rate of decline in agricultural employment. The figures in Table 8.8 have been based on the assumptions that annual IDA targets will be realised and that the annual decline in agricultural employment will accord with the White Paper projections. Many alternative assumptions could be put forward.

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