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The Socio-Economic
Position of Ireland
within the
European Economic
Community

NATIONAL ECONOMIC AND SOCIAL COUNCIL

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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.

The Socio-Economic Position of Ireland within the European Economic Community

by

Anthony Foley
(National Institute for Higher Education, Dublin)

and

Ms. P. Walbridge

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**The Socio-Economic Position of Ireland within
the European Economic Community**

A. Foley and P. Walbridge

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PREFACE

1. In order to contribute to a better understanding of Ireland's regional problems and to assist in the formulation of an effective regional policy, the Council decided to commission a comparative study of regional problems in the context of the European Community.
2. The terms of reference for the study were as follows:—

To examine, in detail, the relative significance of the Irish regional problems vis-a-vis the regional problems of the other EEC Member States in terms of:—

 - (a) Range of disparities in indicators (e.g. GDP per head, employment etc.) between regions within each Member State.
 - (b) Examining Ireland's position as a single region relative to comparable regions in the EEC, as regards levels of indicators and relating Ireland, as one region, to the other individual Member States.
 - (c) In so far as the data permit, examining the improvement/dis-improvement of the relative Irish regional problem since joining the EEC.
3. Two former members of the Secretariat, Anthony Foley and Ms Tricia Walbridge were commissioned to undertake the study.
4. There is an extensive range of indicators which can be used when making international or inter-regional comparisons of performance or stage of economic development. However, these indicators do not uniquely reflect the underlying welfare in society. There are severe problems in attempting to develop a composite index of welfare. Income or GDP per capita is usually taken as an approximate index of the standard of living in a region. However, care should be taken when using this index in isolation as it may not be completely representative of the quality of life.
5. The report highlights the disparities between Ireland and the other member States of the EEC. At the national level Ireland is the poorest and least developed of the nine Member States while at the regional level the two most disadvantaged areas are Ireland and the Mezzogiorno in Italy. In fact the income disparities between Ireland and the richer States widened between EEC entry in 1973 and 1979.

6. The main object of this report is to look at the position of Ireland, as a region within the European Economic Community. The improvement of our position in that respect is a major aim of national policy and an accepted goal of the Community. If the relative living standards of Ireland within the European Community are to be improved, it will not be sufficient for Ireland to rely exclusively on seeking changes in Community policies which have regional effects so far as the peripheral areas of Europe are concerned. Ireland must also avail to the full of the opportunities provided by membership of the European Community and its associated territories, which, if vigorously pursued, will help to bridge the gap between Ireland and other Member States.

CHAPTER I

INTRODUCTION*

1.1 Objective of the Report

There are substantial disparities in standards of living between different areas within the European Economic Community (EEC). For example, living standards in Germany are approximately twice as high as Irish living standards. These differences partly reflect the stages of economic development of the different areas. EEC regional policy is concerned with reducing these disparities. Indeed, if the ultimate EEC goals are to be achieved it is essential that substantial progress be made towards attaining convergence of living standards and economic performance between the countries and regions of the EEC.

In Ireland's negotiations for EEC entry, agreement was reached with the Community that a special Protocol concerning Ireland be included in the Treaty of Accession. In the Protocol the Community

"recognises the need to ensure the success of the Governments' policy of industrial and economic development, aimed at ending our unemployment, accelerating our growth rate, lessening regional imbalances and raising our standard of living to that of our future Community partners. The Protocol calls on the Community institutions to use for the purpose of attaining these objectives, all the means and procedures at their disposal under the Treaties and in particular the financial resources of the Community".¹

The objective of this report is to compare Ireland's general economic and social position with those of the other EEC Member States, over a comprehensive range of indicators. ** The analysis is presented at three levels:

*We wish to acknowledge the assistance received from Mr. G. Danaher of the NESC Secretariat, from the EEC Statistics Office and from the Librarian of the Dublin Office of the EEC Commission. We also wish to acknowledge the helpful comments of the members of the Council.

**EEC here refers to nine member states, i.e. excluding Greece which is now a member. The report was compiled before Greece's accession and there would also be data difficulties in attempting to include Greece. Some brief references are made to Greece in Section 2.14.

- Ireland's position vis-a-vis the eight other Member States.
- Ireland's position vis-a-vis the regions into which the Member States are sub-divided for regional policy purposes.
- The nine Irish planning regions are individually compared with the other regions of the EEC.

1.2 Socio-Economic Indicators

A wide range of indicators in assessing the socio-economic position of a country or region provides a more comprehensive view than can be obtained from using single indicators, or a narrow range of indicators. The UK for example, has the lowest agricultural proportion of total employment in the EEC. The share of agriculture is traditionally regarded as being a sound indicator of the stage of economic development. At the same time, however, income per head in the UK is the third lowest of the nine EEC countries. A comprehensive set of socio-economic indicators is intended to present a more complete assessment of the nature and extent of regional disparities.

The concept of using socio-economic indicators to measure economic and social disparities in both the national and regional contexts has been developed largely over the last two decades.^{2, 3} It received its initial impetus from the United Nations Organisation's efforts to measure disparities in levels of living standards between rich nations and poor nations.^{4, 5, 6, 7} Substantial work has also been undertaken in this area by the OECD.⁸

There is broad consensus in the research literature on the subject as to the type of indicators to be used. These fall into 10 categories, population, employment, income, housing, health, education, security, communications, cultural amenities and environment.

In its Guidelines document⁹ the EEC Commission identifies a number of important indicators including activity rates, employment by sector, unemployment, employment shortfall forecasts, net migration, GDP and income per head of population and per employed person, fiscal capacity and effort and data on the level of provision and of need for infrastructure. Many of these indicators are included in this report but data on fiscal issues and infrastructural needs and provision are not available.

Ideally the individual indicators for a region could be aggregated to form a composite index of quality of life within that region. These indexes could then form the basis of objective overall comparisons between regions. Such an exercise is not possible for a number of reasons. Firstly, each indicator would have to be weighted to compile the overall index. At the present time there is no consensus as to the quantified relative importance of the different indicators e.g. level of unemployment versus number of doctors per 1,000 of

population. Secondly, there are conceptual differences as to whether particular indicators indicate "good" situations or "bad" situations. A high number of hospital beds per thousand of population, for example, could reflect a bad level of health. Does a high level of private car ownership reflect the affluence of an area or the isolation and lack of public transport in the area? In addition there are indicators which cannot be quantified, e.g. pace of life.

There are, therefore, dangers inherent in seeking to present a complete and single unitary index of welfare which could be used to rank countries and regions and to determine priority areas. This does not take away, however, from the usefulness of presenting as comprehensive a view of disparities as possible as compared with presenting single indicators in isolation. Single indicators, in many cases, can be misleading.

The distinction between "economic" indicator and "social" indicator is not always clear cut. The Green Paper "Development for Full Employment"¹⁰ stated that the main social objective of the Government was the creation of employment. Income per head is both a social and an economic concept. The main EEC source for social statistics¹¹ lists data on demography, employment, living standards, housing, health and education, all of which are also included in "Regional Statistics, Population, Employment, Living standards".¹²

Throughout the report the term "socio-economic" indicator applies to all indicators whether specifically economic or specifically social or economic and social, unless otherwise stated.

1.3 Previous Applications of Socio-Economic Indicators in Ireland for Regional Policy Purposes

The use of socio-economic indicator analysis for regional policy purposes in Ireland has been extensive. The Buchanan report used the following indicators to assess regional socio-economic conditions, population, employment, income, housing, health (number of doctors), education, communications, environment, and cultural amenities.¹³

The Industrial Development Authority (IDA) in its Regional Industrial Plans 1973-1977 used five indicators of regional imbalance which helped to identify priority areas.¹⁴ These indicators were population, unemployment, income, industrial employment and IDA grants. The 1978-82 IDA Industrial Plans used three indicators for assessing regional disparities, income, population and manufacturing employment.¹⁵ The reports of the nine Regional Development Organisations in 1970 and 1971 used socio-economic criteria under nine main headings to evaluate conditions and formulate the requirements of their respective regions.¹⁶ These criteria covered population, employment,

infrastructure, housing, miscellaneous services, land availability, location, special factors (e.g. tourism potential) and Gaeltacht areas.

An Foras Forbartha has undertaken an extensive analysis of regional performance within Ireland.¹⁷ The Foras Forbartha study examined regional performance over the following range of indicators, population, employment, income, housing, health, education, law and order, communications and amenities.

1.4 Priority Indicators in the Report

As this report is concerned with assessing Ireland's socio-economic position relative to the rest of the EEC the choice of indicators is firstly determined by the availability of data for all of the EEC. Even within this constraint, however, it is possible to identify priority indicators. Certain indicators have a priority significance deriving both from the importance of their impact and from being the focus of policy initiatives and objectives.

The priority categories of indicators are income per head, employment (including unemployment and structure of employment) and population (and the other demographic aspects e.g. migration, dependency rates).

These three areas, income, employment and population are the principal areas of concern for both national regional policies and EEC regional policy. The goal of regional policy is to eliminate involuntary population movement and maintain a viable growing population in peripheral areas. The existence of net outward migration from particular regions reflects the lack of employment opportunities and the low levels of income per head compared with other regions.

Average income per head represents the most widely used single indicator of the prosperity and living standards of a region. It is a measure to which the EEC Commission has given particular attention.¹⁸ The EEC also places emphasis on the creation of employment in the less developed regions.¹⁹ The NESc has stated that the main objectives of regional development should be to reduce the regional inequalities in living standards, job opportunities, unemployment and involuntary net migration.²⁰ The NESc has paid particular attention to documenting the regional disparities in income per head.^{21, 22}

The Irish Government's regional policy objectives are summarised in its 1972 Statement on Regional Policy.²³

"In the Government's view an overall regional strategy should not merely seek the attainment of required national growth rates but should also provide for the maximum spread of development, through all regions, giving an increased and wider range of economic and social

opportunities, and so minimising population dislocation through internal migration."

Regional problems in the EEC can be classified into two main groups:

- (a) the regions which are traditionally less developed, in particular Ireland and the Mezzogiorno of Southern Italy; these regions have large agricultural sectors and lag behind the rest of the EEC in terms of economic development. The need here is to encourage economic development.
- (b) the declining industrial areas, for example, the mining region of Limburg; these regions have been industrialised for many years and their production bases are concentrated in declining industries. They are involved in a process of industrial conversion to modern industries.

The regions of group (a); i.e. the less developed regions, are the regions of the Community which lag furthest behind. Geographically, they are positioned on the Community's periphery. The tasks of policy in these areas are to accelerate their development and to give them an economic base, both in the form of production and infrastructure.²⁴ Unlike the other types of problem regions these often lack basic infrastructure, industrial bases and industrial traditions, and despite sustained efforts in the past they are still relatively underdeveloped.

The Commission has classified two other types of regions, frontier areas and hitherto prosperous regions which may be adversely affected by changes in world economic structures.

There are many other indicators of regional disparities e.g. quality of accommodation, education participation rates at different levels, health levels and health facilities. In many cases these indicators are simply a reflection of the poverty or prosperity of regions. Policy-makers generally do not focus on these as primary objectives in their regional strategies. Consequently, they are not accorded the same prominence or priority as the other indicators. Even within the broad areas of the three priority indicators there are specific indicators which are more important than others e.g. in the population area, migration is a more significant indicator than density of population. Throughout the report the relative significance of the various indicators is highlighted.

The different indicators of regional disparities are very often inter-related. For example, a low level of income, in a region is often a function of the existence of a large agricultural sector and/or a high dependency rate.

This report is primarily concerned with presenting the current scale of disparities within the EEC. Policy-makers, however, are also concerned with the changes in these disparities over time. This issue is also dealt with in the report. The period since entry to the EEC in 1973 is the most relevant one for Ireland. It is important to realise, however, that the base level is the important measure of disparity. Differential rates of growth or change in the fairly short period since entry to the EEC do not affect rankings significantly. Excessive emphasis on change, which is effectively taking place from a low base could deflect attention from existing regional disparities.

1.5 Classification of EEC Regions

The full details of the sub-national territorial classification of the EEC are presented in Appendix 1 and are illustrated in Table 1.

TABLE 1
Summary of EEC Regions

Country	European Community Regions	Basic Administrative Regions
Ireland	1	1
Germany	11	34
France	8	22
Italy	11	20
Netherlands	5	11
Belgium	3	9
Luxembourg	1	1
United Kingdom	11	11
Denmark	1	3
Europe 9	52	112

Source: (A)*

*Details of References for sources are presented in the Sources Bibliography.

There are two principal levels of regions, level I and level II. Level I consists of the largest territorial units taken into account for each Member State. These are called "European Community Regions" (RCE). There are 52 such regions in the EEC with an average population of about 5 million. The Republic of Ireland is a single RCE, as is Northern Ireland. Level II consists of the units next largest in size to level I. These are called "Basic administrative units" (Uab). They number 112 and have an average population of around 2 million. The Uabs are those regions "constituting at national level the framework used by member countries to implement their regional policies". They are used "as a basis on which to co-ordinate these policies and to assess degrees of development".²⁵ The Uabs are made up of the 9 "provinces" in Belgium, the 3

"zones" in Denmark, the 22 "regions" in France, the 34 "regierungsbezirke" in West Germany,* the 20 "regions" of Italy, the 11 "provinces" in the Netherlands and the 11 "standard regions" in the UK. Ireland and Luxembourg are each considered as single Uabs. The EEC Statistical Office presents regional data at both levels. The comparisons between Ireland and the regions of the EEC in this report are presented at the Uab level.

1.6 Data Sources

Data at the national level are readily available from the EEC itself, from other international organisations such as OECD and UN, and from the Statistics Offices in each country. As might be expected regional data of a comparable nature for the 112 regions of the EEC, are less abundant. As part of its assessment of regional problems the EEC Commission has produced reports on the regions. The basic data for this report are obtained from these Commission documents, in particular from "Regional Statistics, Population, Employment and Living Standards"; (1973/1974) (1977) and "Regional Statistics, Main Regional Indicators 1970-1977".^{26, 27, 28**} Data sources are referred to in the text by capital letters and are fully cited in "Sources Bibliography" at the end of the report.

The sources and context of EEC regional data are discussed in detail in Appendix 2. The national data are available up to 1979 for certain indicators. The latest year for which regional data are available is 1977, but not all indicators are available for that year. The most recent regional GDP statistics, for example, relate to 1975. In addition, data on each indicator are not always available for every region.

1.7 Plan of the Report

Chapter 2 contains the national comparison. Chapter 3 deals with the comparison of Ireland with the other regions of the EEC. Chapter 4 examines the position of the nine Irish regions within the EEC. Chapter 5 deals with the overall conclusions and policy implications.

*Referred to as Germany in the text.

**Some of the EEC population and employment data on Ireland differ from those published in the 1977 Labour Force Survey. This is because the EEC coverage does not include persons resident in institutions. In addition, the data for persons at work relate to those aged 15 years and over while the EEC data cover persons aged 14 years and over. These differences are noted in Appendix 2 on Data Sources.

CHAPTER 2

NATIONAL LEVEL COMPARISONS OF SOCIO-ECONOMIC POSITIONS WITHIN THE EEC

2.1 Introduction

For clarity of presentation the sequence of indicators which follows is:—

- (1) Population (and the other demographic indicators)
- (2) Employment and
- (3) Income per head.

Details of the remaining indicators are then presented.

PART I: DEMOGRAPHY

2.2 Distribution and Growth of Population

The details of population distribution for 1979, and growth for the period 1973-1979 are presented in Table 2.

TABLE 2

Population, Density of Population 1979, Population Growth 1973-1979

Country	Population 1979 '000	Density per square km 1979 (persons)	Population growth 1973-1979
Ireland	3,365	48	+9.5
Germany	61,303	247	-1.1
France	53,491	98	+2.6
Italy	56,980	189	+3.8
Netherlands	14,030	341	+4.4
Belgium	9,859	323	+1.2
Luxembourg	357	138	+1.1
United Kingdom	55,822	229	-0.3
Denmark	5,124	119	+2.0
Europe 9	260,237	171	+1.4

Sources: (B) and (C).

In terms of population, Ireland is the second smallest of the nine EEC countries. Its population density is by far the lowest in the EEC. Ireland, however, had the highest growth in population in the EEC in the period since

Irish entry, 1973 to 1979. The Irish increase at 9.5% is twice the increase of the next highest country, and is 6.75 times the average EEC increase.

A high rate of population growth is sometimes taken to indicate the strength of a region. One of the main objectives of regional policy within Ireland is to offset the long-term trend of population decline and improve the quality of life. However, before the growth performance, as indicated in Table 2 can be taken to indicate the strong regional situation in Ireland relative to the other eight countries, a number of qualifications must be noted.

Population growth in one period can itself be the cause of severe problems of regional imbalance in succeeding periods. If sufficient jobs were not provided for a rising population outward migration would eventually result. In the absence of migration the eventual result would be rising levels of unemployment. If the rate of growth of output were not to match the growth of population the consequence would be declining standards of living.

The population behaviour of a country generally varies between different stages of economic development. Population growth tends to slow down as countries reach the mature stages of development with high incomes per head. Family size is generally higher in low income underdeveloped regions than in the developed regions. One would therefore expect a higher natural population growth, i.e. when migratory movements are excluded, in the less developed EEC countries than in the more advanced ones.

The interpretation of the population growth indicator must therefore be related to the region's capacity to sustain the increased numbers at acceptable standards of living.

2.3 Components of Population Growth

Population increases or decreases result from:—

- (a) the natural movement which is the net result of births less deaths and
- (b) migration inflows or outflows.

The latest year for which these data are available at the national and regional level for the nine EEC countries is 1977.

Table 3 summarises the components of the population changes at national level for the two years 1973 and 1977.

TABLE 3

Components of Population Change per 1,000 of Population

	Births		Deaths		Natural Change		Migration		Net Change	
	1973	1977	1973	1977	1973	1977	1973	1977	1973	1977
Ireland	22.2	20.8	10.7	10.0	11.5	10.8	4.9	2.1	16.4	12.9
Germany	10.3	9.5	11.8	11.5	-1.5	-2.0	6.2	0.5	4.7	-1.5
France	16.4	14.0	10.7	10.1	5.7	3.9	2.1	0	7.8	3.9
Italy	16.2	13.4	9.9	9.7	6.3	3.7	3.5	1.2	9.8	4.9
Netherlands	14.5	12.5	8.3	7.9	6.2	4.6	1.3	1.7	7.5	6.3
Belgium	13.2	12.4	12.1	11.4	1.1	1.0	2.0	0.5	3.1	1.5
Luxembourg	10.8	11.5	12.0	11.5	-1.2	0	14.0	-2.8	12.8	-2.8
United Kingdom	13.9	11.7	12.0	11.7	1.9	0	-0.7	-0.8	1.2	-0.8
Denmark	14.3	12.2	10.2	9.8	4.1	2.4	1.4	1.0	5.5	3.4

Source: (B) and (D).

The Irish birth rate, 20.8 in 1977, is the highest of the nine and is the main determinant of the rapid growth in population. The next highest birth rate is France, 14.0 and Germany is the lowest, with 9.5. Death rates are broadly similar throughout the EEC. Consequently, Ireland has a very high rate of natural increase. The Irish population growth is also boosted by the flow of migrants into Ireland. Ireland has historically been characterised by net outward migration. In fact, 1971-1979 is the first intercensal period for which a net inflow has been recorded. The occurrence of this net inflow raises a number of important issues which are not within the scope of this report to examine. For example, how does it affect the dependency rate or regional imbalance within Ireland? The natural increase and the inward migration combine to give Ireland the highest rate of population growth within the EEC. Even without net inward migration Ireland would still have the most rapidly growing population because of its natural increase.

2.4 Age Structure and Age Dependency Rates*

The dependency rate is an important demographic socio-economic indicator. It is defined as the ratio of the population in the dependent age groups (under 15 years and 65 years and over) to those in the active age group (15-64 years). Details of the dependency rates and age structure of the populations of the nine Member States for 1977 are presented in Table 4. Diagram 1 illustrates the differences in dependency rates.

*The age distribution for Ireland used here is based on the estimated population prior to the revisions warranted by the 1979 Census. There are no details of the age structure of the revised population but these would not deviate to any significant extent from the pre-revision population and would not alter the conclusions as regards comparisons with other EEC countries.

TABLE 4

Population by Age (% of total) and Dependency Rates, 1977

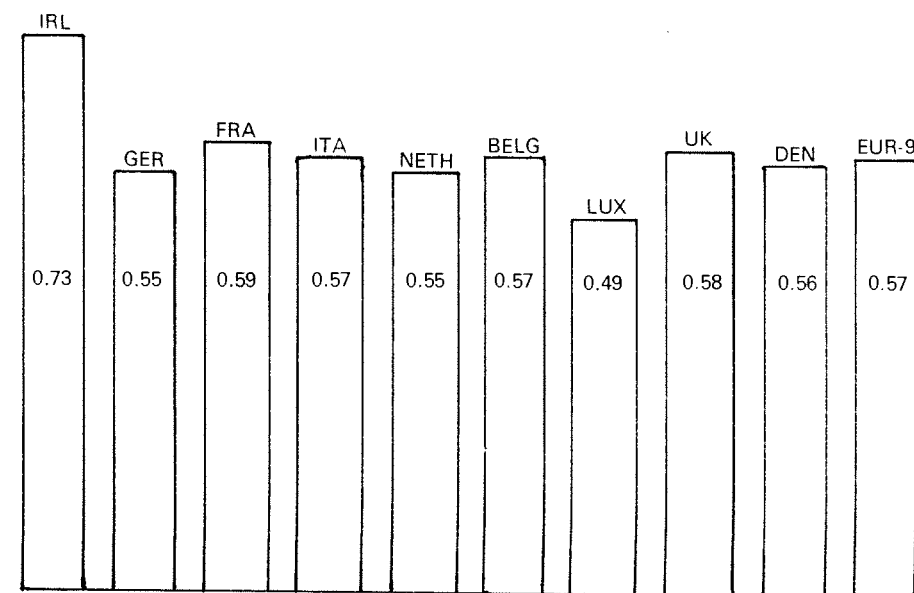
Country	Under 15	15-64	65 and over	Age Dependency Rates	
				Total	Dependency Rates
Ireland	31.3	57.7	10.8	42.1	0.73
Germany	20.7	64.6	14.9	35.6	0.55
France	23.4	63.0	13.6	37.0	0.59
Italy	23.6	63.8	12.5	36.1	0.57
Netherlands	24.5	64.5	11.0	35.5	0.55
Belgium	21.5	62.4	14.0	35.5	0.57
Luxembourg*	20.2	67.7	13.1	33.4	0.49
United Kingdom	22.4	63.2	14.4	36.8	0.58
Denmark	22.3	64.0	13.7	36.0	0.56
Europe 9	22.6	63.7	13.7	36.3	0.57

*1976.

Source: (E).

DIAGRAM 1

Age Dependency Rates — 1977



Source: (E).

The Irish age dependency rate, 0.73, is by far the highest of the EEC countries. Excluding Luxembourg, 0.49, the age dependency rate of the remaining seven countries are similar, they all lie within the range 0.55 to 0.59.

The proportion of the population in the 0-14 years age group is much higher in Ireland than in the other EEC countries. This is very pertinent to future employment needs. This is to be expected, given the high birth rate in Ireland. The older age group in Ireland is lower than EEC levels. Again, given the high Irish birth rate this is not surprising. Kennedy and Bruton have commented on the effect of such a high age dependency rate:

“Such a high dependency ratio poses problems for public finance. The need for social services is great, while the taxable population from which to finance these services is small. This would create obvious difficulties in any attempt to raise Irish social services to the EEC standard”.^{*29}

The Irish dependency rate is not likely to decline over the near future principally because of the high birth rate. Dependency rates tend to remain fairly stable over long periods. The German dependency rate, for example, was 0.54 in 1966 (0.55 in 1977), the French 1966 rate was 0.61 (0.59 in 1977).

PART II: LABOUR FORCE AND EMPLOYMENT

2.5 Labour Force Dependency Rates

The labour force dependency rate is defined as the ratio of the population which is not part of the labour force to the numbers in the labour force. A ratio of 1.80 would indicate that 1.8 persons on average must be supported by each member of the labour force. The lower the ratio, the lower is the number of persons who are supported by each member of the labour force. Table 5 and Diagram 2 present details of these ratios for the nine EEC countries. The absolute sizes and ratios of the labour forces largely mirror the population distribution. The UK, however, has the largest labour force and only the third highest population. As will be seen the UK has the highest labour force participation rate in the EEC.

*Kennedy and Bruton use the term dependency ratio to refer to the ratio of persons aged 0-14 and 65 and over, to the 15-64 age group. In EEC statistics dependency ratio refers to non-labour force over labour force, hence our use of the terms age dependency and labour force dependency. Each indicator has a significance in its own right.

TABLE 5

Labour Force Dependency Rates 1977

	Ireland	Germany	France	Italy	Netherlands	Belgium	Luxembourg	UK	Denmark	Europe 9
1977	1.80	1.37	1.30	1.88	1.86	1.55	1.52	1.16	1.09	1.43

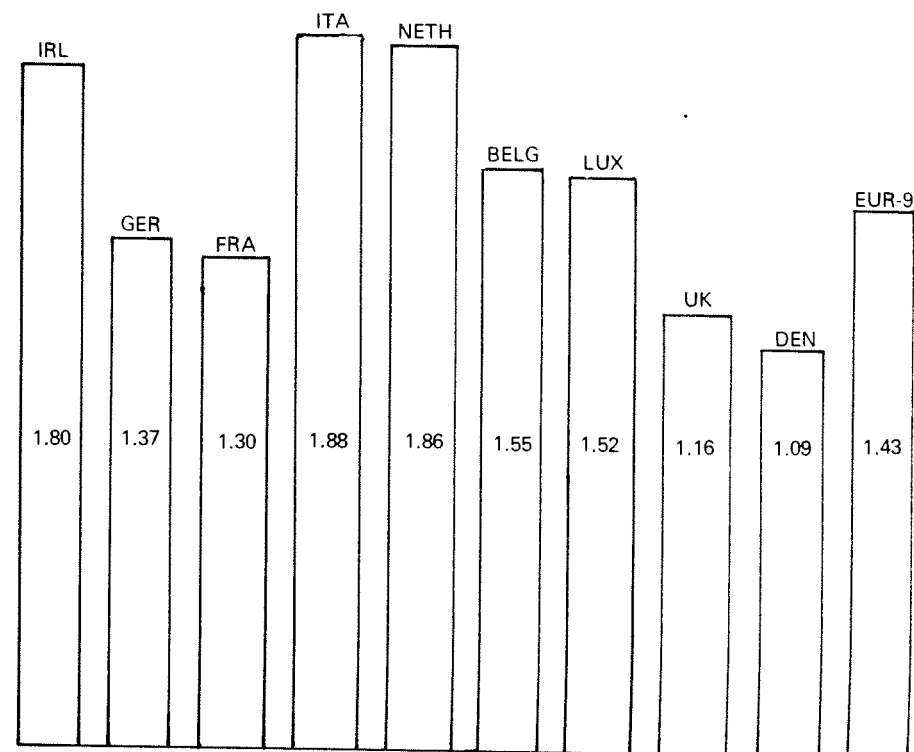
Source: (A).

Ireland is one of three countries with a labour force dependency rate of 1.80 or greater. The lowest rates are in the UK 1.16 and Denmark 1.09.

This rate is an important determinant of income per head. Even if income per worker is equalised between two countries the existence of different labour force-dependency rates will result in a lower income per inhabitant in the country with the higher labour force dependency rate.

DIAGRAM 2

Labour Force Dependency Rates — 1977



Source: (A).

2.6 Labour Force Participation Rates

Participation rates measure the proportion of the population aged 14 or over who are in the labour force. While Ireland has the highest age dependency rate its ranking is third highest on the labour force dependency indicator because of its higher participation rates. The details are presented in Table 6.

TABLE 6

Labour Force Participation Rates, Male, Female, Total 1977

	Male	Female	Total
Ireland	74.3	26.0	50.2
Germany	69.6	35.3	51.3
France	70.0	41.1	54.9
Italy	64.9	25.1	44.2
Netherlands	67.5	22.3	44.7
Belgium	66.5	31.5	48.5
Luxembourg	70.5	26.9	48.0
UK	74.4	43.1	58.1
Denmark	72.5	47.2	59.6
Europe 9	69.6	35.3	51.7
Range %	115	212	135

Source: (A).

The male participation rates are similar for all countries. The range is 115% (i.e. the highest rate is 15% greater than the lowest rate). Ireland's higher male participation rate is due largely to higher than average participation rates in the early (15-24 years) and late (55+ years) age groups. These are a function of

- Low education participation, and
- Late retirements due to unattractive pensions and large numbers of self-employed (many of whom fall outside the scope of social insurance schemes).

The female participation rates differ significantly between countries. The female rates' range is 212%. Ireland has a relatively low female rate of labour force participation, 26.0 which is only 55% of the highest country's rate. The "total" participation rates have a range of 135%. The Irish female participation rates are low, partly due to the small proportion of married women in paid employment relative to the rest of the EEC.

2.7 Employment by Sector of Economic Activity

The structure of employment in Ireland is substantially different from that of other EEC countries. Agriculture's share is higher and industry's share lower than in the rest of the EEC. This is indicative of the early stage of economic

development in Ireland.* Details of the structure of employment in the EEC are presented in Table 7.

TABLE 7

Employment by Main Sector of Economic Activity 1977

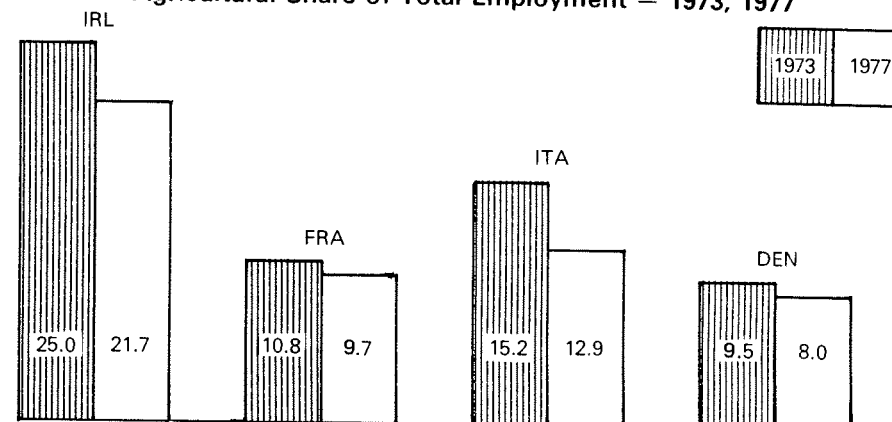
	%		
	Agriculture	Industry	Services
Ireland	21.7	32.4	45.9
Germany	5.7	45.0	49.3
France	9.7	37.6	52.6
Italy	12.9	39.5	47.6
Netherlands	5.5	36.1	58.4
Belgium	3.7	38.8	57.5
Luxembourg	6.1	40.9	53.0
United Kingdom	2.9	41.5	55.5
Denmark	8.0	33.0	59.0
Europe 9	7.3	40.5	52.1
Range %	748	139	129

Source: (A).

As can be seen from Table 7 and Diagram 3 the agricultural share in Ireland is significantly greater than in the other countries. The Irish share is almost twice that of the next highest share, Italy.

DIAGRAM 3

Agricultural Share of Total Employment — 1973, 1977



Source: (A).

*As noted earlier the share of agriculture in total employment is generally taken as an indicator of stage of development. This blanket correlation needs to be related, however, to the specific circumstances of particular countries, for example, a high share of high productivity agriculture may be desirable and in a predominantly food producing economy could indicate a relatively late stage of development. Bearing this qualification in mind, it is appropriate to use agricultural share as a broad socio-economic indicator of stage of development.

The magnitude of the Irish share can be best appreciated by comparing it with the most recent periods in which the other EEC countries had large agricultural shares. We do this below (Table 8) for the countries in Diagram 3 and also for Germany.

TABLE 8

Agricultural Share of Total Employment, Various Years

Country	% of Employment in Agriculture	Year
Germany	14.0	1960
Italy	21.5	1969
France	20.9	1962
Denmark	18.2	1960

Source: (D).

The most recent year in which Italy had an agricultural share of employment of 20% or over is 1969. For France it is 1962. Germany and Denmark both had agricultural shares of less than 20% as far back as 1960.

Ireland has the lowest share of industrial employment in the EEC. The countries closest to the Irish figure are Denmark (33%) and the Netherlands (36.1%). The industrial share of total employment is not as clearcut an indicator of stage of development as the agricultural share. Economic development is characterised by a growing industrial share during the early stages, but at a high level of income per head the industrial sector share of employment often declines as the tertiary sector becomes more important.

Both the Netherlands and Denmark are in this position. Industry in the Netherlands in 1960 accounted for 40.4% of total employment. This share remained almost constant up to 1966.* Since then the industrial share has continuously declined so that in 1973, even before the start of the recession, it was 36.1%.

The Danish situation is similar. In 1961 the industrial share was 37.1% and it remained almost constant up to 1971. By 1973 it had declined to 33.8%. France, Italy and Belgium also have industrial shares of below 40%. Industrial share of employment in France in 1960 was 38.3%, in 1966 it was 40.1% and did not exceed 40% since. It was 39.7% in 1973. The Belgian share declined from its highest figure of 47% in 1963 to 41.5% in 1973. Italy's industrial share, like that of Ireland's increased in the period 1960-1973.

*These data for 1960 to 1973 are from the OECD Labour Force Statistics.

The situation in the UK is that the industrial share declined from 48.2% in 1962 to 42.6% in 1973 and 40% in 1977. The UK underwent industrial development much earlier than other European countries and is now in the stage of contracting manufacturing share.

It is, therefore, not valid to interpret the closeness of, for example, the Irish and Danish shares as indicating that both countries are at the same stage of development. Denmark, and also the Netherlands, are at the tertiary stage of development. They have already gone through the high industrial share stage. The shares of the tertiary or services sector bear out this conclusion.

Ireland has the lowest services proportion of total employment of the nine EEC countries, followed by Italy (Table 7). At the other end of the scale, Denmark and the Netherlands have the largest service sectors.

The occurrence of the severe international economic recession in the mid 1970s makes it difficult to draw meaningful conclusions with regard to employment growth since 1973. The outcome for each country partly reflects the particular effects of the recession rather than the more basic socio-economic positions of the nine Member States. We would also stress that, in general, the period 1973-77 is too short for rankings to be significantly affected by differential growth rates between sectors and countries.

2.8 Unemployment

The level of unemployment is an important indicator of socio-economic position. There are many different definitions of employment. The one detailed in Table 9 is "numbers unemployed as a percentage of the civilian labour force". The relevant rates for 1958-67, 1973, 1977 and 1979 are presented in Table 9.

TABLE 9
Numbers Unemployed as a Percentage of Civil Labour Force
1958-67, 1973, 1977, 1979

	1958-67	1973	1977	1979
Ireland	4.7	6.0	9.6*	7.9
Germany	1.2	0.7	5.8	5.8
France	0.7	1.8	4.9	5.9
Italy	6.2	5.0	6.4	7.7
Netherlands	0.9	2.3	4.1	4.3
Belgium	2.4	2.9	7.8	8.7
Luxembourg	0.1	0.0	0.5	0.8
United Kingdom	1.8	2.5	5.7	5.6
Denmark	1.4	0.7	5.8	5.8
Europe 9	2.3	2.5	5.3	5.6

Source: (C).

*The Irish unemployment rate from the Regional Statistics source which is used in the following sections is 9.2% due to the different definitions from each source.

Ireland has historically had substantially higher unemployment than other EEC countries. The average unemployment rate over the period 1958-67 in Ireland of 4.7% was over twice the EEC average. Only Italy had a higher rate, 6.2%. In 1973, however, the unemployment rate (as defined in European Economy (C)) was the highest in the EEC. Between 1973 and 1977 the level of unemployment increased in all countries. The largest increases were in those countries which in 1973 had low rates of unemployment. Contrary to the general EEC experience, the level of unemployment declined between 1977 and 1979 in Ireland. However, even then, Ireland's unemployment rate was surpassed only by Belgium.

PART III: INCOME LEVELS AND STANDARDS OF LIVING

2.9 Purchasing Power Parities

Economic data on which international comparisons of living standards are based are in national currencies. To facilitate these comparisons the national currency data must be expressed in a common currency. This is brought about by using exchange rates. Exchange rates, however, may not accurately reflect the purchasing power of currencies. The same basket of goods and services may cost less "Irish Pounds" in Spain than in Switzerland.³⁰ For example, services which are not traded internationally are more expensive in the wealthier countries. Their prices are not adequately reflected in exchange rates. Because of this difficulty attempts have been made to estimate Purchasing Power parities which would take into account the differences in the absolute price levels between countries.

The purchasing power parity estimated by the EEC Commission is the Standard of Purchasing Power (SPA). This is a common unit which is compiled by comparing the prices of given representative products in the various Member States. This statistical unit makes it possible to compare standards of living between the EEC countries in real terms.³¹ Regional SPAs are not compiled by the EEC Commission. We thus use the national SPA for each region of a country.

As will be seen below the use of exchange rates (the European Unit of Account, EUA is used as the common currency) exaggerates the gap in living standards between Ireland and the rest of the EEC compared with the purchasing power parity approach. In effect exchange rates do not take adequate account of the lower absolute price level in Ireland as compared to price levels in the wealthier EEC countries.*

*Appendix 2 contains details of the difference between SPAs and exchange rates.

2.10 Gross Domestic Product (GDP) Per Head

In this study the standard of living is defined as total product divided by total population i.e. GDP per inhabitant. The latest estimates of GDP per inhabitant relate to 1979(C). Comparisons at market exchange rates over-estimate the differences in living standards, for example, with market exchange rates, GDP per head in Denmark, in 1979, was 2.75 times that of Ireland. Using the purchasing power parity concept the figure was 1.9 times that of Ireland. Details of GDP per head for 1970, 1973, 1977 and 1979 using both EUA's and SPA's are presented in Table 10.

TABLE 10

GDP per head of population — 1970 to 1979, Various Years
SPAs and EUAs

Country	Ratio to Europe 9 Average							
	1970		1973		1977		1979	
	EUA	SPA	EUA	SPA	EUA	SPA	EUA	SPA
Ireland	54	61	52	65	48	62	51	61
Germany	124	116	135	115	138	119	134	118
France	113	106	117	110	118	113	116	112
Italy	70	76	63	74	57	72	62	77
Netherlands	99	107	109	106	126	108	119	103
Belgium	106	102	112	107	129	109	123	108
Luxembourg	128	127	134	130	128	110	123	111
United Kingdom	89	97	77	97	72	92	76	91
Denmark	131	120	140	121	148	119	141	116
Europe 9	100	100	100	100	100	100	100	100
Range %*	243	208	269	200	308	192	276	193

*The different movements of the range as between SPA's and EUA's are due to changes in the differences between exchange rates and the purchasing powers of the individual currencies. Consequently, the SPA range between 1973 and 1979 has decreased slightly, while the EUA range has increased.

Sources: (C) and (F).

On the basis of the EUA analysis there has been a widening of disparities within the EEC since 1973. On the basis of the SPA analysis the position is slightly better. There has been no significant progress in narrowing the GDP per head or living standards gap between the EEC countries. The slight narrowing of the % range on the SPA measure is due to the relative decline in income per head in Luxembourg. Excluding Luxembourg, the % range has increased slightly between 1973 and 1979. The basic position is that Ireland had a level of income per head which was only 61% (51*) of the EEC average in 1979, compared with 65% (52) in 1973 on the SPA measure.

*The figures in parentheses are the EUA measures.

In 1979 Germany's income per head was 93% (163) above Ireland's, 77% (160) in 1973. The relevant French figures are 84% (127) in 1979, 69% (125) in 1973. The only significant change which occurred is with Luxembourg, 82% (141), greater than Ireland in 1979, 100% (158) in 1973.

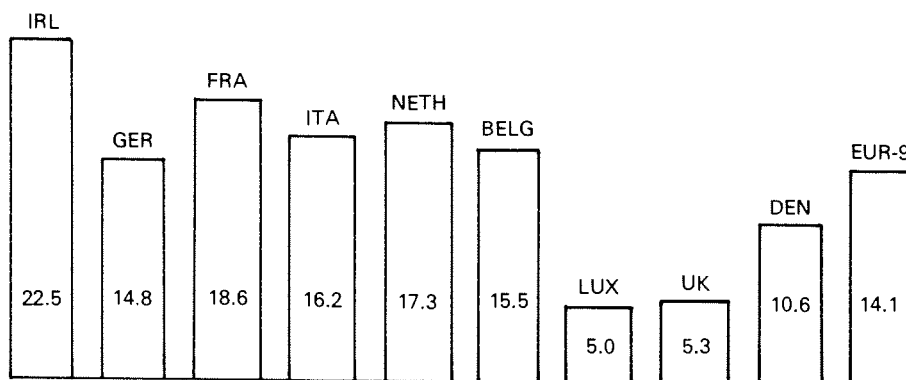
2.11 Growth of GDP 1973-1979

We have seen that the Irish income or GDP per head has worsened relative to the EEC average and to the levels of some of the richer countries between 1973 and 1979. That this increased divergence of income levels per head occurred is of concern from the viewpoint of eventually attaining full economic integration in the Community. It is of particular concern in that the Irish economy performed better than its EEC partners over the period. But yet, the income gap was not narrowed because of the increase in population. The growth in volume of GDP for the period 1973-1979 is illustrated in Diagram 4 for the nine EEC countries.

The volume increase in Irish GDP was 22.5%. The second highest increase was France with 18.6%. At the same time, however, Irish population grew at a faster rate than in the other EEC countries. We discuss this issue in more detail in Chapter 5.

DIAGRAM 4

Total % Volume Increase GDP 1973-1979



Source: (C).

2.12 Gross Domestic Product Per Head of Occupied Population

The productivity of labour is expressed as the total product divided by employment. The level of the indicator is critically dependent on the structure of economic activity. It also depends on the amount of capital which is combined with labour.

Output or income per head of population given a particular productivity level is determined by the labour force dependency rate. Overall, however, it is the level of productivity i.e. output per worker which is the primary determinant of living standards as there is little which can be done to alter the number of dependants per worker in the medium term.

Table 11 presents details of GDP per head of occupied population for 1970, 1973, 1975 and 1977 using both EUA's and SPA's. For the reasons outlined in paragraph 2.9 different results will be obtained by using SPA's and EUA's.*

TABLE 11

GDP per head of Occupied Population 1970-77 (Various Years)
SPA's and EUA's

Country	Ratio to Europe 9 Average							
	1970		1973		1975		1977	
	EUA	SPA	EUA	SPA	EUA	SPA	EUA	SPA
Ireland	62	71	62	76	59	73	60	76
Germany	117	110	128	109	127	114	133	116
France	113	107	116	109	121	112	113	113
Italy	79	86	72	84	68	82	60	80
Netherlands	113	123	128	125	136	127	146	128
Belgium	115	110	119	112	125	113	126	114
Luxembourg	133	132	132	128	117	112	120	107
United Kingdom	83	90	70	89	70	84	67	82
Denmark	112	103	119	103	123	103	120	102
Europe 9	100	100	100	100	100	100	100	100
Range %	215	186	213	168	231	174	243	168

Sources: (C) and (F).

There has been no significant progress in narrowing the differences in productivity between the nine EEC countries over the period since enlargement. Irish productivity (GDP per head of occupied population) was 71% of the Community average** in 1970, using SPAs, and had risen to 76% at the time of entry. In 1977 it was still 76% of the average. The data obtained by using EUA's show much the same pattern. Irish productivity is the lowest of

*On the EUA criterion Ireland's productivity in 1977 was only 60% of the EEC average. When account is taken of the lower absolute price level in Ireland, i.e. through using the SPA, the Irish level is increased to 76%. In 1975 the relevant figures were 59% (EUA) and 73% (SPA). Using unadjusted exchange rates (EUA's) for international comparisons tends to overestimate productivity in 1977 in Germany, Netherlands, Belgium, Luxembourg and Denmark. EUA based comparisons underestimate productivity in Ireland, Italy and the UK.

**The six member states plus the three which joined in 1973.

the EEC countries. Italy — the next lowest — is 4% points above the Irish level and the United Kingdom was 6% points above the Irish level in 1977 on the SPA criterion. The EUA analysis for 1977 shows that Ireland's productivity and that of Italy are the same. In fact, since entry in 1973 the gap between Ireland and the high productivity countries Germany, Netherlands and Belgium has widened under both methods of comparison. The gap with the low productivity countries, Italy, United Kingdom and also with Luxembourg has narrowed between 1973 and 1977.

2.13 Sectoral GDP per Head of Occupied Population

It is outside the scope of this report to analyse the causes of the productivity differences between Ireland and the other EEC countries or the reasons why this gap has not narrowed since 1973. Nonetheless, it is important to refer to one possible cause, i.e. the sectoral composition of the Irish economy.

The agricultural sector, generally, tends to have lower levels of productivity than the industrial and service sectors. Thus, to the extent that Ireland has a higher agricultural share of total activity than the other EEC countries the overall Irish productivity level would be less. In addition, of course, for a particular sector, productivities themselves may differ between countries and thus increase the disparities on this indicator.

A previous NESC Report³² examined sectoral productivities in Ireland and a number of other EEC countries. The general conclusion was that "output per person in Ireland is significantly lower in each sector than in the smaller EEC countries". UK overall productivity, for example, was 21.7% greater than the Irish figure. On a sectoral basis UK agricultural output per head was 71.7% greater than Ireland's; industrial and services output per head was 7.5% and 15.2% greater than Ireland respectively. Table 12 below presents sectoral output per head for 1977 for the EEC countries, calculated in EUAs.

TABLE 12

Sectoral GDP per Head of Occupied Population 1977 (EUAs)

	Agriculture	Industry	Services
Ireland	100	100	100
Germany	139	218	227
France	142	194	191
Italy	75	111	106
Netherlands	273	277	224
Belgium	281	217	211
Luxembourg	136	182	200
UK	137	103	111
Denmark	224	201	195

Sources: (D), (I), (K), (L), (M).

It must be stressed that "there are very considerable technical and data difficulties in making any comparison of this kind" (NESC No. 35, Page 11). The broad picture which emerges, however, is that Ireland has the lowest output per head, of the nine countries, in both industry and services. In agriculture Ireland has higher output per head than Italy.*

This is the same conclusion as the previous NESC reports, which dealt with this topic (NESC No. 7, NESC No. 35). There have been some changes in Ireland's position vis-a-vis particular countries, when compared with the previous data. It would be unwise to attach too much significance to these changes. The basic position is that Irish sectoral productivities are generally significantly below those of the other EEC countries.

2.14 Some Comparisons with Greece, Spain and Portugal

The future enlargement of the EEC could alter the relative socio-economic position of Ireland within the Community.** We briefly compare Ireland with Greece, Spain and Portugal in this section to assess the likely Irish position. Two indicators are used, employment structure and GDP per head. Table 13 contains the employment data.

TABLE 13

Employment by Sector of Economic Activity, Ireland, Greece, Spain, Portugal, 1977***

	Agriculture	Industry	Services
Ireland	23.1	30.1	46.5
Greece (1971)	38.9	26.3	34.8
Spain	20.7	37.6	41.7
Portugal	32.5	33.1	34.4
EEC-9	8.2	39.8	51.9
Ireland's ranking (EEC-12)	10	11	9

***The Irish data are from the OECD Labour Force Statistics. These differ from those based on the EEC Labour Force Surveys. To maximise comparability for the four countries it was decided to use the Irish OECD data for these comparisons.

Source: (D)

The three countries each had large agricultural sectors. Spain's was lower than Ireland's but still exceeded 20%. Portugal, however, had a much larger agricultural sector than Ireland. Spain and Portugal had bigger industrial shares than Ireland. Ireland had the largest service share of the four countries.

*Comparisons based on SPA's reduce the gap between Ireland and the other countries. Ireland, however, still remains the lowest of the nine in services and industry but overtakes both Germany and Luxembourg in agriculture when SPAs are used.

**Greece is now a member of the EEC.

Purchasing power parities are not available for Greece, Spain and Portugal so the comparison is by market exchange rates, in current prices.

TABLE 14

GDP per Head, Market Exchange Rates, Ireland, Greece, Spain, and Portugal

	1973	1978
Ireland	100	100
Greece	85	89
Spain	94	105
Portugal	59	48
EEC-9	193	202
Ireland's ranking (EEC-12)	9	10

Source: (G).

The 1978 data show that Greece and Portugal are below the Irish GDP per head level, Portugal being substantially below the Irish level. Between 1973 and 1978 the Spanish income level went above the Irish level.

If these three countries were in the Community, Ireland would no longer be the poorest country. Indeed, when compared to Portugal and Greece, Ireland would be a in a relatively strong economic position.

2.15 Housing indicators

Table 15 contains details of amenities in dwellings. The data are for various years between 1971 and 1977.

TABLE 15

Amenities in Dwellings (Various Years 1971-1977)

	Amenities in Dwellings (% of total)			
	Running water	W.C.	Bath or fixed shower	Average number of persons per room
Ireland	93*	70.8	55.8	0.86
Germany	99	92	82	n.a.
France	97.2	73.8	70.3	0.83
Italy	86.1	82.8	64.5	0.95
Netherlands	99-100	95.2	81.3	0.65
Belgium	87.1	59.5	55.0	0.59
Luxembourg	99.5	78.3	66.7	0.60
United Kingdom	100.0	n.a.	n.a.	n.a.
Denmark	73.8	70.8	55.8	0.86

*Source: Dept. of Environment, Dublin.

Source: (A).

Conclusions should be drawn with caution because of the different years to which data refer.

2.16 Health indicators

Table 16 contains the details for the health indicators. The indicators presented are:—

- (a) Number of doctors per 100,000 population.
- (b) Number of pharmacists per 100,000 population.
- (c) Number of dentists per 100,000 population.
- (d) Hospital beds per 1,000 population and
- (e) Infant mortality rate.

TABLE 16

Health Indicators 1977

	Doctors per 100,000 population	Pharmacists per 100,000 population	Dentists per 100,000 population	Hospital beds per 1,000 population	Infant mortality rate. Deaths per 1,000 population
Ireland	124	53	22	10.4	15.7
Germany	198	42	52	11.8	15.5
France	163	37	50	8.2	11.4
Italy	246	24	n.a.	10.4	17.7
Netherlands	165	9	33	12.1	9.5
Belgium	211	90	33	8.9	15.3
Luxembourg	115	54	27	12.4	10.6
United Kingdom	122	n.a.	25	8.7	14.1
Denmark	195	7	63	8.6	8.2

Source: (A).

Health indicators are open to a number of interpretations. For example, differences in the number of hospital beds could be indicative of a number of things:—

- a failure to meet a need for beds.
- less need due to a healthier population.
- comparable need but a more efficient use of existing facilities e.g. shorter hospital stays.
- different needs due to different population structures.

The difficulty of interpreting this sort of data is compounded when there are international comparisons. There are problems of definition, comparability and cultural differences, for example, attitudes to illness, methods of treatment, for example, hospitalisation as against community care and the mix of professional and para-medical personnel.

Bearing these qualifications in mind the main conclusions which emerge are that Ireland has

- (i) a relatively low number of doctors and dentists.
- (ii) a relatively large number of pharmacists.

The infant mortality rate in Ireland is the second highest of the EEC countries. There are a number of factors which contribute to high infant mortality, e.g. family size. Differences in mortality rates are not due solely to varying standards of hospital services. Surprisingly, however, the German mortality rate is almost as high as Ireland's.

2.17 Indicators of Living Standards excluding Income

The relevant indicators are detailed in Table 17.

TABLE 17

Indicators of Standards of Living excluding Income

	Households Electricity Consumption k/Wh per inhabitant, 1977	Private Cars per 100 inhabitants 1977	Telephone subscribers per 100 inhabitants 1977	Televisions per 100 inhabitants 1977
Ireland	859	16.2(a)	10.9(a)	17.4
Germany	1,224	32.6	26.1	30.8
France	893	32.0	18.8	28.1
Italy	564	29.0	18.0	22.5
Netherlands	993	27.8	28.4	28.0
Belgium	978	30.2(a)	20.7(a)	28.6
Luxembourg	1,000	39.8(a)	32.9(a)	31.8
United Kingdom	1,536	26.0(a)	24.6(a)	32.2
Denmark	1,356	30.7(a)	38.4(a)	34.8

(a) 1978 figures.

Source: (A).

Ireland had the lowest number of cars per 100 inhabitants of the nine EEC countries in 1977. The Irish figure of 16.2 is substantially below the second lowest country, the United Kingdom which had 26 cars per 100 inhabitants. Ireland was also very far behind in the number of telephones per 100 inhabitants. Ireland was last on three of the indicators. On the fourth indicator, electricity consumption, Ireland is second last, behind Italy.

2.18 Summary

Table 18 summarises the position of Ireland on the main indicators.

TABLE 18

Summary of National Level Comparisons

Indicator	Maximum	Minimum	Ireland's indicator	Ireland's Ranking
1. Population growth (%) (1973-79)	+9.5	-1.1	9.5	1
2. Birth Rate (1977)	20.8	9.5	20.8	1
3. Migration rate (1977)	+2.1	-0.8	2.1	1
4. Age dependency (1977)	0.73	0.49	0.73	1
5. Labour Force dependency (1977)	1.88	1.09	1.80	3
6. Agricultural share of total employment (%) (1977)	21.7	2.9	21.7	1
7. Industry's share of total employment (%) (1977)	45.0	32.4	32.4	9
8. Unemployment rate (%) (1979)	8.7	0.8	7.9	2
9. GDP per worker (EEC-9 = 100) SPA (1977)	128	76	76	9
10. GDP per Head (EEC-9 = 100) SPA (1979)	118	61	61	9
11. Cars per 100 inhabitants (1977)	39.8	16.2	16.2	9
12. Telephones per 100 inhabitants (1977)	38.4	10.9	10.9	9

Sources: As in Tables 2 to 17.

Indicators 1 to 4 are demographic ones. In the first three, Ireland was ranked 1, 1, 1. Ireland also has the highest dependency rate (indicator 4). Indicators 5 to 8 deal with employment/unemployment. A low ranking is desirable* on 5 and 8 but the Irish rankings were 3 and 2 respectively.** Ireland was ranked 9 on industrial share of employment. Indicators 9 to 12 represent standards of living so a high ranking would be desirable. In fact, Ireland was ranked last for all four.

The income gap between Ireland and the rest of the EEC has not narrowed since entry. Indeed, it has widened vis-a-vis some of the richer countries despite the fact that Ireland had the largest growth in GDP between 1973 and 1979 of all the EEC countries.

*The term "desirability of ranking" is used as follows: Unemployment rates are more undesirable the higher they become, hence a rate of 0.8% is more desirable than one of 8.7%. For all the indicators in the Table the terms low/high are defined as the absolute values of the indicators, i.e. for number 9, 76 is low and 128 is high.

**A high share in 6 would be undesirable in cases where productivity in the agricultural sector was significantly below other sectors.

CHAPTER 3

THE SOCIO-ECONOMIC POSITION OF IRELAND COMPARED WITH THE REGIONS OF THE EEC

PART I: COMPARISONS WITH THE EEC REGIONS

3.1 Introduction

In this chapter the socio-economic position of Ireland is compared with the regions of the EEC. A more detailed comparison with the priority regions of the European Regional Development Fund is presented in Part II. An important determinant of the extent of regional disparities is the level of region used for the comparison. The larger the geographic units the less significant are the regional disparities. NESC Report No. 30 showed that disparities in county incomes per head in Ireland are more extensive than regional incomes per head. The maximum-minimum range in county incomes was 167% and for regional incomes it was 153%.

Each regional statistic is itself a weighted average of the smaller regions or areas of which it is comprised, for example, the "Sud-Quest" region in France constitutes a community region (RCE) and within it are three basic administrative regions (Uab), Aquitaine, Mid-Pyrenees and Limousin. Agricultural employment is 18.6% of total employment in the "Sud-Quest" region. On this indicator Ireland would rank below "Sud-Quest" with regard to stage of development. The agricultural shares for the three Uabs of the Sud-Quest are 15.0%, 20.4% and 24.9% respectively. Ireland would, therefore, rank ahead of Limousin, and be very close to Mid-Pyrenees with regard to stage of economic development on the basis of this indicator.

Comparisons at the Uab level would tend, therefore, to place Ireland in a relatively less disadvantaged position than would comparisons at the RCE level (See Appendix 4 for an illustration of this). Ireland is both one RCE and one Uab for EEC regional matters. In terms of agriculture's share of total employment there are only 3 RCE's with larger shares than Ireland's, all of which are in Italy. There are seven Uabs with higher agricultural shares than Ireland. One of the Italian RCE's has three Uabs each one of which has a higher agricultural share than Ireland. As a rule, the comparisons between Ireland and the EEC regions which follow are at the Uab level. Where significant differences occur between Uab level and RCE levels some comparisons are presented for both levels. Where data are generally available only at RCE level the comparisons are presented for this level.

The Uab level is chosen because it provides the most disaggregated level for regional comparisons. It avoids the bias found at the RCE level, which might exaggerate the relative disadvantaged position of Ireland. The bulk of EEC Commission analysis of disparities is carried out at the Uab level and many of the priority regions for aid from the European Regional Development Fund are Uabs. In many cases Uabs are also RCE's, in the UK each RCE is also a Uab. Ireland is both a member State and one region at levels I and II.

Part I of this chapter contains the overall comparison of Ireland vis-a-vis the other 112 EEC Uab regions. Part II examines how Ireland compares with the specific regions which are treated as priority reasons for purposes of the European Regional Development Fund. Part III presents a summary comparison of the Republic of Ireland and Northern Ireland. Part IV is the summary of the Chapter.

3.2 Population Profile of the Regions

There are 112 Uab Regions. Population in 1977 ranged from 114,000 in the Uab with the smallest population (Valle d'Aosta) in Italy to nearly 17 million in the largest (South East in England). Details of the population distribution are presented in Table 19.

TABLE 19

Uab Regions Classified by Population, 1977

Population	Number of Uabs
Under 1 million	29
1-2 million	39
2-3 million	15
3-4 million	13
4-5 million	9
5-6 million	3
6-7 million	1
7 million and over	3
TOTAL	112

Source: (A).

Ireland's population in 1977 was 3,269,000. 83 Uabs had a population of less than 3 millions. 26 Uabs had a higher population than Ireland. The 28 Uabs, in addition to Ireland, which had a population of 3 million or over in 1977 are listed in Table 20. The 'Boxed' class indicates that Ireland is included in it.

The density of population ranged from 26 persons per square kilometre to just over 4,000 persons per square kilometre. The Irish population density was 49

TABLE 20

Uab Regions with Population of 3 million and over 1977

Country	Region	1977 Population
United Kingdom	South-East	16.834
France	Ile de France	9.966
Italy	Lombardia	8.888
United Kingdom	North West	6.519
Italy	Campania	5.537
West Germany	Dusseldorf	5.263
United Kingdom	Scotland	5.196
United Kingdom	West Midlands	5.154
Italy	Lazio	4.978
Italy	Sicily	4.919
United Kingdom	Yorkshire & Humberside	4.876
France	Rhone-Alpes	4.855
Italy	Piedmonte	4.542
Italy	Venice	4.311
United Kingdom	South-West	4.279
West Germany	Darmstadt	4.116
Italy	Emilia-Romagna	3.952
France	Nord-Pas-de-Calais	3.917
West Germany	Koln	3.869
Italy	Puglia	3.837
France	Provence-Alpes-Cote-d'Azur	3.780
United Kingdom	East Midlands	3.747
West Germany	Arnsberg	3.715
West Germany	Oberbayern	3.585
Italy	Toscana	3.853
West Germany	Stuttgart	3.429
Ireland	Ireland	3.269
United Kingdom	North	3.116
Netherlands	Zuid-Holland	3.051

Source: (A).

persons. Only three Uab Regions, Corsica (26) and Limousin (44) in France and Valle d'Aosta (35) in Italy were more sparsely populated than Ireland. The EEC average density of population was 170 and the four most densely populated Uab regions were in Germany, West Berlin 4035, Hamburg 2257, Bremen 1750 and Dusseldorf 995. It will be realised, however, that these Uab regions are urban concentrations rather than regions in the normal sense of the word.

3.3 Socio-economic Indicators used for the Regional Comparisons

The presentation of the indicators follows the same sequence as in Chapter 2. The indicators which are presented in this chapter are:

- population growth 1973-77
- components of population growth
- age structure and age dependency rates
- labour force participation rates

- employment by sector of economic activity
- unemployment
- gross domestic product per head of occupied population
- gross domestic product per inhabitant
- other indicators: health, housing and standards of living

3.4 Population Growth 1973-1977

Population declined in 39 Uab Regions and increased in 73 between 1973 and 1977. The size of the decreases ranged from –0.1% in Lorraine (France) to –12.9% in Luxembourg (Belgium). * Ireland's population increased by 6.4% and this rate of increase was exceeded by only four regions, all of which are in Germany. The largest increase was Karlsruhe: 20.5%. The details are presented in Table 21. The ranking for all the indicators are presented in order of magnitude with rank 1 having the highest figure for the indicator.

TABLE 21

Population Change Classified by Region 1973-77

% change	Number of regions
–10 and over	3
–5 to –9.9	3
Less than 0 to –4.9	33
Total declines	39
0 to 4.9	43
5 to 9.9	26
10 and over	4
Total Increases	73
Summary	
Minimum*	0.2%
Maximum	20.5%
Ireland's indicator	6.4%
Ireland's ranking	5

*This refers to increases only.

Source: (A).

3.5 Components of Population Change

As discussed in Chapter 2 there are three components of population change births, deaths and migration. Details of these are presented in Table 22.

*Luxembourg as a region of Belgium as opposed to the Grand Duchy of Luxembourg.

TABLE 22

Birth Rate, Death Rate 1977, by Regions

Birth Rate (per 1,000)	Number of Regions	Death Rate (per 1,000)	Number of Regions
5- 9.9	24	6- 8.9	18
10-14.9	65	9-11.9	67
15-19.9	15	12-14.9	19
20 and over	1	15 and over	1
Total	105*	Total	105*
Summary			
Maximum	20.8		18.5
Minimum	7.7		6.6
Ireland's indicator	20.8		10.0
Ireland's ranking	1		59

*Details available for Niedersachsen (Germany) at RCE level only, and not for its eight Uab regions. Hence there are only 105 regions considered.
Source: (A).

Ireland's birth rate at 20.8 per 1,000 inhabitants is by far the highest of the 105 regions in 1977. The next highest rate is in Campania (Italy) 18.0. 84.8% of the regions had a birth rate of less than 15 per 1,000 inhabitants. The lowest rate — 7.7 — was in Hamburg. Ireland has had the highest birth rate of all the EEC regions throughout the whole period since joining.

There was substantial variation in the death rate between regions. Berlin had a particularly high death rate, 18.5 per 1,000 people. This is because a large proportion of its population is in the older age group, 65 years and over. Excluding Berlin, however, the death rate varied from the lowest rate of 6.6 in the Dutch region of Noord-Brabant to the highest rate of 13.5 in the Belgian region of Liege. The Irish death rate is 10.0 which is lower than the EEC average of 10.6. The variation in death rates is largely a function of the proportion of the regional population which is in the older age group.

Table 23 presents details of net inward and net outward migration. 42 regions had net outward migration and 63 had net inward migration.**

**Data are available for Niedersachsen only at the RCE level and not for the 8 Uabs in this RCE.

TABLE 23

Net Inward and Outward Migration by Regions 1977

Inward net migration rate per 1,000 population	Number of regions	Outward net migration rate per 1,000 population	Number of regions
0-1.99	28	under 2.0	22
2-3.99	23	2-3.99	11
4-5.99	5	4-5.99	7
6-7.99	4		
8 and over	3	6 and over	2
Total	63	Total	42
Summary			
Maximum	9.9		-6.9
Minimum	0.3		-0.1
Ireland's indicator	2.1		not applicable
Ireland's ranking	Joint 22		not applicable

Source: (A).

3.6 Age Structure and Age Dependency Rates

Table 24 presents details of age structure and age dependency rates.

TABLE 24

Age Structure and Age Dependency Rates 1977

% of population aged 0-14 years %	Number of regions	% of population aged 65 years and over %	Number of regions	Age dependency rates	Number of regions
Under 20	17	Under 10	4	.40-.49	2
20-24.9	72	10-14.9	79	.50-.59	79
25-29.9	22	15-19.9	27	.60-.69	30
30 and over	1	20 and over	2	.70 and over	1
Total	112	Total	112	Total	112
Summary					
Maximum	31.3		22.7		0.73
Minimum	15.8		8.5		0.47
Ireland's indicator	31.3		10.8		0.73
Ireland's ranking	1		102		1

Source: (A).

3.7 Labour Force Dependency Rates

Table 25 summarises the labour force dependency rates for the Uab regions.

TABLE 25
Labour Force Dependency Rates 1977

Labour force dependency rates	Number of regions
1.0-1.19	14
1.2-1.39	29
1.4-1.59	31
1.6-1.79	12
1.8-1.99	13
2 and over	11
Total	110*
Summary	
Maximum	2.69
Minimum	1.09
Ireland's indicator	1.80
Ireland's ranking	24

*Denmark data available only at national level, not for the 3 Danish Uabs. Therefore there are only 110 regions in this table.

Source: (A).

The Irish labour force dependency rate is high by European standards. There are, however, 23 regions with higher dependency rates and 11 of these have rates of 2.0 or over.

3.8 Labour Force Participation Rates

82% of the regions have male participation rates of 65% or more, 20 regions or 18% have rates of less than 65%. The highest male rate is 76.6% (West Midlands, UK) and the lowest is 54.2% (Calabria, Italy). The low rates in Southern Italy are probably partly explained by a large "disguised employment" element. The mining regions of the Community, Nord-Pas-de-Calais, Munster, Saarland, Limburg et alia have low male participation rates.

Participation for the female population varies considerably between the regions. The highest female participation rate is 50% (Ile-de-France) and the lowest is 13.9% (Sicily). Details of the participation rates are presented in Table 26.

The Irish male participation rate is high. The high weighting of agriculture implies a relatively high participation rate among those aged 65 and over, but international comparisons indicate that participation rates for prime age groups are also relatively high in Ireland. The female rate, however, is quite low. These contrasting trends continue to give an Irish total participation rate which is ranked just over halfway of the 109 regions for which data are available.

TABLE 26

Participation Rates, Male, Female, Total 1977

Male		Female		Total	
Participation rates %	Number of regions	Participation rates %	Number of regions	Participation rates %	Number of regions
50-54.9	1	10-19.9	9	30-39.9	5
55-59.9	5	20-29.9	27	40-49.9	50
60-64.9	14	30-39.9	46	50-59.9	52
65-69.9	52	40 and over	27	60 and over	2
70 and over	37				
Total	109*	Total	109	Total	109
Summary					
Maximum	76.6		50		61.6
Minimum	54.2		13.9		34.7
Ireland's indicator	74.3		26.0		50.2
Ireland's ranking	14		95		53

*109 regions due to Denmark, national only, and Corsica, no data.

Source: (A).

3.9 Employment by Sector of Economic Activity

Table 27 contains the details of the employment structure of the EEC regions.

TABLE 27
Employment by Sector of Economic Activity, EEC Regions 1977

Agriculture		Industry		Services	
% of total employment	Number of regions	% of total employment	Number of regions	% of total employment	Number of regions
0- 4.9	32	20-29.9	16	30-39.9	4
5- 9.9	34	30-39.9	39	40-49.9	52
10-14.9	21	40-49.9	46	50-59.9	38
15-19.9	11	50 and over	8	60 and over	15
20-24.9	8				
25 and over	3				
Total	109	Total	109	Total	109
Summary					
Maximum	40.1		55.2		69.6
Minimum	0.7		21.0		37.9
Ireland's indicator	21.7		32.4		45.9
Ireland's ranking	8		Joint 86		Joint 80

Source: (A).

The analysis shows that 93% of regions have smaller agricultural shares of total employment than Ireland. 78% of regions have a larger industrial share and 73% of regions have a larger service sector.

3.10 Unemployment

Table 28 presents the unemployment rates for the 109 regions. Unemployment rates in the 14-24 years age group are presented as is the total unemployment rate.

TABLE 28

Unemployment Rates, Total and Youth, by Regions 1977

Total unemployment rate %	Number of regions	Youth unemployment rate	Number of regions
0-1.9	9	0-4.9	19
2-3.9	50	5-9.9	49
4-5.9	33	10-14.9	25
6-7.9	11	15-19.9	5
8 and over	6	20 and over	11
Total	109	Total	109
Summary			
Maximum	9.3		34.8
Minimum	1.0		2.3
Ireland's indicator	9.2		14.4
Ireland's ranking	2		20

Source: (A).

Ireland had the second highest unemployment rate of the 109 regions in 1977. The Irish youth unemployment rate was also very high, ranking number 20.

3.11 Productivity

The most recent year for which regional productivity data are available is 1975. For that year, however, data are not available for the regions of France, Belgium and the Netherlands. The 1975 data cover the 11 German RCEs, the 20 Italian Uabs, the 11 UK regions and the three Danish regions. With Ireland and Luxembourg, this gives a total of 47 regions. The 1973 data cover 88 regions, 21 in France*, 20 in Italy, 11 in Germany, 9 in Belgium, 1 in Luxembourg, 11 in the UK, 1 in Ireland, 3 in Denmark, and 11 in the Netherlands. The 1973 data are presented here as they provide the most

*No data available on Corsica.

comprehensive coverage of the regions. The details are presented in Table 29. The data are in purchasing power parities. The national purchasing power parities are used for each region of a country.

TABLE 29

GDP Per Head of Occupied Population by Region 1973 (SPAs)

GDP Per Head of Occupied Population Europe-9 = 100	Number of Regions
40- 59	3
60- 79	9
80- 99	31
100-119	33
120-139	11
140 and over	1
Total	88
Summary	
Minimum	47
Maximum	177
Ireland's indicator	76
Ireland's ranking	Joint 77

Source: (F).

Ireland's productivity level was 76 which was 24% lower than the EEC average. The highest productivity level was found in Groningen (Netherlands) which in 1977 was 77% above the EEC average. The lowest productivity level was in Molise (Italy) and it was less than half the Community average. The Irish productivity level was ranked 77th of the 88 regions. In other words 88% of the regions had higher output per worker than Ireland.

The same results emerge from the limited 1975 data. Taking France, Belgium and the Netherlands as single regions we have a total of 50 regions for 1975. The Irish figure was 73. Eight regions had lower levels of output per worker than this.

3.12 GDP Per Inhabitant

The income or GDP per head data are available for approximately the same periods as the productivity data. Ireland is in a more disadvantaged position on the income criterion than on the output criterion relative to the EEC average because of its high labour force dependency rate. The income details are in purchasing power parities and are presented in Table 30 for 1973.

TABLE 30

GDP Per Inhabitant by Region, 1973 (SPAs)

GDP Per Inhabitant Europe-9 = 100	Number of Regions
40- 59	8
60- 79	9
80- 99	34
100-119	27
120-139	5
140 and over	5
Total	88
Summary	
Minimum	40
Maximum	181
Ireland's indicator	65
Ireland's ranking	79th

Source: (F).

The highest income per head was in Hamburg and was 181% of the EEC average. The lowest level was in Calabria and was only 40% of the EEC average. Ireland was ranked 79th of the 88 regions. Only nine regions, all of them in Italy had lower income levels than Ireland. 89% of regions had a higher level of income per capita than Ireland.

3.13 Housing Indicators

Table 31 summarises the housing indicators for the regions.

TABLE 31

Summary of Housing Indicators

	Amenities in dwellings %			Average number of persons per room
	Running water	WC	Bath or fixed shower	
Minimum	70.1	38.0	34.6	0.56
Maximum	100	100	97.7	1.23
Ireland's indicator	93*	70.8	55.8	0.86
Ireland's ranking	26th	64	71	Joint 14th
Number of regions	86	86	36	102

*Source: Department of Environment, Dublin.

Source: (F).

3.14 Health Indicators

The health indicators are summarised in Table 32.

TABLE 32

Summary of Health Indicators by Region

	Number per 100,000 inhabitants			Hospital beds per 1,000 inhabitants
	Doctors	Pharmacists	Dentists	
Minimum	115	7	18	4.2
Maximum	335	125	80	17.7
Ireland's indicator	124	53	22	10.4
Ireland's ranking	88	13	Joint 50	Joint 50
Number of regions	105	101	92	112

Source: (A).

3.15 Indicators of living standards excluding income

The living standards indicators are summarised in Table 33.

TABLE 33

Summary of Living Standards Indicators by Region

	Households electricity consumption k/Wh per inhabitant	Private cars per 100 inhabitants	Telephone subscribers per 100 inhabitants	Televisions per 100 inhabitants
Minimum	319	16.2	8.8	14.7
Maximum	2,084	40.4	48.2	53.7
Ireland's indicator	859	16.2	10.9	17.4
Ireland's ranking	60	last	4th last	4th last
Number of regions	87	112	89	79

Source: (A).

PART II: COMPARISONS WITH THE PRIORITY REGIONS OF EEC REGIONAL POLICY

3.16 Priority Regions

There are a number of regions which are designated as priority regions for assistance from the European Regional Development Fund which we have identified for further study. These include the five areas recognised as having priority in the Commission's "Guidelines on Regional Policy".^{33*} These are the majority of the Mezzogiorno Uabs, i.e.

- Abruzzi
- Basilicata
- Calabria
- Campania
- Molise
- Apulia**
- Sardinia
- Sicily
- Ireland
- Northern Ireland
- Greenland
- French overseas departments.

The Fourth Annual Report of the Fund³⁴ identified a second set of priority regions, Corsica, Saarland, South Limburg and Wallonia. In this part of the Chapter we compare the socio-economic position of Ireland with these regions. Extensive comparable data are not available for Greenland and the French overseas departments and these are, therefore, not included in the comparison. The list of these 14 regions^{***} is given in Table 34.

*It is not strictly correct to speak of "priority" regions for ERDF purposes. The regions noted here have been identified by the Commission as lagging further behind and this classification only has the status of a Commission viewpoint. These regions have not been formally accepted by the Council as such. However, as they have been identified as specifically backward regions they are described here as priority regions.

**Puglia in the EEC statistics.

***Listed in the order which is followed in the principal sources of data.

TABLE 34

Priority Regions

Country	Region
Ireland	Ireland
Germany	Saarland
France	Corsica
Netherlands	Limburg
Italy	Campania Abruzzi Molise Puglia Basilicata Calabria Sicily Sardinia
Belgium	Wallonia*
United Kingdom	Northern Ireland

*Wallonia is an RCE level region, as are Northern Ireland and Ireland.

Source: (G).

3.17 Demography

The principal demographic indicators are listed in Table 35 for these 14 regions.

Ireland is the fifth largest of these regions in terms of population. It had the highest rate of population increase between 1973 and 1977. Ireland was one of seven of these regions which had net inward migration in 1977. Ireland, in fact, had the third highest rate of inward migration. The other seven regions experienced net outward migration. Ireland had the youngest population with 31.4 of its people under 15 years of age. Only three regions had a smaller proportion than Ireland of persons aged 65 years or over. Ireland had by far the highest age dependency rate of the priority regions.

3.18 Labour Force Dependency and Participation Rates

Details of labour force dependency rates and participation rates are presented in Table 36.

TABLE 35

Demographic Indicators for Priority Regions

	Population 1977 '000s	Population % Change 1973-77	Birth Rate 1977	Net Migration 1977	Age 0-14	% of population 65 and over	Age Dependency Rate
Ireland	3,269	+6.4	20.8	2.1	31.3	10.8	.73
Saarland	1,085	-2.7	9.1	-5.0	20.1	13.9	.63
Corsica	228	+2.7	11.1	4.6	18.9	16.1	.54
Limburg	1,058	+2.3	11.2	1.1	24.2	9.0	.50
Campania	5,357	+4.1	18.0	-1.6	29.3	9.5	.63
Abruzzi	1,224	+3.2	12.3	2.6	22.4	13.7	.56
Molise	331	+2.2	11.7	0.4	22.5	14.6	.59
Puglia	3,887	+5.1	17.8	-0.7	28.6	10.2	.63
Basilicata	618	+1.6	14.3	-5.3	26.6	11.8	.62
Calabria	2,053	+2.5	15.8	-4.3	27.4	11.4	.63
Sicily	4,919	+3.6	15.8	-0.7	26.3	11.8	.62
Sardinia	1,575	+4.6	16.4	0.3	27.8	10.9	.63
Wallonia	3,219	+1.0	12.0	3.6	21.2	15.0	.57
Northern Ireland	1,537	-0.6	16.5	-5.3	26.8	11.3	.59
Summary							
Maximum	5,357	+6.4	21.4	+5.6	31.4	15.0	.73
Minimum	228	-2.7	9.1	-5.3	18.9	9.0	.50
Ireland's indicator	3,269	6.4	20.8	+2.1	31.3	10.8	.73
Ireland's ranking	5th	1st	1st	2nd	1st	Joint 12th	1st

Source: (A).

TABLE 36

Labour Force Dependency Rates and Participation Rates for Priority Regions, 1977

	Labour Force Dependency Rates	Labour Force Participation Rates %		
		Male	Female	Total
Ireland	1.80	74.3	26.0	50.2
Saarland	1.70	65.6	26.0	44.0
Corsica	1.50	65.4	33.6	48.4
Limburg	1.96	63.4	21.4	42.5
Campania	2.43	61.5	19.4	39.6
Abruzzi	2.04	59.9	24.3	41.4
Molise	2.03	55.3	27.4	40.9
Puglia	2.39	62.4	20.0	40.3
Basilicata	2.36	58.0	21.7	39.3
Calabria	2.69	54.2	17.1	34.7
Sicily	2.66	59.6	13.9	35.9
Sardinia	2.46	62.2	17.0	38.7
Wallonia	1.67	64.0	29.5	46.1
Northern Ireland	1.47	71.7	38.6	54.6
Summary				
Maximum	2.69	74.3	43.9	58.1
Minimum	1.17	54.2	13.9	34.7
Ireland's indicator	1.80	74.3	26.0	50.2
Ireland's ranking	10th	1st	Joint 5th	1st

Source: (A).

We have already noted the above average size of the Irish labour force dependency rate in the national comparisons and the overall regional comparisons but as can be seen from Table 36 the Irish rate is relatively low compared to the other ERDF priority regions. All of the Mezzogiorno regions have dependency rates above 2.0 compared with the Irish rate of 1.8. Ireland is ranked 10th of the fourteen regions.

The Irish labour force participation rate is the highest of the 16 regions. The Irish female rate, however, is only seventh highest. The total Irish participation rate is the second largest of the priority regions.

3.19 Employment and Unemployment

Table 37 presents details of employment structure in the 14 regions.

TABLE 37

Employment Structure for Priority Regions 1977

	1977 Proportion of Employment in:		
	Agriculture	Industry	Services
Ireland	21.7	32.4	45.9
Saarland	2.4	49.2	48.4
Corsica*	—	—	—
Limburg	5.1	43.6	51.3
Campania	19.8	26.7	53.5
Abruzzi	21.2	27.8	51.0
Molise	40.1	21.0	38.9
Puglia	23.1	28.4	48.6
Basilicata	31.6	28.4	40.0
Calabria	25.6	25.4	49.0
Sicily	21.9	25.9	52.1
Sardinia	16.2	28.5	55.4
Wallonia	4.3	37.3	58.4
Northern Ireland	7.3	38.5	54.2
Summary			
Maximum	40.1	49.2	58.4
Minimum	2.4	21.0	38.9
Ireland's indicator	21.7	32.4	45.9
Ireland's ranking	6th	5th	11th

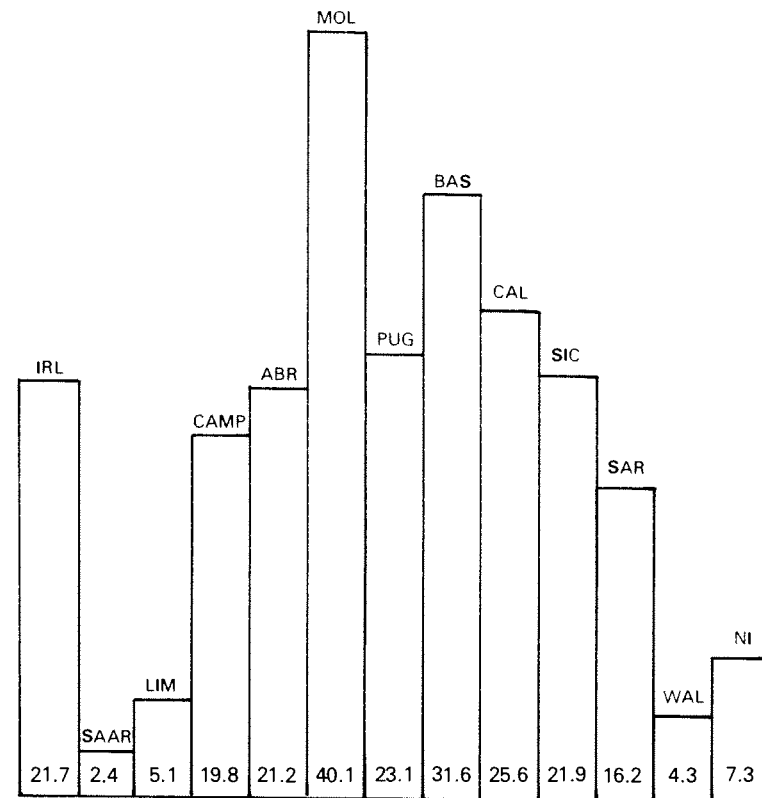
*No employment details available for Corsica. Employment details relate to the period when it was part of the combined Province — Cote-D'Azur — Corsica regions.

Source: (A).

Ireland's agricultural proportion of total employment is the sixth largest of the priority regions. The five regions with higher agricultural shares than Ireland are in the Italian Mezzogiorno. All of the eight regions with smaller industrial proportions than Ireland are also in the Mezzogiorno. Only two of these priority regions, both in the Mezzogiorno, have smaller services employment shares than Ireland. The agricultural shares are illustrated in Diagram 5.

DIAGRAM 5

Agriculture as a proportion of Total Employment for Priority Regions (1977)



Source: (A).

Table 38 presents details of unemployment levels for the 13* regions for 1973 and 1977.

*Data is unavailable for Corsica.

TABLE 38
Unemployment Levels for Priority Regions 1973, 1977

Region	1973 unemployment	1977 unemployment
Ireland	6.0	9.2
Saarland	0.8	4.1
Limburg	2.4	5.4
Campania	7.6	6.4
Abruzzi	6.6	6.2
Molise	4.7	4.0
Puglia	6.6	7.0
Basilicata	6.6	5.9
Calabria	9.3	9.3
Sicily	5.7	7.2
Sardinia	5.7	8.6
Wallonia	2.2	6.5
Northern Ireland	4.6	8.5

Source: (A).

Ireland had the second highest unemployment rate in 1977. The Irish rate of 9.2% was marginally behind the 9.3% rate in Calabria. The Irish rate in 1973 was lower than five of these priority regions.*

3.20 Productivity and Income

To facilitate comparisons in this section, Ireland is taken as 100 rather than Europe 9 as 100. Thus, the Europe 9 income and productivity levels are 164 and 137 respectively in 1975. Table 39 presents the details.

Seven regions ranked behind Ireland on the productivity indicator in 1973. All of these were in the Mezzogiorno. Six of these seven still ranked behind Ireland in 1975, Sicily having come level with Ireland. The remaining regions all had higher productivity levels than Ireland.

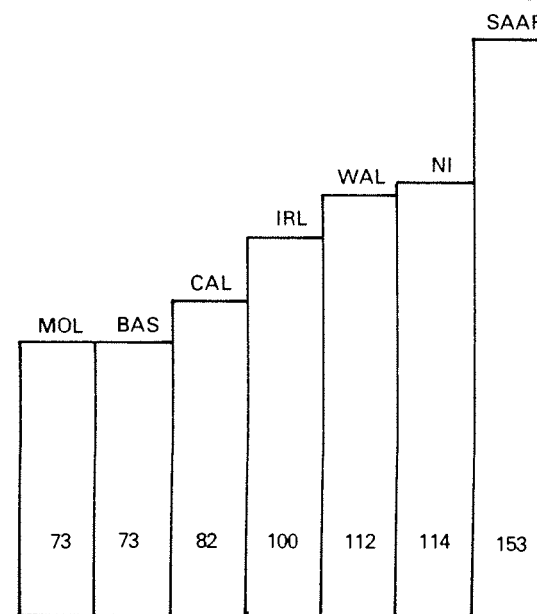
Diagram 6 illustrates the Irish productivity level vis-a-vis the three lowest and the three highest productivity regions of the priority regions.

TABLE 39
GDP Per Occupied Person: GDP per Inhabitant, Ireland = 100
(Purchasing Power Parities) 1973-1975

	GDP Per Occupied Person		GDP Per Inhabitant	
	1973	1975	1973	1975
Ireland	100	100	100	100
Saarland	132	153	151	175
Campania	89	92	77	80
Abruzzi	86	86	83	89
Molise	62	73	63	75
Puglia	86	88	80	85
Basilicata	66	73	66	79
Calabria	75	82	62	70
Sicily	96	100	78	85
Sardinia	100	105	85	90
Wallonia	116	112	134	134
Northern Ireland	118	114	122	126
Europe 9	132	137	154	164
Summary				
Maximum	132	153	151	175
Minimum	63	73	62	75
Ireland's indicator	100	100	100	100
Ireland's ranking	Joint 4	Joint 5	4th	4th

Source: (F).

DIAGRAM 6
Productivity Comparison with Priority Regions



Source: (F).

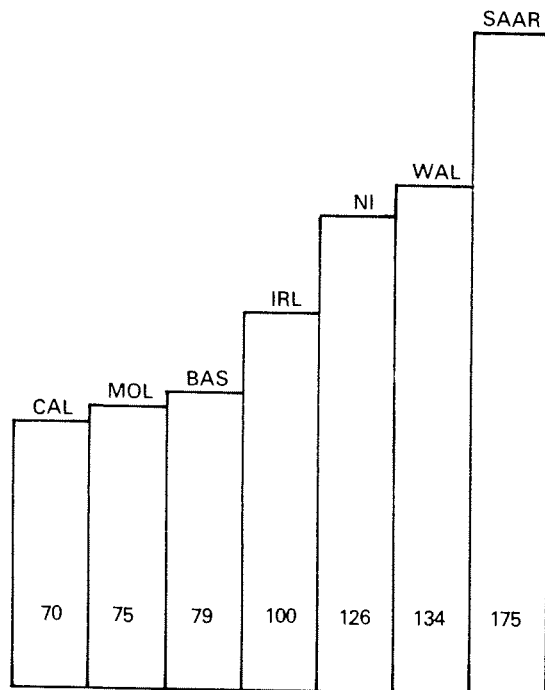
*Note that under a different definition as used in Chapter 2 the Irish unemployment rate was 9.6%.

On the income per inhabitant criterion all of the eight Mezzogiorno regions ranked behind Ireland in both years. The income gap, however, was narrowed between 1973 and 1975. Basilicata, for example, had an income per head level in 1973 which was 34% below the Irish level. In 1975 the gap was 21%. All these six regions narrowed the income gap with Ireland between 1973 and 1975. Each priority region except Wallonia improved its GDP per inhabitant relative to Ireland over the period 1973-1975.

Diagram 7 illustrates the Irish income level vis-a-vis the three lowest and the three highest income regions of the priority regions.

DIAGRAM 7

Income per Head Comparison with Priority Regions



Source: (F).

3.21 Housing Indicators

The data presented in this section are for amenities in dwellings and number of persons per room. As has already been noted, data relating to the same years were not available for these indicators. However, this will not seriously affect the comparisons because significant changes in these indicators occur only over long periods of time.

TABLE 40

Housing Indicators Various Years 1971-1977

	Amenities in Dwellings (% of total)			Average number of persons per room
	Running water	W.C.	Bath or fixed shower	
Ireland	93.0*	70.8	55.8	0.86
Saarland	99.0	89.0	75.0	n.a.
Limburg	99-100	93.9	87.7	0.65
Campania	80.1	79.2	52.0	1.23
Abruzzi	89.0	77.8	52.6	0.92
Molise	89.4	78.1	39.0	0.95
Puglia	76.9	82.1	45.2	1.19
Basilicata	75.3	82.8	34.6	1.23
Calabria	81.7	85.0	36.2	1.20
Sicily	90.4	94.4	47.5	1.11
Sardinia	80.2	70.2	50.7	0.96
Wallonia	96.5	60.2	50.3	0.57
Summary				
Maximum	99-100	94.4	87.7	1.23
Minimum	73.8	60.2	34.6	0.57
Ireland's indicator	93.0	70.8	55.8	0.86
Ireland's ranking	4th	9th	3rd	9th

*Department of the Environment, Dublin.

Source: (A).

With regard to amenities in dwellings, Ireland had a high proportion of dwellings with running water and a relatively low proportion of dwellings with a W.C. Ireland had one of the highest proportions of dwellings with a bath or shower. Ireland also had a smaller number of persons per room than eight of the eleven regions.

3.22 Health Indicators

The difficulty of interpreting the health indicators has already been referred to and in this section we confine ourselves to presenting the data for the priority regions. The indicators presented are:—

- Number of doctors per 100,000 population.
- Number of pharmacists per 100,000 population.
- Number of dentists per 100,000 population.
- Hospital beds per 1,000 population.
- Infant mortality rate.

The data generally relate to 1976 or 1977 but Italy's pharmacists data relate to 1974 and Ireland's dentist and pharmacists data relate to 1971.

TABLE 41

Health Indicators

	Doctors per 100,000 popula- tion	Phar- macists per 100,000 popula- tion	Dentists per 100,000 popula- tion	Hospital beds per 1,000 popula- tion	Infant mortality Death per 1,000 population
Ireland	124	53	22	10.4	15.7
Saarland	191	38	37	12.2	20.3
Corsica	150	43	50	8.7	13.1
Limburg	128	9	23	13.7	10.1
Campania	246	22	n.a.	8.0	23.4
Abruzzi	221	26	n.a.	11.3	17.3
Molise	175	27	n.a.	4.7	16.9
Puglia	205	23	n.a.	10.0	21.3
Basilicata	145	25	n.a.	7.6	17.9
Calabria	213	29	n.a.	7.1	20.5
Sicily	253	25	n.a.	8.1	20.7
Sardinia	214	21	n.a.	7.7	19.1
Wallonia	225	102	31	8.4	15.2
Northern Ireland	145	n.a.	22	11.1	17.2
Summary					
Maximum	253	102	50	13.7	23.4
Minimum	124	9	21	7.1	10.1
Ireland's indicator	124	53	22	10.4	15.7
Ireland ranking	last	2	Joint 5	4	10

Source: (A).

The most striking conclusion from Table 41 is that Ireland has the second lowest number of doctors per 100,000 population of the sixteen regions. As regards pharmacists, dentists and hospitals, Ireland is in the top half of these regions. The Irish infant mortality rate is low when compared with these sixteen regions.

3.23 Indicators of Living Standards Excluding Income

The indicators for which data are available are detailed in Table 42.

Ireland ranks sixth on the electricity indicator and is far ahead of the eight Italian regions. Climatic conditions, which vary greatly between these regions, have an impact on the electricity indicator. In fact, the only non-Italian region which is below Ireland on this indicator is Corsica. On the private cars indicator, Ireland ranks last of these priority regions. Ireland is ranked twelfth in terms of telephone subscribers per 100 inhabitants. The Irish figure of 10.9 is ahead of only Molise, Basilicata and Calabria.

TABLE 42

Standards of Living Indicators Excluding Income 1977

	Households electricity consumption k/Wh per inhabitant	Private cars per 100 inhabitants	Telephone subscribers per 100 inhabitants	Televisions per 100 inhabitants
Ireland	859	16.2	10.9	17.4
Saarland	1,257*	32.4	22.7	30.9
Corsica	690	26.1	18.5	21.5
Limburg	984	26.5	22.4	n.a.
Campania	518	18.9	13.9	14.8
Abruzzi	415	24.9	11.8	21.6
Molise	356	19.3	8.8	19.3
Puglia	464	19.8	11.3	19.8
Basilicata	319	17.2	8.9	17.5
Calabria	365	17.1	8.9	14.7
Sicily	477	22.6	14.7	15.5
Sardinia	483	23.0	11.2	18.3
Wallonia	n.a.	29.7	n.a.	28.4
Northern Ireland	1,257*	22.0	15.9	18.2
Summary				
Maximum	2,084	32.4	24.1	32.6
Minimum	319	16.2	8.8	14.8
Ireland's indicator	859	16.2	10.9	17.4
Ireland's ranking	4	last	10	10

*EEC data show Saarland and Northern Ireland to have identical electricity consumption.
Source: (A).

PART III: IRELAND COMPARED WITH NORTHERN IRELAND

3.24 Introduction

Socio-economic comparisons with Northern Ireland are of obvious relevance. Northern Ireland is included in the priority regions of Part II but its particular levels relative to the Republic of Ireland were not highlighted. Direct comparisons with Northern Ireland are presented below. Wales and Scotland are also included as they are often used for comparisons because of their geographic proximity to Ireland.

3.25 Demography

The main demographic indicators are detailed in Table 43.

TABLE 43

Main Demographic Indicators; Ireland, Northern Ireland, Wales and Scotland

	Population % change 1973-1977	Birth rate 1977	Net Migration rate per 1,000 population 1977	Age (% of total) 0-14	Age dependency
Ireland	+6.4	20.8	+2.1	31.4	.73
Northern Ireland	-0.6	16.5	-5.3	26.8	.59
Wales	+0.7	11.5	+0.9	22.2	.59
Scotland	-0.3	12.0	-1.9	23.5	.59

Source: (A).

Northern Ireland's population decreased and it experienced substantial net out migration. This was directly opposite to the experience of Ireland. The age dependency rate is lower in Northern Ireland.

3.26 Labour Force Dependency Rates and Participation Rates

Table 44 summarises the labour force indicators.

TABLE 44

Labour Force Indicators 1977

	Labour force dependency	Participation rates		
		Male	Female	Total
Ireland	1.80	74.3	26.0	50.2
Northern Ireland	1.47	71.7	38.6	54.6
Wales	1.30	71.8	38.7	54.5
Scotland	1.17	74.0	43.9	58.1

Source: (A).

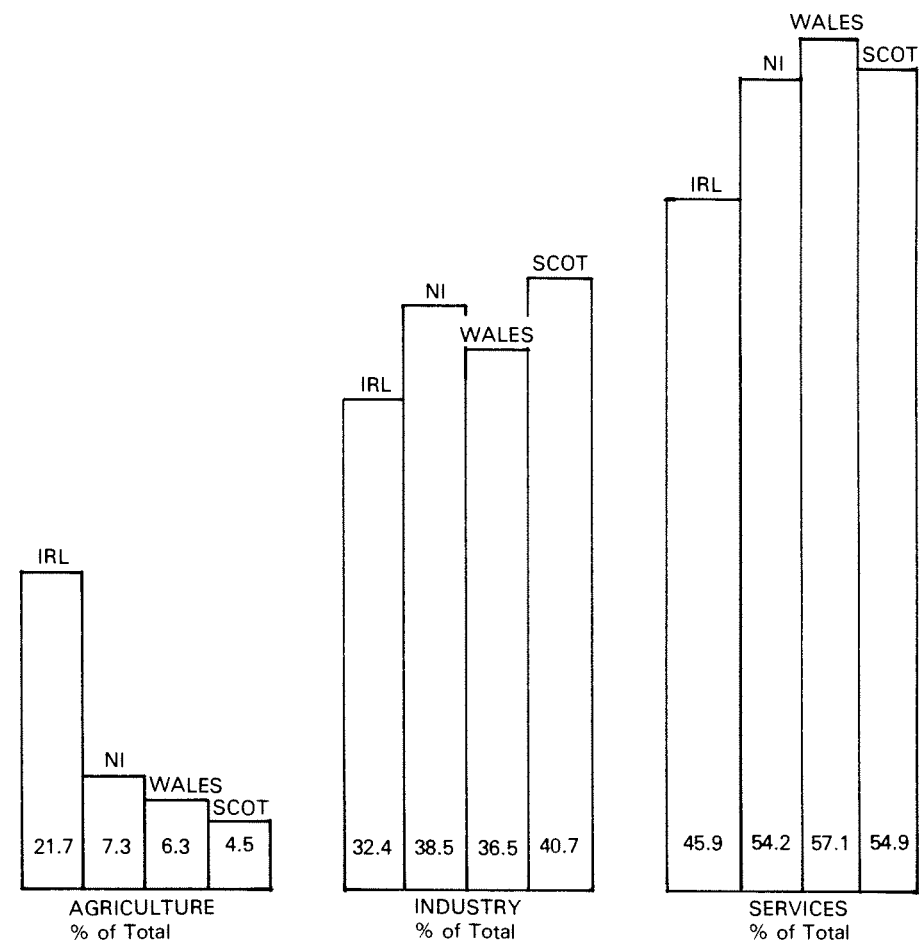
Ireland's labour force dependency rate is greater than the other three regions. Male participation rates are similar over all four regions but Ireland's female participation rate is substantially lower than the other regions.

3.27 Employment and Unemployment

Diagram 8 illustrates the sectoral employment comparisons and Table 45 contains details of unemployment rates.

DIAGRAM 8

Employment Structure – Northern Ireland et alia



Source: (A).

TABLE 45

Unemployment Rates – Northern Ireland et alia, 1977

	Ireland	Northern Ireland	Wales	Scotland
% Unemployment	9.2	8.5	4.8	6.5
% Youth Unemployment	14.4	14.7	8.5	11.3

Source: (A).

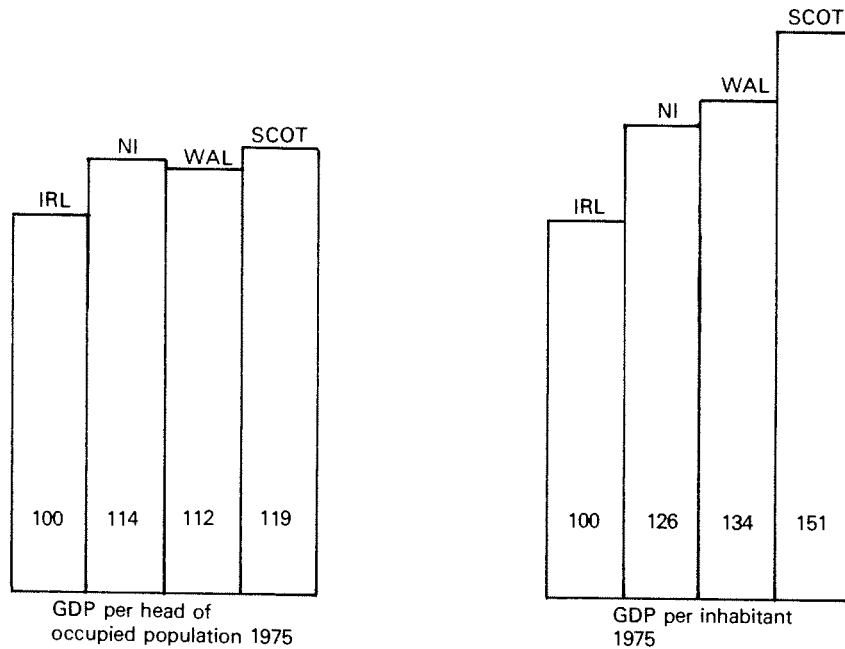
The Northern Ireland rate is 0.7 of a percentage point less than Ireland's unemployment rate. Both Northern Ireland and Ireland have higher unemployment rates than Scotland and Wales.

3.28 Productivity and Income

Diagram 9 illustrates the productivity and income levels.

DIAGRAM 9

Productivity and Income 1975



Source: (F).

Northern Ireland's productivity level (in SPAs) is 14% higher than Ireland's and the income level is 26% greater than Ireland. The difference between the income and productivity levels is due largely to the higher dependency rate in Ireland.

3.29 Indicators of Living Standards excluding Income

The main standard of living indicators apart from income are illustrated in Table 46.

TABLE 46

Indicators of Living Standards Other Than Income

	Ireland	Northern Ireland	Wales	Scotland
Cars per 100 inhabitants	16.2	22.0	25.0	20.0
Telephones per 100 inhabitants	10.9	15.9	21.3	24.1

Source: (A).

Ireland is behind Northern Ireland on both the cars and telephone indicators.

PART IV: SUMMARY

3.30 Uabs

In this chapter we examined the socio-economic position of Ireland compared with the regions of the EEC. These examinations included:—

- Ireland compared with the 112 Uabs.*
- Ireland compared with the ERDF priority regions.
- Ireland compared with Northern Ireland.

In the complete Uab comparisons we saw that Ireland had the fifth highest population increase and the highest birth rate of the 112 Uabs. Ireland had the largest 'young' proportion of population and also had the highest age dependency rate.

The Irish labour force dependency rate was high but 23 regions had higher rates. The Irish male participation rate was high but the female rate was low. Only 7 regions (or 6.4% of the total) had a higher agricultural share of total employment than Ireland. Ireland had the second highest unemployment rate of the EEC regions.

Productivity and income data were available for 88 regions. Irish productivity ranked joint 77th. In terms of income per head Ireland is one of the poorest regions of the EEC. It ranked 79th out of 88 regions in income per head.

Ireland had a low relative level of phones and cars compared to the rest of the EEC.

*For many of the indicators data were not available for all of the 112 Uabs.

3.31 Priority regions

Fourteen priority regions were examined relative to Ireland. Ireland had the highest population growth, birth rate and age dependency of these. Nine of the fourteen regions had higher labour force dependency rates than Ireland and Ireland had the highest male and total participation rates. Five priority regions had a higher agricultural share of total employment than Ireland and eight had lower industrial shares. Irish unemployment was the second highest of the priority regions. Ireland had the fifth highest productivity and the fourth highest income per head of the priority regions.

3.32 Northern Ireland

Ireland had a 6.4% increase in population while Northern Ireland's population declined. The birth rate and dependency rate in Ireland were higher. Ireland's labour force dependency rate was higher than Northern Ireland's. Northern Ireland's female participation rate was higher than Ireland's.

Northern Ireland had an agricultural share of total employment of 7.3% in 1977 compared with 21.7% in Ireland. Both Scotland and Wales had lower shares than Northern Ireland. The industrial share in Ireland is significantly lower than Northern Ireland. The Northern Ireland services sector share is over 8% points larger than Ireland's.

CHAPTER 4

IRISH REGIONS COMPARED WITH THE EEC REGIONS

4.1 Introduction

Ireland is treated as a single region for EEC regional policy purposes. It has already been shown that Ireland, as one region is extremely disadvantaged whether compared with the other eight Member States or with the 111 Uabs of the Community. Ireland is divided into nine physical planning regions. These regions which have no statutory basis, provide a framework for the co-ordination of physical planning and are used by the IDA in its industrial development programmes. In this chapter the sub-national breakdown for Ireland is evaluated to show the position of the individual Irish regions in relation to the 111 Uabs and, in particular, in relation to the priority regions of the ERDF. So that the position of the Irish regions can be clearly illustrated vis-a-vis the EEC regions we have also presented the EEC summary statistics of Chapter 3, Part 1 for the relevant socio-economic indicators examined in this chapter.

4.2 Irish Socio-Economic Indicators at Sub-National Level

The statistics which are available at sub-national level in Ireland are not as comprehensive as those available for the EEC regions. There are, however, sufficient data at the sub-national level to assess the positions of the Irish regions with reference to demography, employment/unemployment and income per head. A maximum of eight regions are used in the following sections as Donegal is combined with the North-West region because separate statistics are not generally available for Donegal.

4.3 Population

The most immediate point about the eight Irish regions is their smallness (in terms of population) relative to the other EEC Uabs. Table 47 contains details of total population for each region for 1977.

TABLE 47

Population by Region Within Ireland 1977*

Region	Population ('000) 1977
East	1,206.1
South-West	503.4
Mid-West	292.4
South-East	357.0
North-East	186.2
West	275.8
Midlands	247.0
North West/Donegal	188.1

*Estimates compiled by Ross, (H). The total of these regional populations differs slightly from the CSO revised figure for 1977 as the Ross estimates were made prior to the official revisions.

Source: (H).

The East is the largest Irish region with a population of 1.2 million in 1977.

This is accounted for by the presence within the region of the capital city, Dublin. This population would give it a ranking of 56 in the 119** regions. The other seven Irish regions have populations of 0.5 million or below. We saw in Chapter 3 (Table 19) that only 29 Uabs have populations under one million. Of these only 10 have a population below half a million. Six of eight Irish regions therefore, would rank in the smallest 10 of the Uabs.

There are two of the priority regions with populations of less than half a million; Corsica and Molise. The smallest priority region is Corsica with 228,000 people. Two of the Irish regions are below this level. On the other hand 12 (excluding Ireland) priority regions have populations in excess of one million. Thus Irish sub-national regions are small, when measured by population, as compared to the EEC regions.

4.4 Population Growth

Table 48 indicates the population growth in the Irish regions over the period 1973-77.

**Overall there are 112 Uabs including Ireland. Therefore, when comparing the Irish regions (8) with the other 111 Uabs (112 minus Ireland) there are 119 regions (111 + 8) overall.

TABLE 48

% Population Growth 1973-1977

	Irish regions 1973-1977 %
East	8.6
South-West	5.2
Mid-West	5.6
South-East	4.5
North-East	4.5
West	4.5
Midlands	4.2
North-West/Donegal	4.7
Summary of EEC Uabs*	
Maximum	20.5
Minimum	0.2
Ireland's indicator	6.4
Ireland's ranking	5

*The EEC summary refers only to the 73 Uabs which experienced population increases.

Source: (H).

All of the Irish regions recorded population increases between 1973 and 1977. 39 of the Uabs experienced population declines. Of the priority regions, details of which are presented in Part II of Chapter 3, three had declines and 12 had increases. The lowest Irish regional increase was in the Midlands but its increase was exceeded by only two of the priority regions, Puglia and Sardinia. The East had by far the highest population growth of the priority regions. Overall then, each of the eight Irish regions had high population growth relative to the EEC regions.

4.5 Age Structure and Age Dependency Rates

The only detailed age data of the population in the eight regions apart from the 1971 Census of Population are from the Labour Force Surveys of 1975 and 1977. The data in these reports are subject to revision on the basis of the results of the 1979 Census of Population. We have already used revised State and regional population estimates for 1973 and 1977 for the population analysis but revised age data are not yet available. We have, therefore, used the details in the 1977 Labour Force Survey. The revised 1977 age data are not likely to differ substantially from these. Table 49 presents the details.

TABLE 49

Age Structure and Age Dependency Rates, Irish Region 1977

Region	% of Population		Age dependency rates
	Aged 0-14 years	Aged 65 years and over	
East	31.7	7.5	.64
South-West	31.2	12.1	.76
Mid-West	32.9	10.5	.77
South-East	33.0	11.1	.79
North-East	32.3	10.7	.75
West	29.6	13.1	.75
Midlands	31.9	12.6	.80
North-West/ Donegal	29.7	15.2	.81
Summary of EEC Uabs			
Maximum	31.4	22.7	.73
Minimum	15.8	8.5	.47
Ireland's indicator	31.4	10.9	.73
Ireland's ranking	1	102	1

Source: (I).

Ireland had the highest % share of population in the young age group in the EEC; 31.4% in 1977. There was little or no difference in the "young" shares of population between the East and the other regions. Taken individually all the Irish regions had higher "young" shares of population than the other EEC regions. Substantial variations occurred in the proportions of population in the 65 and over age group. The East region's figure of 7.5% was the lowest of the EEC regions. The West and North West/ Donegal had a relatively high share by European standards. Of the 111 Uabs only 29 had a higher share in the 65 and over age group than North-West/ Donegal.

Of the 111 Uabs only 30 regions or 27% of the total had age dependency rates above 0.60. All of the Irish regions are in this category. While no Uab (except Ireland) had a rate above 0.70, five Irish regions had rates above this level and two had rates above 0.80.

4.6 Employment by Sector of Economic Activity

Table 50 presents the regional shares of employment in the three main sectors. The proportions used here are derived from the Labour Force Survey.

TABLE 50

Employment by Sector, Irish Regions 1977

	Agriculture	Industry	Services
East	4.7	34.0	61.2
South-West	26.3	31.7	41.9
South East	29.1	30.6	40.3
North East	29.1	33.7	37.4
Mid West	24.9	31.3	43.8
Midlands	37.1	26.2	36.6
West	42.0	22.6	35.5
North West/ Donegal	36.2	27.5	36.2
Totals*	100.0	100.0	100.0
Summary of EEC Uabs			
Maximum	40.1	55.2	69.6
Minimum	0.7	21.0	37.9
Ireland's indicator	21.7	32.4	45.9
Ireland's ranking	8	Joint 86	Joint 80

*Totals do not sum to 100 in every case due to rounding.

Sources: (A) and (I).

The East region's figures are obviously influenced by the fact that it contains the national capital, which houses most Government departments and State agencies.

We saw in Section 3.9 that only three of 111 Uabs (excluding Ireland) have agricultural shares of 25% and over. The three Uabs were Molise (40.1%) Basilicata (31.6%) and Calabria (25.6%). Six of Ireland's eight regions exceed 25% and the agricultural shares of three Irish regions exceed Basilicata's. All of the Irish regions except the East would be included in the ten EEC regions with the highest agricultural shares. Of the priority regions Saarland and Wallonia had a lower agricultural share than the East region. The other seven Irish regions were among the most under-developed of the priority regions on the agricultural indicator. Sardinia, Limburg, Corsica, Abruzzi, Puglia, Sicily and Northern Ireland all had agricultural shares below 24%. Apart from the East, the lowest Irish regional share was 24.9% in the Mid-West.

The East's industrial sector accounted for 34% of the region's employment. This differs little from the national share of 32.4%. It should be noted however, that manufacturing employment in the Dublin area has declined over recent years due to the effect of the recession on trade and industry. The East's ranking did not differ greatly from that of Ireland, therefore, in either the 111 Uabs where Ireland ranked joint 86 or in the priority regions. The analysis in Part 1 showed that only 16 of the EEC regions (or 15% of the total) had

industrial shares of under 30%. Three of the Irish regions would fall into this group: Midlands, West and North West/Donegal.

When compared with the priority regions, the West (with 22.6%) had the second smallest industrial share. The other six Irish regions had shares ranging from 26.2% to 33.7%. Four of these were over 30%. These were relatively large shares by the standards of some of the other priority regions, eight of which had shares of less than 30%.

The service sector's share of employment in the East region was 61.2% in 1977. It is worth re-emphasising that because this region contains the national capital the great majority of public sector employment is located there. Only 15 of the Uabs, or 14% of the total had service shares of 60% or more. The priority region with the highest service share was Wallonia with 58.4%. Five priority regions had service shares of less than 50%.

The other seven Irish regions had service shares ranging from 35.5% to 43.8%. Only 4 Uabs had shares of less than 40%. Four Irish regions were in this category. Overall, the service shares in the Irish regions apart from the East are low by EEC standards. Only one priority region, Molise, had a share of less than 40% compared with the four in Ireland.

4.7 Unemployment

Regional unemployment statistics for 1977 are available only for the four regions as in Table 51. Unemployed are defined as those unemployed plus first time job seekers as a % of the labour force. The details are presented in Table 51.

TABLE 51

Unemployment Rate Irish Regions

East and North-East	South East and South West	Midlands and Mid-West	West, North/West, Donegal
9.2	8.1	8.3	9.3
Summary of EEC regions			
Maximum	9.3		
Minimum	1.0		
Ireland's indicator	9.2		
Ireland's ranking	2		

Source: Derived from Labour Force Survey, 1977 (I).

All the regions have similar unemployment rates with the East/North East being on a par with the national average and therefore second highest of the EEC regions. Consequently, the East region and Ireland as a whole would rank as the second worst off region in the EEC regional rankings for this indicator.

4.8 Income Per Head

There are no official regional income or GDP data in Ireland. The only source of regional data for recent years (1973 and 1977) is the National Economic and Social Council^{35, 36}. We use the 1973 data to compare the Irish regions with the EEC*. The NESC estimates are for personal income which is not the same as GDP or income arising. GDP is endogenously created income while personal income includes current transfers from other regions, in particular government transfers. Personal income is concerned with the income of residents whereas GDP examines output in a region whether the income accrues to residents or not. In Table 52 we compare the personal income per inhabitant data for Ireland as a whole and its 9 regions with the average GDP per head of population for the EEC-9 in 1973. The data in Table 52 were derived in the following manner: the top row is personal income per inhabitant derived from Ross (H). In the bottom row, Irish GDP per inhabitant is 65 when EEC-9 is 100 (Table 12). The data for the Irish regions are then expressed as an index with 65 as base. Since GDP per inhabitant is not the same as personal income per inhabitant the comparisons are not precise.

TABLE 52

Personal Incomes per Inhabitant 1973: Irish Regions

EEC-9	Ireland	East	South West	Mid-West	South East	North East	Donegal	Mid-lands	West	North West
100	100	117	98	96	94	91	76	83	82	79
	65	76	64	62	61	59	49	54	53	51

Source: Derived from Ross (H).

Table 30 showed that Ireland with an income level of 65 was ranked 79th out of 88 regions. The East region's figure of 76 places is within the bottom 19% of regions (along with Ireland), demonstrating that it also is relatively poor by EEC standards. The East's income would leave it in the same ranking as Ireland, in the priority regions, i.e. fourth. It would still lag behind Saarland, Wallonia and Northern Ireland.

Some of the details of Table 30 are reproduced here to illustrate the low income of the East region relative to the entire EEC. Ireland is excluded from the Table and the East is included and the Table shows that overall the East is very poor by EEC standards of income.

*1973 is the latest year for which the comparison could be made since that is the latest year in which EEC data and Irish data correspond. Data is available for 1975 on the EEC and 1977 for Ireland.

TABLE 53

GDP Per Inhabitant by Region, 1973 (SPAs)

GDP per inhabitant Europe 9 = 100	Number of Regions
40- 59	8
60- 79	9
80- 99	34
100-119	27
120-139	5
140 and over	5
Total	88

Source: (F).

CHAPTER 5

CONCLUSIONS AND POLICY IMPLICATIONS

5.1 Scale of disparities

The analysis in Chapters 2 and 3 showed that substantial disparities exist within the EEC. At the national level Ireland is the poorest and least developed of the nine Member States. At the regional level the two most disadvantaged areas are Ireland and the Mezzogiorno area of Italy. Ireland did however, have rapid population growth and net immigration over the 1973-79 period after the population decline and emigration of previous decades.

Ireland is characterised by low incomes, low productivity, high dependency rates and a large agricultural share of total employment. The disparity in income per capita between Ireland and the richer countries widened between EEC entry in 1973 and 1979. This widening occurred despite the fact that aggregate Irish GDP increased at a faster rate than the other EEC countries between 1973 and 1979*

In this final chapter the comments are confined to the indicator of income. This is not the only important indicator of regional problems. For example, "an area vibrant with large families may appear worse off per capita than a decaying area in which there are many unmarried workers".³⁷ An overall quality of life assessment of a region would encompass all the indicators of the previous chapters. Income is used here as it is the most readily appreciated indicator.

5.2 Need for Convergence

EEC regional policy aims to reduce existing regional disparities in standards of living and stages of development. An effective EEC regional policy is essential if progress is to be made towards eventual economic and political integration. Regional policy is needed as an essential complementary measure to the effects of free competition. Without it, economic integration would lead to increased concentration of economic activity in the more industrialised areas at the centre. Economic integration involves a diminution of domestic control

*Irish GDP volume rose by 22.5% between 1973 and 1979 compared to 18.6% in France, the country with the second highest growth. Ireland's population grew by 9.5% between 1973 and 1979 compared to 4.4% in the Netherlands, the country with the next highest growth rate, resulting in the widening disparity in income per capita between Ireland and the richer countries.

5.5 Policy Implications at EEC level

The EEC's objectives on regional policy are stated in the Treaty of Rome.³⁹ The Preamble to that Treaty states that the signatories are "anxious to strengthen the unity of their economies and to ensure their harmonious development by reducing the differences existing between the various regions and the backwardness of the less favoured regions".⁴⁰ Article 2 of the treaty specifies that the Community shall have as its task . . . "to promote throughout the Community a harmonious development of economic activities, a continuous and balanced expansion . . .".⁴¹

The current level of resources devoted to EEC regional policy is insufficient to make an impact on regional disparities. EEC regional policy here is taken to include not only the specific regional measures of the ERDF, but also the resources of the European Investment Bank, the Common Agricultural Policy and the regional impact of other EEC policies.

The Commission of the EEC has noted that "It follows from this situation that Community regional policy must be strengthened and its field of application expanded. This is not only desirable: it is now one of the conditions of continuing European economic integration".⁴² We would argue that it follows from the assessment in the previous chapters that a more definite statement on regional policy and prospects is required from the Commission.* This statement should, inter alia:—

- (1) outline overall objectives for regional policy and convergence.
- (2) assess the resources needed for resolving divergences.
- (3) evaluate the impact on continuing European economic integration of the regional disparities.
- (4) project future regional disparities.
- (5) present alternative options and objectives/resources.
- (6) assess detailed regional impact of the other EEC policies.*

This would ensure a clear focus on the effect of disparities on integration and an assessment of the resources needed and would give a better sense of direction to EEC regional policy. It would also present options in a clearer way to the Member States. It is to be hoped that the Commission's proposals for Periodic Reports and Regional Impact Assessments which have been endorsed by a Council Resolution will satisfy some of the requirements outlined above.

*An EEC Commission study of the regional impact of the Common Agricultural Policy is under way.

5.6 Policy Implications at National Level

This report has shown Ireland to be a seriously disadvantaged region of the EEC. The White Paper "National Development 1977-80" states that:—

"In promoting development it is the Government's intention that real incomes will rise, and that ultimately the gap between such incomes here and those in the other Member States will be significantly narrowed".⁴³

It is most unlikely that Ireland will attain German or Dutch living standards within the next few decades as the projections in section 5.3 have shown.

It is important, therefore, to bear in mind the fact that substantial income disparities will continue for some time when additional steps towards integration are being considered. It would be undesirable if income gaps were to result in the traditional regional problem of an outflow of capital and labour from Ireland and closer integration can be considered, therefore, only in the context of more effective Community initiatives to deal with regional issues.

We have seen that Ireland is relatively disadvantaged on many socio-economic indicators. The high age dependency rate, for example, imposes problems for public finance and creates difficulties in trying to attain European levels of public services. It is important that expectations be related to the capacity of the economy.

There are two elements in Irish regional policy. At the EEC level, where Ireland is treated as one region; the objective is to encourage overall economic development. At the domestic level the objective is to narrow the differences in quality of life which already exist and to prevent new ones from developing. The two elements should be seen as complementary and inter-related.

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APPENDIX 1

EEC Regions

Eurostat has developed a "Nomenclature of Statistical Territorial Units" to which statistics are usually related. Three levels are currently used, the main ones are levels I and II, to which the majority of Eurostat statistics relate.

Level I consists of the largest territorial units taken into consideration for each Member State. These are called "European Community Regions" (RCE). The Community is divided into 52 such regions.

Level II consists of the regional units next largest in size to level I. These are called "Basic Administrative Units" (Uabs). The Community is divided into 112 such regions.

Each RCE consists of a number of Uabs, (sometimes only one Uab e.g. Ireland, Sicily). One exception to this rule is that the Belgian RCE of Brussels is smaller than the Uab of Brabant.

The Uab constitutes at the national level, the regional framework for the various regional policies of the Member States. In addition, they are generally the units on which most of the regional statistics of the Member States are based.

The RCE's represent an attempt by the EEC to regroup the Uabs so as to better study the consequences of the creation of the Customs Union and of economic integration.

Table A.1 below presents the details of the territorial breakdown.

TABLE A.1

Nomenclature of territorial units (NUTS)

Country	Level I European Community Regions (RCE)	Level II Basic administrative unit (Uab)
BR DEUTSCHLAND	Schleswig-Holstein	Schleswig-Holstein
		Hamburg
	Niedersachsen	Hannover
		Hildesheim
		Lüneburg
		Stade
		Osnabrück
		Aurich
		Braunschweig
		Oldenburg
		Bremen
		Bremen
	Nordrhein-Westfalen	Düsseldorf
		Köln
		Münster
		Detmold
	Hessen	Arnsberg
		Darmstadt
		Kassel
	Rheinland-Pfalz	Koblenz
		Trier
	Baden-Württemberg	Rheinhessen-Pfalz
		Stuttgart
Karlsruhe		
Freiburg		
Tübingen		
Bayern	Oberbayern	
	Niederbayern	
	Oberpfalz	
	Oberfranken	
	Mittelfranken	
	Unterfranken	
	Schwaben	
Saarland	Saarland	
Berlin (West)	Berlin (West)	

TABLE A.1 (continued)

Nomenclature of territorial units (NUTS)

Country	Level I European Community Regions (RCE)	Level II Basic administrative unit (Uab)	
FRANCE	Ile-de-France	Ile-de-France	
		Bassin parisien	Champagne — Ardenne Picardie Haute-Normandie Centre Basse-Normandie Bourgogne
	Nord — Pas-de-Calais	Est	Nord — Pas-de-Calais
			Lorraine
			Alsace
	Quest	Quest	Franche-Comté
			Pays de la Loire Bretagne
	Sud-Quest	Sud-Quest	Poitou — Charentes
			Aquitaine Midi-Pyrénées
	Centre-Est	Centre-Est	Limousin
			Rhône — Alpes Auvergne
	Méditerranée	Méditerranée	Languedoc-Roussillon
			Provence — Alpes — Côte-d'Azur
Corse			
NEDERLAND	Noord-Nederland	Groningen	
		Friesland	
	West-Nederland	Drenthe	
		Utrecht	
		Noord-Holland	
	Zuidwest-Nederland	Zuid-Nederland	Zuid-Holland
			Zeeland
Oost-Nederland	Oost-Nederland	Noord-Brabant	
		Limburg	
		Overijssel	
		Gelderland — Z. IJ. Polders	

TABLE A.1 (continued)

Nomenclature of territorial units (NUTS)

Country	Level I European Community Regions (RCE)	Level II Basic administrative unit (Uab)
ITALIA	Nord Ovest	Piemonte
		Valle d'Aosta
	Lombardia	Liguria
		Lombardia
	Nord Est	Trentino – Alto Adige
		Veneto
		Friuli – Venezia Giulia
	Emilia-Romagna	Emilia-Romagna
		Centro
		Umbria
		Marche
	Lazio	Lazio
	Campania	Campania
	Abruzzi-Molise	Abruzzi
Molise		
Sud	Puglia	
	Basilicata	
	Calabria	
Sicilia	Sicilia	
Sardegna	Sardegna	
BELGIQUE/BELGIË	Vlaams gewest/ Région flamande	Antwerpen/Anvers
		Limburg/Limbourg
		Oost-Vlaanderen/ Flandre Orientale
		West-Vlaanderen/ Flandre Occidentale
		Brabant (partie flamande)
	Région wallonne/ Waals gewest	Hainaut/Henegouwen
		Liège/Luik
		Luxembourg/Luxemburg
		Namur/Namen
	Région burxelloise/ Brussels gewest	Brabant (partie wallonne)
Brabant (partie bruxelloise)		

TABLE A.1 (continued)

Nomenclature of territorial units (NUTS)

Country	Level I European Community Regions (RCE)	Level II Basic administrative unit (Uab)
LUXEMBOURG (GRAND-DUCHÉ)	Luxembourg (Grand-Duché)	Luxembourg (Grand-Duché)
	UNITED KINGDOM	North
	Yorkshire & Humberside	Yorkshire & Humberside
	North West	North West
	East Midlands	East Midlands
	West Midlands	West Midlands
	East Anglia	East Anglia
	South East	South East
	South West	South West
	Wales	Wales
	Scotland	Scotland
	Northern Ireland	Northern Ireland
IRELAND	Ireland	Ireland
DANMARK	Danmark	Hovedstadsregionen (Kobenhavns & Frederiksberg kommune, Kobenhavns, frederiksborg & Roskilde amtskommune) Øst for Storebaelt, ekskl. Hovedstadsregionen (Vestsjaellands, Storstrøms & Bornholm amtskommune) Vest for Storebaelt (Fyn, Sønderjyllands, Ribe, Vejle, Ringkøbing, Aarhus, Viborg & Nordjyllands amtskommune)

APPENDIX 2

SOURCES

Introduction

Presentation of all the basic data used in the Report in an Appendix would give rise to serious space problems. It was decided instead to present a comprehensive list of data sources to which the reader can refer. The major sources which were used in compiling this report were the EEC, OECD and UNO. As was pointed out in Chapter 1, however, the regional level data were obtained solely from EEC sources.* OECD, UNO and EEC sources were used for national level comparisons. This appendix presents background information and details for the regional data sources. In addition, details of the purchasing power parities used in the report are presented.

EEC Regional Data Sources

Three sources were used in the report.

- (i) *Regional Statistics, Population, Employment, Living Standards 1973-1974* (Eurostat 1975).
- (ii) *Regional Statistics, Population, Employment, Living Standards 1977* (Eurostat 1978).
- (iii) *Regional Statistics: Main Regional Indicators 1970-1977* (Eurostat 1979).

As source (ii) is an updating of source (i) we take them together. Source (iii), with one exception, is essentially an analysis and interpretation of a few indicators which are already available in the two other sources.

The exception is that source (iii) presents more recent data on regional incomes and productivities.

Regional Statistics, Population, Employment, Living Standards

As the title indicates these sources provide regional level data on population, employment and living conditions. Detailed definitional and methodological notes are provided in these publications. In general, demographic data such as population, components of population change and age of population are obtained from the national official institutes of statistics. Labour force data, however, are derived directly from the EEC sample surveys of labour forces

carried out in the nine Member States. This survey, carried out yearly from 1968 to 1971 has been undertaken every two years since then. It was extended to include the UK in 1973 and to Ireland and Denmark in 1975.

These sample surveys refer only to members of private households whose normal and actual place of residence, during the week of the survey is in one of the countries of the EEC. The surveys exclude, inter alia, persons living in collective houses (i.e. institutions). Populations based on these surveys are under-statements of the actual populations by the number of people who are not members of private households. All the EEC regional labour force data, e.g. activity rates, labour force dependency rates, sectoral employment patterns, and unemployment are derived from these surveys. The labour force data relate exclusively to the population of private households. These, however, represent about 97% of the EEC's total population.

Some of the more important definitions are presented below. In general these are the same as those used by the International Labour Organisation and the OECD.

Persons with a Principal Occupation

Persons with a principal occupation are all those aged 14 and over who:--

- (a) Declare that they normally had a paid job which they carried out in the course of the week in question or which they did not carry out because of illness, accident, holiday, strike or other circumstances. Persons who did not work for technical reasons or on account of the weather are also included in this group.
- (b) Normally carry out unpaid work as family workers for more than 14 hours a week.

The following are not included in this category:--

- (a) Persons who have declared that they are unemployed.
- (b) Persons who have declared that they are non-active (housewives, students, retired persons, pensioners, others).
- (c) Persons without paid employment and persons who have neither a farm nor any other business but have made arrangements to start work in a new job or to start a farm or business at a date subsequent to the reference period.
- (d) Unpaid family workers who worked for 14 hours or less on the family holding during the reference week.
- (e) National servicemen.

The above groups may include persons performing casual paid work during the reference week.

*Excluding, of course, the Irish sub-national data which were obtained from Irish sources.

Unemployed Persons

Unemployed persons are all those who have registered as unemployed and are looking for paid employment. The following categories are included in this definition:

- (a) Persons who have worked as employed persons and who no longer have a contract of employment;
- (b) Persons who have worked as self-employed persons or family workers and are looking for paid employment;
- (c) Persons who have never worked and are looking for paid employment for the first time;
- (d) Persons who have not worked for a period of more than one year and are looking for paid employment;
- (e) Persons laid off temporarily or for an indefinite period without pay.

The following are not included in this category:

- (a) Persons who, whilst registering as unemployed, are not seeking employment or are looking for self-employed work.
- (b) Persons who are normally employed but are not at work during the week in question for economic or technical reasons or on account of the weather (short-time working).
- (c) Non-active persons (housewives, students, etc.) who declare that they are seeking paid employment.
- (d) Persons with a principal occupation seeking other employment.

Labour Force

The labour force consists of persons with a principal occupation and unemployed persons.

Non-Active Persons

This group covers all persons who: —

- (a) Were under 14 years of age on 1 January of the year of the survey.
- (b) Were over 14 years of age but were not part of the labour force as defined above.

Persons who have declared themselves to be housewives, students, pensioners, etc. are generally included in this group.

Persons who have declared that they are unemployed but are seeking self-employed work also come into this category.

Family workers who have declared that they have a principal occupation, but, in fact, worked for 14 hours or less during the week in question are also part of the non-active population.

Sectoral Employment Breakdown

Economic activities are broken down in accordance with the General Classification of Economic Activities in the European Communities (NACE): —

Economic Activity	NACE code
(1) Agriculture, forestry, fishing, hunting	0
(2) Energy and water	1
(3) Extraction and processing of non-energy-producing minerals and derived products; chemical industry	2
(4) Metal manufacture; mechanical, electrical and instrument engineering	3
(5) Other manufacturing industries	4
(6) Building and civil engineering	5
(7) Distributive trades, hotels, catering, repairs	6
(8) Transport and communication	7
(9) Banking and finance, insurance, business services, renting	8
(10) Public administration, national defence and compulsory social security	91
(11) Other services	9
	(91 excluded)

These are grouped into sectors of the economy as follows: —

Sector of the economy	NACE
Agriculture	0
Industry	1-5
Services	6-9

The material on living conditions includes climates, medical indicators, accommodation, and non-income indicators of living standards. For detailed definitions of these indicators and those others used in the report but not mentioned here, the reader is referred to Regional Statistics (Eurostat).

Regional Statistics: Main Regional Indicators

As noted above, this source presents a statistical analysis on material which is mainly to be found in sources (i) and (ii). This statistical analysis includes the use of dispersion indices and coefficient of variation analysis. This source is of interest primarily in that it contains 1975 income data for a number of regions. Source (ii) contains 1973 income data.

Purchasing Power Parities

This report's income and productivity comparisons were presented in both exchange rates and purchasing power parities. The Statistical Office of the European Communities (SOEC) calculated purchasing power parities in 1970 and 1975. The intention is to recalculate these parities every year on the basis of major surveys which will be undertaken every five years and in the intervening years, on smaller surveys in combination with the use of price indices. More complete information can be found in *National Accounts 1960-1977* (Eurostat 1978).

Table 2.1 contains details of the purchasing power parities and their relationship to market exchange rates for 1977.

TABLE 2.1

**Purchasing Power Parities (SPA) and Market Exchange Rates (EUA)
1977**

	Ireland	Germany	France	Italy	Neth.	Belgium	UK	Denmark
1 SPA = Units of national currency	0.516	3.10	5.81	795.0	3.29	48.60	0.511	8.48
1 EUA = Units of national currency	0.65	2.65	5.61	1007.0	2.80	40.88	0.65	6.86

The market exchange rate denominated aggregates over-estimate the absolute values of those aggregates when measured in SPAs, for Germany, France, Netherlands, Belgium and Denmark and under-estimate the SPA absolute values for Ireland, Italy and the UK.

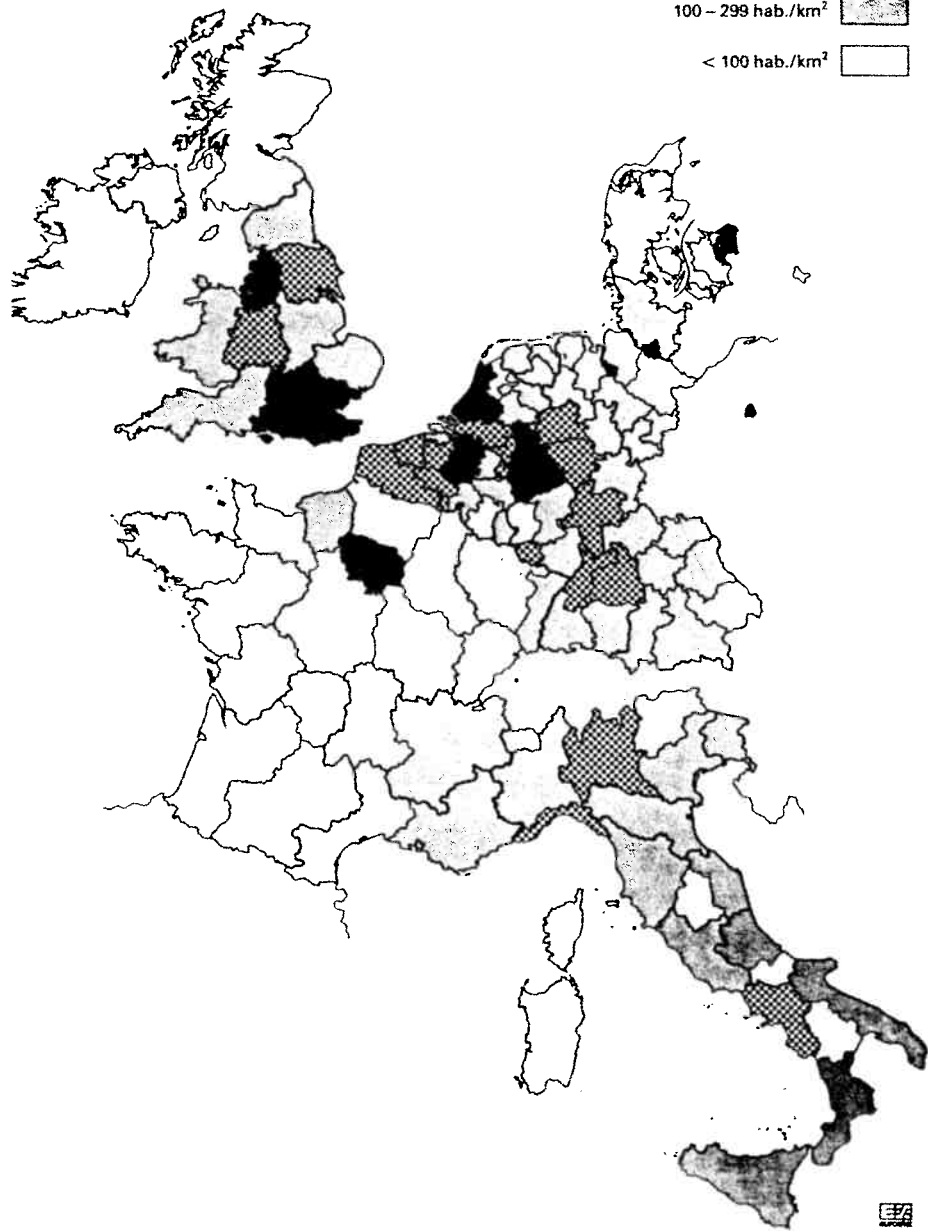
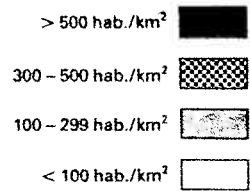
APPENDIX 3

MAPS OF THE EEC REGIONS

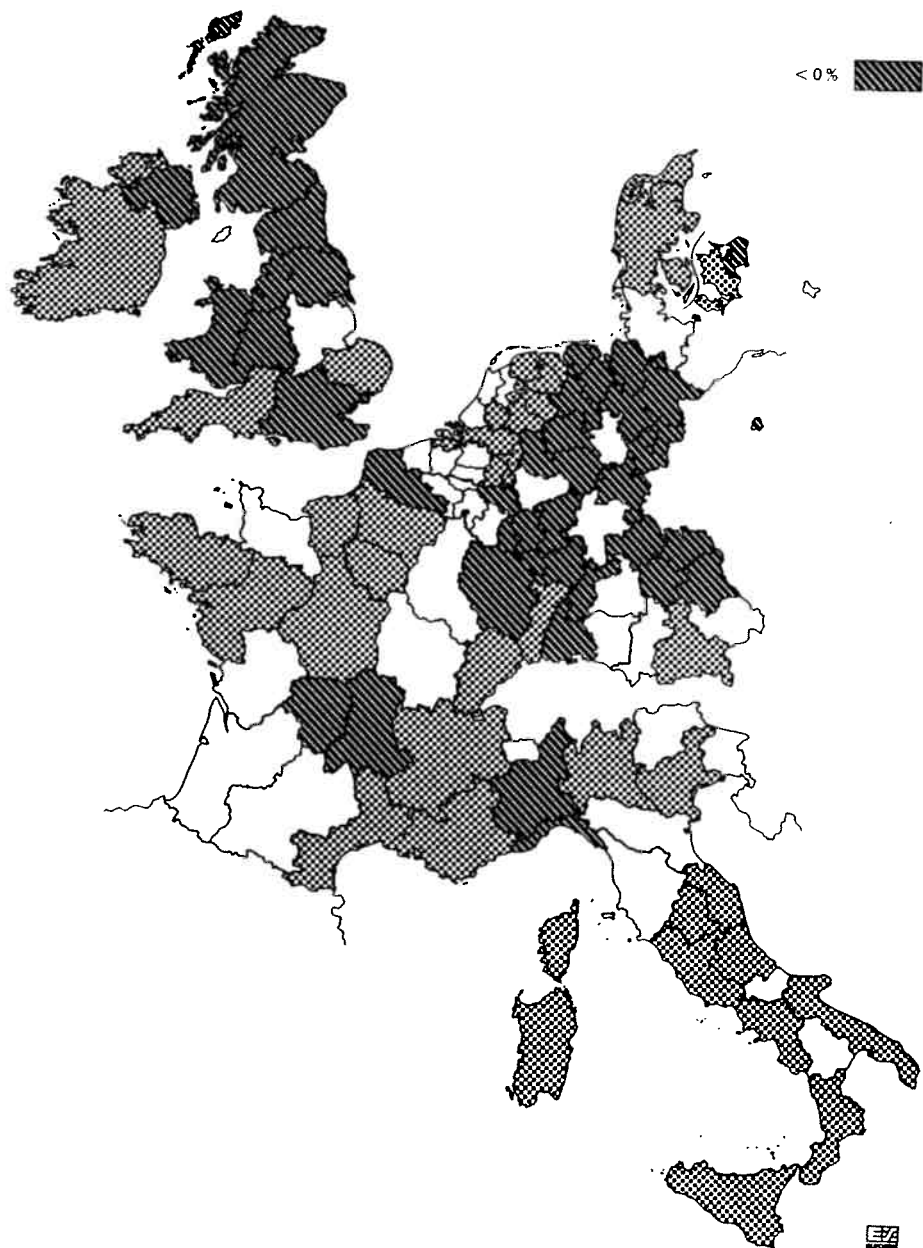
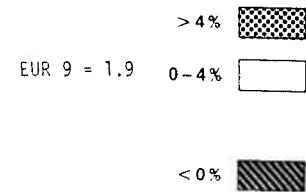
The following selection of maps illustrate the geographic dispersion of a number of the indicators used in the report.

These include population density, population increase and GDP per inhabitant.

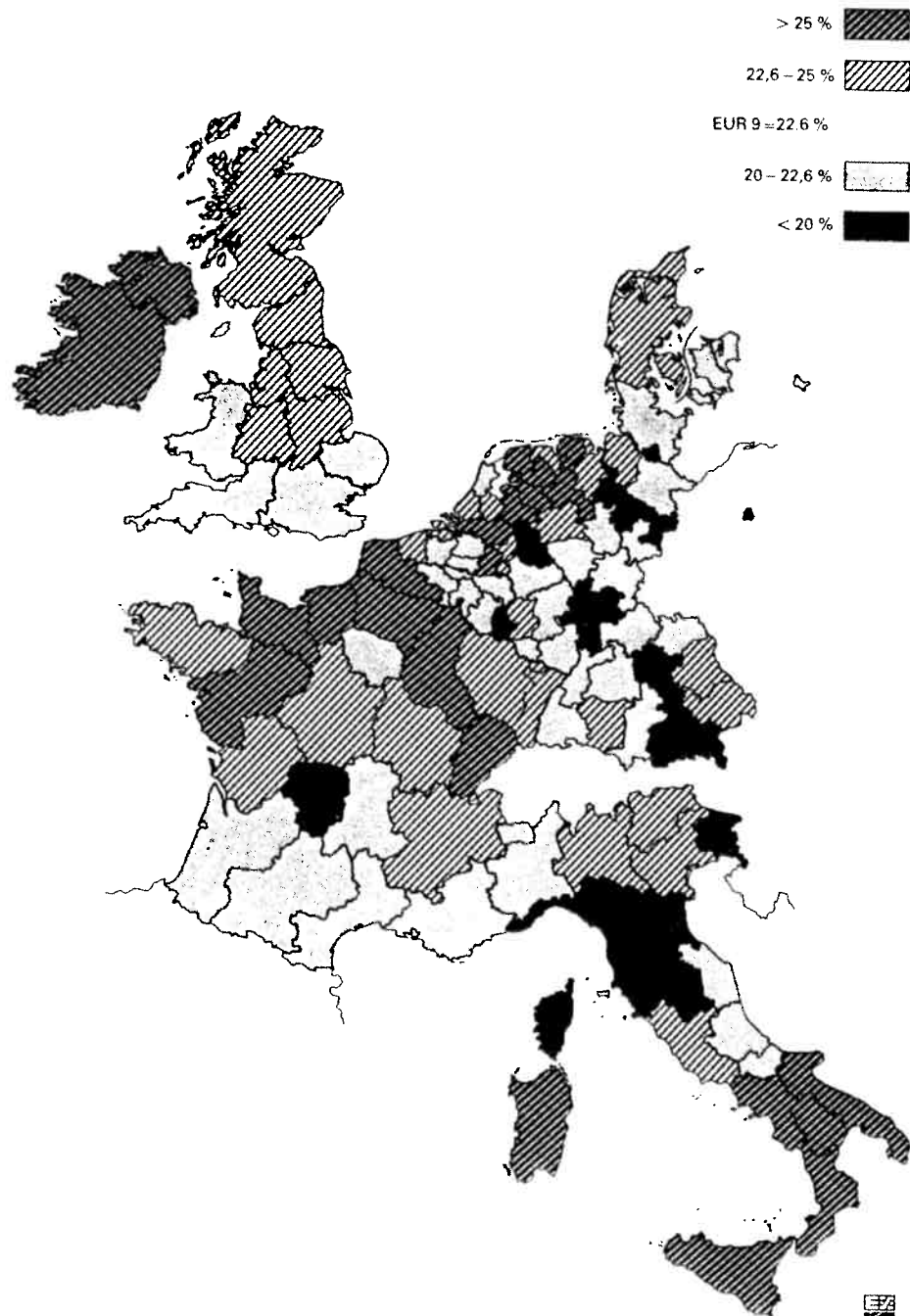
POPULATION DENSITY 1977



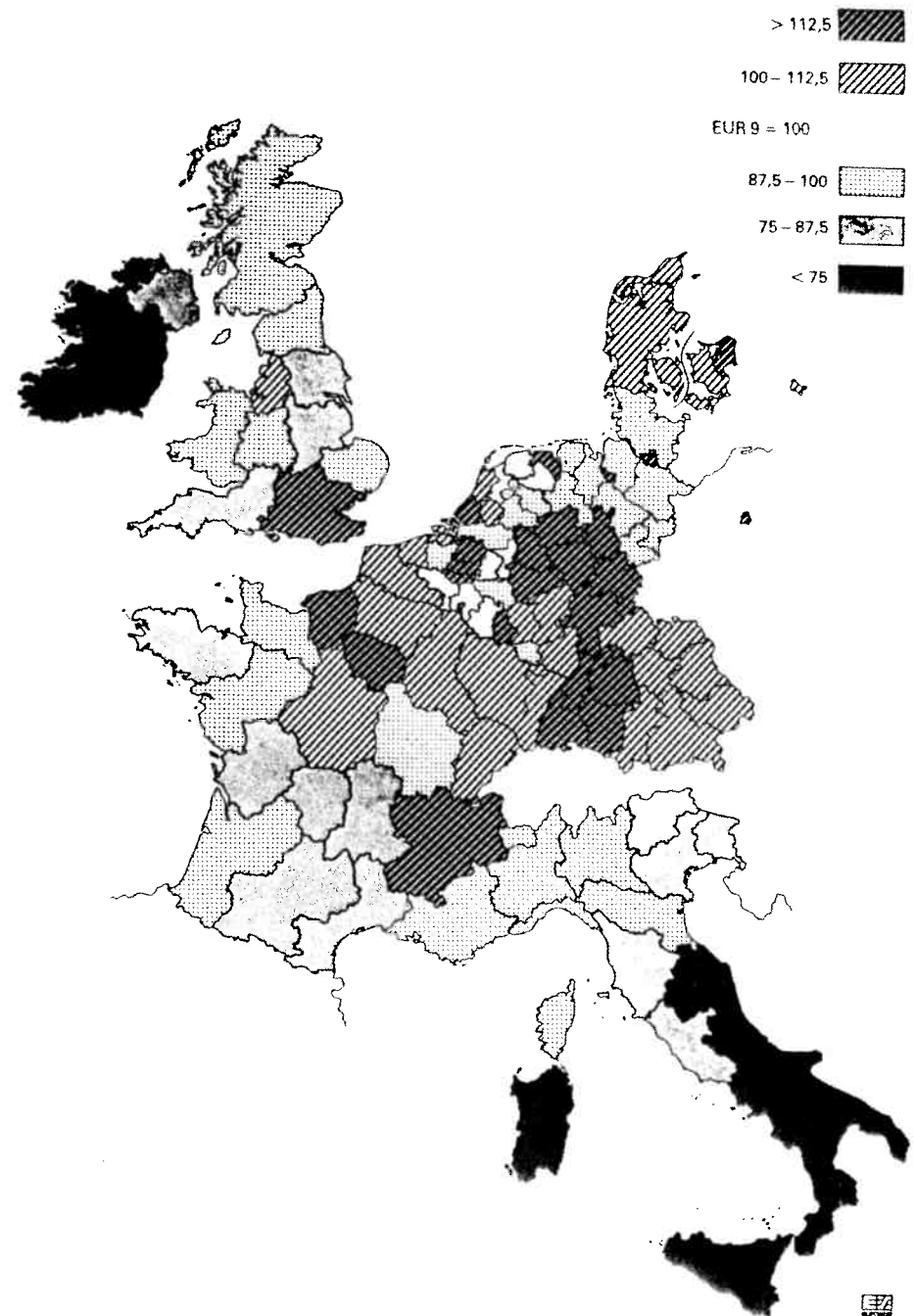
POPULATION INCREASE



% OF POPULATION AGED UNDER 14 YEARS



GDP FOR INHABITANT (SPA) 1973



APPENDIX 4

EFFECTS ON IRELAND'S RANKING OF ALTERNATIVE TERRITORIAL CLASSIFICATIONS

The following example illustrates the effect on Ireland's ranking of using alternative territorial classifications. The indicator used is the agricultural share of total employment and two RCEs are used: Sud-Quest (France), and Ireland.

Ranking at RCE Level	
<i>Region</i>	<i>Indicator</i>
Ireland	21.7%
Sud-Quest	18.6%

Ranking at Uab Level	
Limousin	24.9%
Ireland	21.7%
Mid-Pyrenees	20.4%
Aquitane	15.0%

The aggregation of the three Uabs into the one RCE of Sud-Quest masks the fact that Limousin has an even higher agricultural share of total employment than Ireland. An RCE which is ranked ahead of Ireland, will when disaggregated into its component Uabs produce two possible effects. One, it will have all its Uabs ranked above Ireland, i.e. no change in Ireland's position. Or, two, one or some* of the Uabs would be ranked behind Ireland i.e. relative improvement in Ireland's position.

More complete details of the territorial classifications can be had from the Eurostat sources listed as (12) in the references.

*If there are n Uab regions, the maximum number which could be worse than Ireland is n-1.

NATIONAL ECONOMIC AND SOCIAL COUNCIL PUBLICATIONS

NOTE: The date on the front cover of the report refers to the date the report was submitted to the Government. The dates listed here are the dates of publication.

<i>Title</i>	<i>Date</i>	
1. Report on the Economy in 1973 and the Prospects for 1974	April	1974
2. Comments on Capital Taxation Proposals	July	1974
3. The Economy in 1974 and Outlook for 1975	Nov.	1974
4. Regional Policy in Ireland: A Review	Jan.	1975
5. Population and Employment Projections: 1971-86	Feb.	1975
6. Comments on the OECD Report on Manpower Policy in Ireland	July	1975
7. Jobs and Living Standards: Projections and Implications	June	1975
8. An Approach to Social Policy	June	1975
9. Report on Inflation	June	1975
10. Causes and Effects of Inflation in Ireland	Oct.	1975
11. Income Distribution: A Preliminary Report	Sept.	1975
12. Educational Expenditure in Ireland	Jan.	1976
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