

NATIONAL ECONOMIC AND SOCIAL COUNCIL

Regional Policy in Ireland: A Review

No. 4

NATIONAL ECONOMIC AND SOCIAL COUNCIL CONSTITUTION AND TERMS OF REFERENCE

1. The main task of the National Economic and Social Council shall be to provide a forum for discussion of the principles relating to the efficient development of the national economy and the achievement of social justice, and to advise the Government through the Minister for Finance on their application. The Council shall have regard, *inter alia*, to:

- (i) the realisation of the highest possible levels of employment at adequate regard,
- (ii) the attainment of the highest sustainable rate of economic growth,
- (iii) the fair and equitable distribution of the income and wealth of the nation,
- (iv) reasonable price stability and long-term equilibrium in the balance of payments,
- (v) the balanced development of all regions in the country, and
- (vi) the social implications of economic growth, including the need to protect the environment.

2. The Council may consider such matters either on its own initiative or at the request of the Government.

3. Members of the Government shall be entitled to attend the Council's meetings. The Council may at any time present its views to the Government, on matters within its terms of reference. Any reports which the Council may produce shall be submitted to the Government and, together with any comments which the Government may then make thereon, shall be laid before each House of the Oireachtas and published.

4. The membership of the Council shall comprise a Chairman appointed by the Government in consultation with the interests represented on the Council

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Ten persons nominated by the Confederation of Irish Industry and the Irish Employers' Confederation,

Ten persons nominated by the Irish Congress of Trade Unions,

Ten other persons appointed by the Government, and

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6. The Council shall have its own Secretariat, subject to the approval of the Minister for Finance in regard to numbers, remuneration and conditions of service.

7. The Council shall regulate its own procedure.

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REGIONAL POLICY IN IRELAND: A REVIEW*

PART 1

Introduction

1. The Council by its terms of reference must have regard, *inter alia*, to "the balanced development of all regions in the country". In order to carry out this task the Council has established a Regional Policy Committee.

2. The Committee felt that one of its first tasks should be to acquaint itself with existing regional policy and the thinking underlying it. The results are presented in Part 2 of this report. In the course of the Committee's discussions, major questions about regional policy in general, and its application to the existing Irish situation arose. These questions are posed and discussed in Part 1 of this report in order to clarify the issues which have to be dealt with before a regional development policy can be formulated. While the Committee has not attempted, at this stage of its work, to answer the questions posed in Part I it hopes that the Council will commission research into a number of these questions so that whatever advice the Council gives to the Government will be based upon a sound analysis of the problems which exist and the solutions which may be possible. Before considering these questions, it will be helpful to summarise the main features of Irish regional policy since 1950 as the development of regional policy since then has a bearing on the questions which are asked later on in this section.

Summary of Developments since 1950

3. In the approach to regional policy in the last twenty years or so, emphasis was placed initially on the problems of the Undeveloped

Areas. Later, in the face of a decline in the number of industrial jobs in all regions and strong competition from other countries on the inducements offered to attract foreign enterprises, attention was concentrated on encouraging development generally throughout the State. This change in emphasis emerges clearly in the industrial grants legislation which was passed in the 1950's and the 1960's. A predominant feature of the legislation dealing with industrial grants is the encouragement it gave to regional development by enhancing the prospective return to private investment. The grant was given in the form of an outright cash payment. Continuous subsidies, e.g. for transport costs, were not given under the early legislation because it was felt that they would have certain undesirable consequences, such as the encouragement of inefficiency. Since 1969, however, provision has been made in the grants legislation for continuous subsidies or payments in the form of grants payable towards interest charges on loans which have been used for the purchase of fixed assets.* In addition to the offer of cash grants to industry, private investment was also encouraged, especially in the later part of the period, by the provision of advance factories, serviced sites and through the services generally provided by the Industrial Development Authority (IDA), An Chomhairle Oilúna—the Industrial Training Authority (AnCO), and other bodies.

4. The Industrial Development Authority was given statutory responsibility for the promotion and development of Irish industry in 1950. In addition to this function it now has the responsibility of administering the industrial grants scheme over most of the country. Gaeltarra Éireann was established in 1958 to provide gainful employment for native Irish speakers in the Gaeltacht, and its powers were subsequently extended by a number of Acts. In 1959 the Shannon Free Airport Development Company (SFADCO) was set up to promote industrial development at the airport; since 1970 the company has acted as agent for the IDA in the Mid-West region. Both Gaeltarra Éireann and SFADCO are able to give grants to enterprises establishing in the areas for which they have grant giving powers, i.e. the Gaeltacht and the Shannon airport zone respectively

* It should be noted that although continuous subsidies have never been an important policy instrument in Ireland, their use is not necessarily objectionable on economic grounds.

5. The Local Government (Planning and Development) Act was passed in 1963. This provided a legal framework within which the physical development of the country could take place. In the same year the Government defined nine regions for physical planning purposes. As originally defined the regional boundaries did not follow county boundaries in all cases. The Government redefined the boundaries in 1969 so that, with the exception of Tipperary, regional and county boundaries coincided.* In 1964 the Government commissioned consultants to prepare economic and physical development plans for the Limerick Region (the Lichfield Report) and the Dublin Region (the Wright Report) and in 1966 it requested the United Nations to commission consultants to undertake regional studies for the remaining seven regions. The Consultants were asked to take full account of the other two regions in their analysis and recommendations. The result of this commission (the Buchanan Report) was a recommended regional strategy for the entire country.

6. Since the publication of *Economic Development* in 1958 there has been much discussion about the kind of industrial location policy which is most suitable for Ireland. Two approaches have been suggested: (i) concentration of resources on the development of a few growth centres, and (ii) dispersion of resources so that a large number of small centres can participate in the industrial development of the regions. The Government has opted for a combination of the two approaches.

7. For the most part the objectives of regional policy, as described in various Government reports and in Government statements, have been expressed in general terms such as checking "the tendency towards unbalanced regional development". Such an approach is understandable because of the inherent difficulties involved in specifying precise regional objectives in operational terms. This point is returned to below.

8. There are a large number of organisations involved in the regional development of the country. Arrangements have been made for the co-ordination of the activities of the most important of these organisations at regional level. Thus, the activities of the County Development

* Tipperary North Riding is in the Mid-West Region and the South Riding is in the South East Region.

Teams are co-ordinated by the Central Development Committee while the Regional Development Committee has performed a co-ordinating role in relation to the reports of the Regional Development Organisations. Informal co-ordination has grown up over the years between Government Departments and Agencies, Local Authorities, Trade Unions, Voluntary Organisations etc.

9. A statistical analysis of the regions shows that there are significant differences in the economic and demographic characteristics of the regions. The more prosperous regions exhibit the following characteristics: a significant increase in total population over the period 1966/1971; a high rate of natural increase and a low rate of emigration over the same period; a large percentage of their population in towns in 1971 and a small proportion of their labour force in agriculture; above average employment in sectors whose rate of employment growth is higher than the national average; unemployment rates below the national average; a strong concentration of manufacturing establishments and relatively high personal income per head. The converse holds for the poorer regions.

10. It has been noted that major questions about regional policy and its application to the existing situation in Ireland arose in the course of the Committee's review of regional policy and regional development since 1950. These questions, which will now be discussed, are basic to a coherent approach to regional policy. They arose out of the practical difficulties which faced the Committee in its efforts to evaluate the regional policies which have been pursued in the past, whether directly or by implication, and because of its obligation under the Council's terms of reference to make recommendations regarding the shape of regional policy in the future. Similar questions have arisen in relation to the formulation of policy in other areas. In 1966 for example, in a comment on the issues posed by the existence of State bodies, it was pointed out that there was a:

need to define objectives more clearly, to distinguish the relative importance to be attached to economic and social objectives, to ensure that activities and financial results are related to objectives and to make certain that the community receives, directly or indirectly an adequate return on capital invested.*

* C. H. Murray, "Public Affairs, 1916-1966: The Economic Scene", *Administration*, Vol. 4, No. 3 (Autumn 1966), p. 203.

Such questions clearly have a regional as well as a national dimension and it is hoped that in posing them in their regional context answers will be found which will help to lead to the formulation of a consistent set of economic and social objectives at regional and national level. While the questions which follow are posed separately it is recognised that some of them arise only when the answer to another question has been given. An obvious example is the question which necessarily arises at an early stage in discussions about any policy matter—is the particular policy necessary?

Is There a Need for a Regional Policy?

11. Why is a regional policy necessary? This question is seldom, if ever, asked. It is taken as self evident that the answer is in the affirmative. In any search for an answer to this basic question the starting point must be the fact that differences in the level of key economic and social indicators exist between regions. This is true in all countries, though in the richer, the degree of regional inequality is generally less than in the poorer. Given economic and social differences between regions, Governments face two major policy questions (i) should the extent of regional inequalities be left to market forces and (ii) if it is decided to intervene, how can this be done most effectively? If the government decides not to intervene to influence the development of the regions, it does not follow that the effect of such a decision is neutral for each region. For example, in the economic sphere, monetary and fiscal policies which attempt to reduce aggregate demand will generally have different effects in different regions. In depressed regions with high unemployment, the effect of such policies may be to increase the level of unemployment further and thus to reinforce the tendencies towards stagnation which already exist. Similarly, restrictions on imports, in order to alleviate a balance of payments deficit, will ordinarily have differential effects throughout the economy. Indeed it may be said, because of the uneven distribution of resources throughout an economy, that national economic policies will affect different regions in different ways.

12. The question of whether Governments should take an active role in controlling the development of the regions has been extensively dis-

cussed in the literature on regional economics.* An agreed answer has not emerged from these discussions. However, a very strong case, on both theoretical and practical grounds, has been made for government intervention. This case is based on the view that market processes, in terms of the determination of prices, wages, location of industry and the like, do not seem able, if left to themselves, to bring about a socially and politically acceptable regional distribution of income and employment. It is in the light of these considerations that the question posed above is usually answered in the affirmative.

Objectives of Regional Policy

13. Most governments in market based economies have, therefore, found it necessary to try to influence the pattern of regional development. The reasons for this may not, of course, be entirely economic but may also be concerned with attempting to affect the location and density of population throughout the country for social and economic reasons, as well as preserving cultural and other values, such as a language, associated with particular groups of people in different localities.

14. The introduction of cultural, demographic and social factors into a regional policy makes the definition of consistent objectives very difficult. What weight is to be given to each of the objectives? Are there trade-offs between the various objectives and if so what criterion should be used to decide in favour of one objective rather than another? Consider the factors which have to be weighed in deciding on the industrial location policy which is appropriate to Ireland's present state of development. Two conflicting, or at least apparently conflicting, approaches have been strongly argued, i.e., centralisation versus dispersion. The centralisation argument generally rests on the belief that since resources are scarce the most efficient use can be made of them by promoting the growth of a small number of centres. Such a policy, it is argued, will make the greatest contribution to increasing

* For a discussion of this and other matters which are relevant to the development of an Irish regional policy, see, Patrick N. O'Farrell, "Regional Development in Ireland: The Economic Case for a Regional Policy", *Administration*, Vol. 18, No. 4 (Winter 1970).

incomes and employment and to decreasing unemployment and emigration and be in the best interests of the society. The dispersion argument, in its strong form, rests on the belief that participation by as many small centres as possible in national development is essential for the preservation of particular ways of life with their associated cultural and social values and that such a policy is also in the best interests of society. At first sight these alternative policies seem to be diametrically opposed to each other. However, this need not be true as it is clearly possible to envisage a society which will find it in its best interests to have a policy mix with some concentration and some dispersion. In the end this must be a political decision.

15. Conflicts may, of course, arise between competing economic, social and other objectives and trade-offs may have to be made between them. However, apart from the difficulty of weighing up social and economic factors and the trade-offs between them when deciding on policy, there is the further difficulty of knowing whether or not speaking in terms of trade-offs is also perhaps an oversimplification of the issue. A recent contribution to the debate on industrial location policy in which the case for concentration is re-appraised argues that:

to consider the policy options in terms of a simple Dispersion or Growth Centre alternative serves to needlessly polarise the debate; to force various public and private interest groups to take up unnecessarily defensive positions and, therefore, to overstate their reasons for advocating a particular strategy.*

16. If it is accepted that the Government should be actively involved in drawing up and implementing a regional policy, a number of questions have to be considered about the objectives, means and organisational arrangements for regional development. It may be useful to pursue some, by no means all, of these questions further.

17. Should regional policy objectives be formulated in a much more precise and concrete way than in the past? This would seem to be implicit in the 1972 Government statement on regional policy which,

* Patrick N. O'Farrell, "Regional Planning in Ireland—The Case for Concentration: A Re-appraisal", *Economic and Social Review*, Vol. 5, No. 4 (July 1974), p. 501.

amongst other things, indicated population guidelines, which should not be confused with projections or targets, for 1991, as a basis for physical planning and programmes for infrastructural development. The scale of population increase envisaged in those guidelines (if they are still valid) for the main urban areas is so large as clearly to require the most careful planning of public investment during the intervening years. This is now a matter of even greater urgency in the light of population and employment projections for the period up to 1986 which have recently been prepared for the Council by Professor Brendan Walsh.*

18. Should the objectives of regional policy as far as possible be quantified for each region or other appropriate area? If an income measure or measures are used as one or more of the objectives, which should they be, earned income per head or personal income per head or perhaps both or indeed some other income concept. Should they attempt to make allowance for the *social* benefits and costs—a concept that needs to be widely interpreted to include cultural and environmental factors—of regional development? This last question is prompted by the consideration that regional development, if it is to be compatible with the overall welfare of the local community and, indeed, of the whole society, necessarily involves matters that go far beyond what can be classified as exclusively economic. Clearly the foregoing questions are not easy to answer and an attempt to do so would be tantamount to having a set of development programmes for each of the regions or appropriately defined areas. Such programmes would need to be indicative and they would require regular up-dating as the knowledge does not exist which would enable the systematic and regular achievement of precise regional policy objectives. Furthermore, the objectives of regional policy generally need to be formulated with the approach of the European Economic Community to regional policy clearly in mind and with regard to the Government's view that the whole of Ireland should be treated by the Community as one region. The objectives also must be subject to the overall balance of payments and other constraints operating on the economy as a whole.

* The results of Professor Walsh's work will be published by the Council in the near future.

19. In formulating regional policy objectives, how can the inter-dependence between regions or sub-regions be properly taken into account, since the pursuit of particular objectives for one region may directly and indirectly make it more or less difficult to realise the objectives for other regions? This is especially true of those dominant regions, such as the Dublin region, with large urban populations; they may need special attention. Quite apart from the difficulties in assessing the dependencies both within and between regions, is there any acceptable means for determining regional policy objectives which, given the resources available to the society and other constraints operating, are in some sense in the best interests of the whole society? Should the general public, in addition to making their wishes known through their public representatives, be able to shape the regional policy objectives and if so, how? As regards the resources available and the constraints operating what in part is in mind is the existing location of human and physical capital in the society, including such things as infrastructure and the amount, if any, of its surplus capacity. The freedom of movement of labour, choice of occupation etc. is taken for granted, but various measures may be needed to encourage mobility.

Balanced Regional Development

20. It has been noted that the Council must have regard to "the balanced development of all regions in the country". This general statement reflects the view of the Government that the maintenance of regional balance in the development of the national economy is of crucial importance. A number of writers on Irish regional development have argued the same case, but unfortunately none of them has attempted to specify in any detail what is meant by balanced regional development. Does it mean that there should be equal rates of growth in each region in employment, income or investment? If so, then the existing absolute differentials between regions will widen in the future. Is this acceptable? Does the statement imply something about the way in which the development of the regions should be planned in the future? For example, in the development of each region should there ideally be some authority which would attempt to calculate the private and social costs and benefits of each project and decide on which projects are to be given priority? Should such an authority have regard

to the kind of industries which are needed in a region and to the linkages which should exist between projects? In other words, should an attempt be made to apply the ideas worked out in the theory of balanced growth to the development of each region? Or should the theory be applied in a national context, but having close regard to the inter-dependencies that exist between regions so that each region participates in the balanced development of the economy as a whole? It is clear that if the concept of regional balance is to have any practical application a precise meaning will have to be given to it. In the final analysis only the Government and the Oireachtas can determine what is to constitute balanced regional development.

Means of Achieving Regional Objectives

21. It appears from the information contained in Part II that the industrial grant incentives have been directed primarily towards the subsidisation of fixed capital investment and in this respect they are very similar to investment incentives and regional policy in the UK and in other countries. Indeed, in the face of international competition to attract investment it would be difficult, though not necessarily impossible, for a particular country, especially a small one, to do otherwise than offer similar incentives to those available elsewhere.

22. Nevertheless, the emphasis on subsidisation of fixed capital raises basic questions about how best to encourage regional development in Ireland and indeed generally. The policy by and large presupposes that industrial investment responds to what are essentially market based incentives. However, there is increasing evidence that decisions to invest are highly complex and motivated, perhaps mainly but by no means entirely, by such factors. If this is correct it suggests that a comprehensive approach, embracing the whole gamut of economic social, political, environmental and other factors, may be important to the encouragement of economic development. An environmental policy, for example, which contains regionally differentiated controls in relation to scenic amenities or the disposal of industrial waste could influence investment decisions in favour of particular regions.

23. Furthermore, whilst the emphasis placed on the subsidisation of fixed capital may contribute to a relatively rapid rate of growth of output it does not necessarily follow that there will be a similar expansion in employment, yet one of the aims of regional development is to increase employment. It is recognised, of course, that the emphasis in the grants legislation on capital subsidisation does not lead to a mechanistic application of the legislation as there is considerable flexibility in the administration of the grants which ensures that other factors such as employment prospects and plant location are taken into account in deciding on the level of the grant.

24. In view of these considerations what should be the means or instruments of regional policy? How far should reliance be placed on market based incentives in terms of capital and labour subsidies as means of achieving regional policy objectives? Are there alternative means which might be made available which would be cheaper or more effective from the point of view of the welfare of the community? Should a larger proportion of investment in infrastructure be devoted to the provision of facilities which can have an important influence on industrial location decisions? Successful examples of this aspect of regional development have been the provision of serviced sites, advance factory buildings and harbour development. Might other approaches, in addition to those currently being used, involve special attention being given to the location of service industries and particularly the public services, as well as gearing of education to the broad aims of regional policy? The choice of policy instruments (and especially those which work through market incentives) presupposes detailed knowledge of, amongst other things, the responsiveness of both capital and many different kinds of labour to such incentives. Is this knowledge available and if not how can it be obtained? Or, to put it differently, what is known about the demand for and supply of capital and the many different kinds of labour for the various regions and sub-regions of the economy and how are the markets likely to respond to different sorts of stimuli? In particular, how are the regional labour markets affected by national demand-management policies? This last point is of considerable importance for it seems that regional problems generally may be greatly affected by the overall pressure of demand in the economy, and by the

effects of the demand for agricultural products (particularly cattle) on regional economic activity.

Definition of the Regions

25. The implementation of regional development plans requires the division of the country into regions which are based on the economic cohesion of areas which make up the regions. The delineation of natural economic areas for regional planning purposes is a difficult task since the area with which one wishes to deal may vary according to the nature of the decision which has to be taken. An industrial location programme, for example, can be implemented at the regional level whereas the development of transport networks has to be tackled on a multi-regional basis. It must also be noted that regions, however defined, will change over time as growth and development proceed both in industrial regions and in the country as a whole. Since regional boundaries have to coincide with administrative boundaries it is inevitable that there will be difficult decisions involved in allocating certain areas to one region or another. In such cases special care is needed in defining the boundary to ensure that an area and its hinterland are not allocated to separate regions. There are great difficulties also in deciding on the appropriate number of regions which there should be in a country. There is no clear relationship, for example, between the geographical area of a country, the size of its population and the number of regions. In general the number of regions is a function of the differences between areas in certain economic, social and cultural indicators. Thus, in a country with a large population, but with very little variability in the selected indices there may be only a small number of regions whereas in a country with a small population, but with great variability in the selected indices the converse may be the case. A major consideration in a small country is the cost involved in having a large number of regions since the demands on the statistical, administrative and other agencies are greater than they would be if there were a smaller number of regions. Given such considerations it may be worth examining the question of whether there should be fewer regions for economic planning purposes than are now used for physical planning purposes.

Organisation and Administration for Regional Development

26. There are a large number of organisations involved in different

aspects of regional development. The arrangements which exist for co-ordinating the activities of these organisations could be improved. This raises the question of what form or forms the organisation and administration of regional policy should take, granted that the Government must accept the ultimate responsibility for the formulation and implementation of regional policy. Should the many organisations now involved in regional policy be reduced in number and their different activities co-ordinated under the auspices of one Department? Should such a Department be obliged to make regular assessments of the progress of regional policy in terms of the achievement or otherwise of the particular objectives set for the regions or sub-regions? How would the effectiveness of the Regional Development Organisations be changed if they were given statutory powers?

The Work Programme of the Committee

27. Some of the most important questions that need to be answered in relation to regional policy in Ireland have now been posed. It is not assumed in posing these questions that they are capable of definitive answers, but an attempt can certainly be made to answer some of them. To help in this task the Committee will request the Council to commission research into the following questions (not necessarily arranged in order of importance):

- (i) what alternative strategies for regional development can be put forward and what are the key criteria to be used in preferring one strategy to another?
- (ii) what has regional policy in Ireland already achieved in terms of creating new jobs and slowing down the rate of net outward migration and what has been the cost to the exchequer of this policy?
- (iii) how far has regional policy helped or hindered other national policies in the objective of achieving full employment and what has been its effect on the balance of payments?
- (iv) how does Ireland's regional policy compare with that of Northern Ireland, Britain and other EEC countries?

- (v) where should industrial development be encouraged and where should it be discouraged?
- (vi) how should national and regional planning be integrated?
- (vii) do frontier areas have special problems? If so, what can be learned about developing such areas from the experience of EEC countries?
- (viii) at what level were county incomes in 1973 and how have county incomes changed over time? How has investment, population and employment changed in the regions over time?
- (ix) do regional labour markets function effectively in Ireland?
- (x) what are the sources and uses of savings in the regions? To what extent do the regions in which the savings are made benefit from them?
- (xi) what are the likely benefits and costs of a policy of encouraging regional decentralisation of employment in the services sector?
- (xii) should various regional organisations and bodies responsible for regional development be integrated more effectively and if so, how?
- (xiii) are there attitudinal, demographic and environmental differences between metropolitan and provincial areas which retard development in the provinces? If there are such constraints what steps should be taken to remove them?
- (xiv) what has been the size and direction of internal migration in recent years? Do past or prospective migrants regard migration as undesirable?

(xv) what infrastructural and other investment needs are implied by the increasing urbanisation which is expected to take place over the next fifteen years or so, and where and on what scale should the investment be made?

28. This is a long, but by no means exhaustive, list. Some questions which the Committee knows are being worked on at the present time have not been mentioned, e.g. the national ports study which is now being carried out by An Foras Forbartha and the study on behalf of the IDA into Irish deep-water locations for industries using bulk carriers, as the Committee wishes to avoid duplicating regional studies which are being or will be done in the near future by other agencies with a responsibility for regional development. Some of the questions in which the Committee is interested are inter-related and the Committee would hope to ensure that in such cases any research which may be carried out on behalf of the Council would have regard to this fact.

PART 2

I. LEGISLATIVE BACKGROUND

29. The vulnerability of certain problem areas, both rural and urban, to the imperfections of the market system has persuaded many Governments to try and correct the undesirable regional effects of free market forces. In Ireland, as in other countries, this has mainly been done through legislation which attempts to offset some of the economic disadvantages of particular regions. It is primarily legislation of this kind which is discussed in this section. Other legislation, such as that dealing with exports tax relief, which has a general application, throughout the State is not reviewed in this report. It is of course recognised that incentives, such as exports tax relief, by raising the level of private foreign investment in the country as a whole, increase the availability of industrial projects in different regions.

30. One matter which it will be convenient to deal with before discussing the legislation is the establishment of the agency which has responsibility for encouraging the industrial development of each region—the Industrial Development Authority. It was established by the Government in 1949 and its existence was given statutory effect under the Industrial Development Authority Act, 1950. There were a number of factors in relation to Ireland's post-war economic circumstances which influenced the Government in setting it up. It was argued that the proportion of Ireland's labour force engaged in industry, was among the lowest in Europe and that there was a lack of investment in the domestic economy. The many opportunities which were thought to exist for import substitution were pointed out. It was believed that the problems arising from a small industrial base could be solved, by setting up a state agency to promote industrial development.

31. One of the major statutory functions which the IDA was given, under the 1950 Act, was the promotion and development of Irish industry. The Authority was not required, under this Act, to favour the development of industry in one part of the country rather than another, but it was hoped that the Authority would have regard to the need to promote industrial development outside the main centres of population.

32. In the years following the establishment of the IDA, a large number of Acts of the Oireachtas bearing on various aspects of regional development were passed. The majority of these Acts were concerned with the level and type of grant which could be given for industrial development in the Undeveloped Areas* and in other parts of the country. As the grants legislation for the Undeveloped and other areas has many similarities, it will be convenient to deal consecutively with the grants legislation for these two parts of the country. In what follows, therefore, the order of discussion will be: first, the Undeveloped Areas Act, 1952, the Industrial Grants Act, 1956, the Industrial Grants Act, 1959, the Undeveloped Areas and the Industrial Grants (Amendments) Acts, 1963 and the Industrial Development Act, 1969; second, the grants legislation dealing with the special areas of Shannon (i.e. the Shannon Free Airport Development Company Act, 1959) and the Gaeltacht (i.e. the Gaeltacht Industries (Amendment) Act, 1965); third, the present level of grants and the amount of money which has been spent on the various types of grant over the period 1952/73; fourth, the legal framework within which physical planning takes place, the Local Government (Planning and Development) Act, 1963, and the development role of the local authorities; fifth, other regional development aids, such as departmental grants to local authorities and expenditure on tourism.

33. It should be noted that the comments which are made below, about the objectives of various Acts of the Oireachtas and reactions to proposed legislation, are based on statements made in the course of the Dáil Debates on the legislation with which this section is concerned.

* The areas included in the Undeveloped Areas, Congested Districts and Designated Areas are specified in Appendix II.

34. The programme of state incentives for industry, in the form of non-repayable cash grants, which has been the main instrument of regional industrial development policy over the last twenty years or so, began with the passage of the Undeveloped Areas Act, 1952. The Act was designed specifically to aid development in the poorer areas of the country, mainly the counties west of the Shannon, Donegal, Kerry and West Cork which were grouped together and referred to as the Undeveloped Areas. These areas had the heaviest emigration in the country and had experienced little industrial development under the industrial drive begun in 1932.

35. Since private enterprise was unwilling to locate industry in the West because of the economic disadvantages of the area and as there was a strong tendency for industry to concentrate in the eastern part of the country, the major objective of the Act was to give industrial firms establishing in the Undeveloped Areas such advantages that they would be able to meet competition, on more or less equal terms, from other firms in the same business located in the East. The Act, therefore, specified that a grant would only be given where a competitive disadvantage attached to the location of an industry in the Undeveloped Areas. The main financial provisions of this and subsequent Acts dealing with regional industrial development are set out in Appendix 1, Table A1.

36. The Act established a Grants Board (An Foras Tionscal) which was empowered to give grants for the purpose of encouraging industrial development in the Undeveloped Areas. The most important grants which could be given (referred to as standard grants in Appendix Table A1) were up to 50% of the cost of machinery and equipment and up to 100% of the cost of land and buildings. Provision was also made in the Act for An Foras Tionscal to give grants for labour training, for the construction and repair of certain infrastructural facilities, such as roads and bridges, for rates remission on industrial premises and for the supply of electricity to industrial undertakings.

37. The standard and other grants took the form of non-repayable cash grants, as has been noted. It was explained during the course of the debate on the Bill that the idea of a continuous subsidy, e.g. for transport costs, was considered as one way to equalise the competitive position

of the West and the East but it was rejected because it was felt it might lead to inefficiency and that it might also have a demoralising effect on the recipient firms. Outright cash grants were preferred to subsidies because the maximum amount of help to be given to the firm was clearly stated, irrevocable and not repeatable.

38. The tenure of the Act was limited to seven years for two reasons:
- (i) in order to allow sufficient time for the successful establishment of industry in the West to become known and to lead other firms to locate in the Undeveloped Areas;
 - (ii) to demonstrate that the Government wanted a speedy solution to the sectoral imbalance which existed in the Undeveloped Areas.

Before the end of its tenure, the life of the Act was extended and it continued in existence until it was repealed by the Industrial Development Act, 1969.

39. The next major piece of legislation which is relevant to regional policy is the Industrial Grants Act, 1956. This Act applied to all areas other than those covered by the 1952 Act. It empowered the IDA to give grants of up to two-thirds of the cost of buildings where the grant was less than £50,000. The Bill was introduced because of the urgent need for increased industrial employment in all parts of the country; the need to increase industrial exports; and the need to reduce dependence on manufactured imports.

40. When the Bill was being debated in the Dáil many deputies, mainly from western areas, were concerned about its possible effect on industrial development in the West. It was felt that the Bill would undoubtedly weaken the inducement for such development. It was pointed out, however, that under the 1952 Act the western areas still had greater financial inducements to offer than other parts of the country. It was argued, in support of the Bill, that there were other areas, besides the West, which had to be considered. These other areas felt entitled to assistance, for the provision of new industries, as their own economic circumstances were little different from those in the western areas.

41. Within three years the Industrial Grants Act, 1956, was repealed and superseded by the Industrial Grants Act, 1959, because:

- (i) the 1956 Act did not give grants for new projects by existing firms. Consequently, industrial development was being hindered as experience had suggested that industrial progress was more likely to come through the growth of existing concerns than through the establishment of new concerns;
- (ii) there was a need for much more rapid industrialisation than had been achieved so far;
- (iii) there was a need to attract export industries from abroad and Ireland was now facing strong competition for such industries from many European countries.

42. The 1959 Act transferred the grant giving powers which the IDA had been given in 1956 to An Foras Tionscal because the previous arrangement, whereby the IDA sought industry and then decided on its grant application, had not been completely satisfactory from the IDA's point of view.

43. Under the terms of the Industrial Grants Act, 1959, An Foras Tionscal was empowered to give grants in areas other than those covered by the Undeveloped Areas Act, 1952, of up to two-thirds of the cost of land and buildings and up to one-third of the cost of machinery and equipment where the grant would be less than £250,000. Provision was also made for giving a grant towards the cost of providing electricity to industrial undertakings.

44. By extending the scope of the grants which could be given to include land, machinery and equipment, the 1959 Act further narrowed the grant differential between the western and other parts of the country. It was acknowledged, during the Dáil Debates, that this would be one of the effects of the 1959 Act. The justification for doing this, it was argued, was that the situation which existed in 1952, when grant-aid was given only in the western areas, no longer obtained. Ireland was now facing strong competition from other European countries in its

efforts to attract new industries from abroad. The success of these efforts, it was argued, depended on the Irish inducements to foreign enterprises being at least as good as those being offered in competing European countries. If this meant that such enterprises would come to Ireland only if they could get suitable grants for locations outside the Undeveloped Areas, then such grants would have to be given. Thus, the Bill was designed to give effect to the view which was strongly argued in *Economic Development* that:

in our present circumstances, with virtually the whole country undeveloped, it seems wasteful to subsidise remote areas specially by providing more extensive grants. Special subsidisation of this kind entails additional burdens on the community as a whole and retards progress in the most suitable areas where concentrated effort could give better results.*

45. Significant changes were made to the terms of the principal Acts concerned with grants in both parts of the country when the Undeveloped Areas (Amendment) Act, 1963 and the Industrial Grants (Amendment) Act, 1963 were passed. These amending acts were brought in because:

- (i) the existing legislation was due to expire on 31 December 1963 and it had been decided to continue the legislation's life beyond that date;
- (ii) certain problems had been encountered in connection with grants for large capital-intensive projects;
- (iii) there was a need to provide grants to help industry to adapt to free trade conditions.

46. Furthermore, there had been strong recommendations from various quarters, e.g., the Committee on Industrial Organisation (CIO), for the removal of the distinction, in the maxima for grants, between the Undeveloped Areas and the rest of the country.†

* *Economic Development*, pr. 4803 (Dublin: Stationery Office, 1958), p. 160.

† Committee on Industrial Organisation, *Fourth Interim Report: Industrial Grants*, Pr. 6924 (Dublin: Stationery Office, 1963).

47. The Government responded to these recommendations by abolishing the distinction between the two parts of the country for grants in excess of £250,000. It retained the distinction in normal cases where the grant would be less than £250,000. In exceptional cases it allowed the same grant to be given in other areas as would be given in the Undeveloped Areas where the grant would be less than £250,000. The amending Acts also abolished the distinction in the grants given for land, buildings and machinery and equipment. This distinction had always been made in the earlier legislation. Under the amending Acts the standard grants would now be based on the sum of the costs incurred in providing land, buildings, and machinery and equipment. The Industrial Grants (Amendment) Act also provided that grants for training workers and for the construction and repair of roads, bridges, etc., could be given outside the Undeveloped Areas. However, expenditure for these purposes in the Undeveloped Areas had been quite small and there was no reason to suppose that the position in this regard would undergo any radical change in the future. Finally, adaptation grants to help existing industry prepare for free trade conditions could be made in all parts of the country at a rate up to 25% of adaptation costs for the period 14/12/61 to 31/3/65.

48. The legislation dealing with financial incentives for industry in the undeveloped and other areas was brought up to date by the Industrial Development Act, 1969. The objective of the Act, was to up-date, integrate and to clarify the incentives available for manufacturing projects over the whole country. The recommendations of the National Industrial Economic Council (NIEC), on industrial adaptation and development and of Arthur D. Little Inc., were taken into account when the Bill was being drafted.* The major organisational change made under the Act was that An Foras Tionscal was merged with the IDA. Hence, the grant giving and promotional aspects of industrial develop-

* National Industrial Economic Council, *Report on Industrial Adaptation and Development*, Pri. 1116 (Dublin: Stationery Office, 1968).

Arthur D. Little Inc., *Review of Incentives for Industry in Ireland* (Dublin: Industrial Development Authority, 1967).

Arthur D. Little Inc., *Review of the Structure of the Industrial Development Authority* (Dublin: Industrial Development Authority, 1967).

ment for the whole country (with the exception of Shannon and the Gaeltacht) were located in one organisation.

49. Under the terms of the Act the standard grants were set at up to 40% of the cost of land, buildings, and machinery and equipment in the Designated Areas and up to 25% elsewhere (with the exception of Shannon and the Gaeltacht).^{*} In exceptional cases a further grant of up to 20% could be given in all areas. Provision was also made for re-equipment grants of up to 35% in the Designated Areas and 25% elsewhere; for research costs of up to 50% or £15,000 whichever would be less; and for interest payments on loans and for factory rents.

50. The legal maxima of the grants which could be given under the 1969 Act in both parts of the country were lower than those which could be given under the 1963 Acts. However, in the administration of the grants, under the pre-1969 legislation, the legal maxima were seldom, if ever, given. The rates written into the 1969 Act were higher than the average grants which had previously been given either in the designated or other areas. In addition, the Act provided a wider range of incentives, including grants towards leased assets, subsidisation of interest rates and the guaranteeing of loans and grants towards research and development. Re-equipment grants of up to 35% could be given in Designated Areas whereas the adaptation grants, for which they substituted, covered only 25% of adaptation costs in those areas. It was argued, therefore, that from the point of view of the actual level of grants and the range of incentives in the package which could be offered, the 1969 legislation represented a considerable improvement on previous enactments.

51. The two-tiered grant structure which was embodied in the Act was a response to a number of recommendations, e.g., by the NIEC, that the grant payable should be a fixed percentage of fixed asset costs. It was felt that to accept this recommendation would be undesirable, as it would mean that the maximum level of grant would have to be given in every case. The two-tier system was introduced, therefore, to give what could be regarded as a fixed level of grant in the normal case, with the possibility of a higher level of grant in exceptional cases where this might be necessary in order to attract particularly desirable projects.

^{*} The Designated Areas are defined in Appendix II.

52. It will be evident from the above account of the legislative background to regional industrial development in Ireland that two agencies, An Foras Tionscal and the IDA, were responsible for administering the grants legislation over the whole period throughout most of the country. However, since the end of the 1950's two other agencies, Gaeltarra Éireann and the Shannon Free Airport Development Company, have had grant giving powers for industrial development in the Gaeltacht and Shannon Free Airport areas respectively. These agencies were set up with separate responsibilities from An Foras Tionscal and the IDA as the areas with which they were concerned had problems of a very specialised nature—problems, it was argued, with which neither An Foras Tionscal nor the IDA was adequately equipped to deal.

53. Gaeltarra Éireann was established under the terms of the Gaeltacht Industries Act, 1957. The Act transferred the functions of the Rural Industries Division of the Department of the Gaeltacht to Gaeltarra Éireann. It did not have any grant giving powers at this time but in 1965 the principal Act was amended in order to extend its role into the field of industrial development in the Gaeltacht areas, on similar lines to the IDA. Under the 1965 Act, it was able to give grants on such terms as the Board thought fit to a body corporate in which it held shares and to give grants of up to £2,000 for minor productive projects in the Gaeltacht, provided that enterprises receiving grants from Gaeltarra Éireann had not already received a grant from An Foras Tionscal.

54. The Shannon Free Airport Development Company Act, 1959 gave statutory effect to the Government's decision to set up the Shannon Free Airport Development Authority to encourage industrial and other economic development in the airport zone. The Company could give standard grants of up to half of the cost of machinery and equipment under the 1969 Act; grants for labour training could also be given. In addition to these grants more favourable export profits tax relief than in the rest of the country has been available since 1958 to companies carrying on trading operations within the customs free airport zone at Shannon.

Present Levels of Grants

55. The grant giving provisions of the principal Acts dealing with financial incentives for industry in various parts of the country have been

altered by amending Acts down through the years. The present position is that, with the exception of the Gaeltacht areas and the Shannon industrial estate, the IDA administers the grant schemes for the whole country.

56. Following the extension of the export profits tax relief concession in 1969 the level of administrative maximum industrial grants i.e., determined by the IDA itself, was reduced by 5% and a further reduction of 5% was made in June, 1970. The present position, therefore, is that where the investment does not exceed £1 million, or the investment per job is not over £10,000 the following standard grants may be given:

- (i) In Designated Areas, up to 50% of eligible costs or £5,000 per job, whichever is less;
- (ii) in non-Designated Areas, except Dublin County, up to 35% of eligible costs or £4,000 per job, whichever is less;
- (iii) in Dublin county, up to 25% of eligible costs or £3,000 per job, whichever is less.

The location of new industrial projects in Dublin County is encouraged by grant only in cases where alternative locations are not feasible. For larger industrial projects grants are based on the numbers of workers employed, location, and type of project. The levels of grant in each case are determined in negotiation with the IDA. Capital grants are also available for small manufacturing firms up to a maximum of 60% of fixed asset costs in Designated Areas and 45% in non-Designated Areas. * Grants are also available for re-equipment, research and development, rent, interest and labour training costs.†

57. For enterprises establishing in the Gaeltacht, Gaeltarra Éireann can provide outright cash grants of up to 60% of the cost of factory premises, and an additional 60% of the cost of machinery and equipment.

* Small firms are defined as those with up to 50 workers and fixed assets of £100,000 in the Designated Areas and up to 30 workers and £60,000 in fixed assets in non-Designated Areas.

† Industrial Development Authority, *Annual Report 1972/73* (Dublin: IDA, 1973).

If the amount of the grant is over £40,000 Gaeltarra must take an equity share in the company. Labour training grants are also available.*

58. SFADCO is prepared to assist the establishment of approved new manufacturing projects, in the Shannon Industrial Estate, through the payment of cash grants of up to 35% of the cost of new production equipment. The amount of grant paid is subject to negotiation in each case. Labour training grants are also available.†

Expenditure on Grants, 1952/1973

59. The total IDA expenditure on grants between 1952 and March 1973 is set out under five major headings in Appendix 1, Table A2. Relatively minor amounts spent on rent and interest subsidies, leasing of equipment and equity participation have not been included in the table. The table shows that approximately two-thirds of total grant payments have been made for the establishments of new industries and that about 64% of the total grant payments to new industries has been given for projects locating in the non-Designated Areas. The average estimated grant per job at full production in new industry is about the same in both areas; £809 in the Designated Areas and £860 in the non-Designated Areas.‡ These figures are likely to be substantially exceeded in practice, as has been noted elsewhere, mainly because of shortfalls in firms' employment predictions.§ In the case of the estimated employment figures, given in the table, it is not possible at this stage to say what the shortfall is likely to be.

60. However, there is one piece of information which is of interest in this regard. An attempt was made in the *Survey of Grant-aided Industry*

* Gaeltarra Éireann, *Special Incentives for Industrial Development in the Gaeltacht Regions* (Galway: Gaeltarra Éireann, undated).

† SFADCO, *Shannon as a European Project Location* (Shannon: SFADCO, undated).

‡ These are average figures for the period 1952/1973. If the grant payments for each year were deflated by a suitable index the relationship between the figures might be changed due to differences in the flow of projects over time to the Designated and non-Designated Areas. It is understood that the IDA is having research carried out in connection with index number series which can be used to deflate its grant payments.

§ *Survey of Grant-aided Industry*, Prl. 117 (Dublin: Stationery Office, 1967), p. 48.

to relate the performance achieved in 1966 by the industries surveyed to the predictions made by them. A somewhat disappointing picture, from the social viewpoint, was disclosed by the employment statistics as "total employment in 1966 was 66% of the predicted level at full production."^{**}

The Survey noted in connection with the calculation that:

In the case of projects being established in phased stages extending over a number of years, stages due to commence after 1966 are not taken into account; the predictions of recently established projects are also adjusted downwards to allow for reasonable comparisons.[†]

61. At the end of 1972 state investment in Shannon amounted to £32 million (airport facilities, £10 million, industrial estate, £13 million, and town development, £9 million). There were 7,600 persons employed at Shannon at the end of March, 1973 (terminal building, 2,000, industrial estate, 4,500, and construction and other workers, 1,100).[‡]

62. At the end of 1973 Gaeltarra Éireann had given grant approval for 41 major and 200 minor projects. Grant payments totalled £2.3 million and investment in share capital amounted to £1.2 million. As a result of the grant payments and financial interest taken by Gaeltarra Éireann in development projects, full time employment had been created for 2,400 persons.[§]

Physical Planning and the Local Authorities' Role

63. Grant incentive schemes are only one aspect of a regional development programme, since industrial development on any significant scale is unlikely to take place in areas which are not provided with the necessary infrastructural facilities of electricity, telephones, water, houses, roads, etc. In the early stages of Ireland's post-war industrialisation the infrastructural facilities which were available were not being used

* *ibid.*, p. 51.

† *ibid.*, p. 50.

‡ Shannon Free Airport Development Company Ltd., *Annual Report 1972/73* (Shannon: SFADCO, 1973).

§ Information provided by Gaeltarra Éireann.

to full capacity and the expenditure needed on infrastructural development was relatively small. However, as industrial development proceeded it became clear that the capacity limits of many of the infrastructural services had been reached or would soon be reached and that long term industrial development would have to take place within the framework of long term plans for the physical development of the country.

64. Such a framework was provided with the passing of the Local Government (Planning and Development) Act, 1963. The objectives of the Act included the following:

- (i) to set up a new and more flexible planning system to be operated by local authorities throughout the country;
- (ii) to enable local authorities to facilitate industrial and commercial development and to secure the re-development of those parts of built-up areas which have become outmoded, uneconomic or congested;
- (iii) to secure that the amenities of town and countryside are preserved and improved.*

The Act obliged each of the 87 local planning authorities in the country to prepare development plans for the 173 separate districts under their jurisdiction, within three years of a specified date. With one or two exceptions all of the local authorities had prepared and submitted plans to the Minister for Local Government within the specified time period. While the Minister's approval of the plans was not required he had power "to prepare model plans and to secure that plans are amended or that they are co-ordinated in the interests of regional planning".[†]

The plans, which are in the form of a written statement supplemented by maps, show:

- (i) the different zones, residential, industrial and so on, into which the land available for use might best be allocated;

* Department of Local Government, *Local Government (Planning and Development Act), 1963, Explanatory Memorandum* (Dublin: Stationery Office, 1966), p. 1.
† *ibid.*, p. 3.

- (ii) the proposals for dealing with traffic needs, both present and future, including the needs of the pedestrian;
- (iii) the proposed redevelopment of areas which have become obsolete by reason of economic or social changes (for instance, congested central areas of cities and towns);
- (iv) the amenities such as parks, and buildings or features of historic or artistic interest which should be preserved or developed, and the planning authority's proposals for controlling advertisements.*

Under the terms of the Act, each planning authority is obliged to review its development plan at least once in every five years.

65. It is clear from the foregoing that the 1963 Act gave statutory recognition to the development role which local authorities had fulfilled for a long number of years. The Government placed great emphasis on this role in its statement on regional policy in 1969 and in its White Paper on *Local Government Reorganisation* in 1971.† It is stated in the White Paper, for example, that "local authorities, . . . must now regard themselves and be regarded as development corporations for their areas".‡ The role which the Government wishes to see the local authorities playing in the development of their areas has been spelled out as follows in the Government's 1969 statement.§

It is envisaged that planning authorities will, in future, be more active in using their powers to assist and encourage suitable enterprises in their areas; maintaining liaison with regard to housing, services and other infrastructure; providing a service of information for industrialists and others in regard to local services and conditions; providing in their development plans, serviced sites for industry, housing, commercial and community development; supporting the industrial development programme; assisting local development groups; and giving greater attention to the appearance and attractiveness for investors and tourists of towns and countryside for which they have planning responsibility.

* *ibid.*, p. 3.

† *Local Government Reorganisation*, Prl. 1572 (Dublin: Stationery Office, 1971).

‡ *ibid.*, p. 14.

§ Reproduced in Appendix IV.

Other Regional Development Aids

66. In addition to enacting legislation to promote regional development successive Governments have taken numerous decisions and initiatives which were intended to contribute to the development of underdeveloped areas and which did not require legislation before action could be taken. The number of grants, besides industrial grants, which are, or have been, available to persons or bodies throughout the country in the last decade is quite large. Consequently no attempt will be made here to give a complete listing of the grants which are presently available*. However, some examples will serve to illustrate the diversity of the grants which are available:

- (i) The Department of Local Government administers a scheme of grants to County Councils to carry out certain improvement works which jointly serve groups of two or more farmers. These include the re-conditioning and construction of accommodation (i.e. non-county) roads serving farm houses or land and also bog roads, the construction of small bridges, and the cleaning of small water courses serving lands or bog.†

It is understood from the Department of Local Government that about 75% of its expenditure on this scheme is made in Western Counties.

- (ii) The County Committees of Agriculture receive a grant from the Department of Agriculture which is, in the majority of cases equal to the contribution which the Committees receive from, the County Councils. However,

since October, 1963 . . . in the case of certain areas in the West and North . . ., the Department has been contributing to

* The Lichfield Report tried to give a complete listing of the grants available to persons or bodies in the Limerick Region. However, it was noted with regard to these grants that "their very number surprised us and we are not sure if we included all". Nathaniel Lichfield and Associates, *Report and Advisory Outline Plan for the Limerick Region*, Vol. II (Dublin: Stationery Office, 1967), p. 87.

† *Guide to the Social Services*, 1974 (Dublin: Stationery Office, 1974), p. 89.

the relevant Committees of Agriculture at the rate of £3 grants to £1 Council contribution in so far as the salary of the advisory officers is concerned.*

(iii) The Department of Local Government administers the Agricultural Grant to county councils for the relief of rates on agricultural land. The rates relief which is given varies according to the size of the valuation of the land holding. Since 1967/68 holdings with rateable valuations of £20 or less have been effectively derated. In 1972/73 the amount made available by way of agricultural grant was approximately £28 million.† Since poorer counties normally have a greater proportion of holdings with low valuations than rich counties, the grant is, in general, of particular help to poorer counties.

67. While the grants enumerated above undoubtedly have a bias in favour of underdeveloped areas it should be noted that they do not form part of a coherent policy to influence regional development. It has been noted, for example, in connection with the Agricultural Grant mentioned above that:

there is no general policy to weight the distribution of grants in favour of poorer areas in such a way as to try and eliminate the disparities in wealth that exist between richer and poorer counties. Any such weighting that occurs is a result of *ad hoc* decisions rather than the result of a positive policy to equalise resources.‡

The conclusion of an earlier study of the redistributive effect of all Central Government grants is also relevant:

the main point on grants is this. Though, as measured in a number of ways, the poorer counties seem to receive greater support from the State than the better-off ones, the fact remains that their level of expenditure is less than the better-off counties. The higher support from the State is not sufficient to enable them, without

* *Annual Report of the Minister for Agriculture and Fisheries, 1972/73*, Pri. 2626 (Dublin: Stationery Office, 1973), p. 19.

† *ibid.*, p. 21.

‡ Donal de Buitléir, *Problems of Irish Local Finance* (Dublin: Institute of Public Administration, 1974), p. 32.

increasing their rate burdens, to obtain the same level of services. It might be argued that the figures reveal that there is an element of redistribution in the State grant system. This would be admitted. But it could not be argued that the flow of State grants goes any *substantial* way to offset the disparities in income/wealth indicated earlier in the paper.*

Tourism

68. The important contribution which tourism could make to the national economy and the need to encourage its development were officially recognised when the Irish Tourist Board—Bord Cuartaloichta na hÉireann—was established under the Tourist Traffic Act, 1939. The Board was given power, under the Act, to offer financial assistance for the provision, extension or improvement of tourist accommodation; to build and operate hotels, guest houses, holiday camps and hostels; to engage in publicity in connection with the development of tourism. An annual grant of up to £45,000 could be made to the Board to enable it to discharge its duties. Repayable advances which were not to exceed £600,000 in the aggregate, could also be made to the Board under the Act. These advances could be used by the Board solely for works, investments, or loans of a profit earning character. In 1952 the original Board was replaced by An Bord Fáilte and Fógra Fáilte under the Tourist Traffic Act of that year. An Bord Fáilte was assigned the task of developing tourist facilities throughout the country while Fógra Fáilte was concerned with publicity and the provision of information in relation to tourism at home and abroad. In 1955 Bord Fáilte Éireann, as it now exists, came into being when Fógra Fáilte was dissolved and its functions were taken over by Bord Fáilte Éireann under the Tourist Traffic Act, 1955†.

69. Revenue from tourism has been a larger proportion of the Gross National Product in Ireland than in most other Western European countries. For example, in 1953 tourist revenue in Ireland was 5.1% of GNP whereas in Italy it was 0.9% and in 1967 the figures were 5.9%

* David Walker, *Local Government Finance and County Incomes*, (Dublin: Economic Research Institute, Paper No. 18, 1964), p. 11.

† For a fuller account of the evolution of Bord Fáilte, see T. J. O'Driscoll's "Introduction" to the tourism issue of *Administration*, Vol. 9, No. 3 (Autumn 1961)

and 2.2% respectively* Tourism revenue (including carrier receipts) in Ireland in 1972 amounted to over £91 million. The important contribution which revenue from this source has made to our invisible exports (accounting as it did for over a third of our invisible exports during the post-war period) has been commented upon elsewhere as has the development of national policy in relation to tourism.†

70. It is clear from the size of the revenue from tourism that the contribution of tourism to the income of the regions is important. While Bord Fáilte have carried out detailed annual surveys since 1963 into the use of registered accommodation in hotels and guesthouses by region and into the relative importance of tourists from abroad and residents of the Republic in the context of available accommodation, comprehensive information on the distribution of tourism revenue by region is not yet available. Information on the contribution of tourism to personal expenditure is available for one region—the Midlands Tourism Region—for 1971, from an appendix to the Midlands Regional Tourism Organisation's *Guidelines for Tourism Planning and Development*.‡ The main findings of this report were that in 1971 tourism revenue accounted for 5.7% of total personal income in the region; the average expenditure per tourist was £19.48 per head; at the *per capita* daily expenditure rate tourists spent at 3.8 times the residents daily rate; the number of persons directly employed within the tourist industry was estimated at 1,881, of which 1,066 were fully employed; the number directly employed in tourism accounted for 3.1% of those at work in the non-agricultural sector of the regional economy; between 6,735 and 7,110 jobs were estimated to depend either directly or indirectly on the tourist industry; between 1960 and 1970 expenditure by Bord Fáilte in the region amounted to £1.16 million while the Local Authorities, in the same period, spent £0.57 million on development which was wholly or in the

* The figures are taken from Brendan R. Dowling, *Post-War Tourism in Ireland and Western Europe* (unpublished M.A. Thesis, University College, Dublin, 1970), Table 1.7.

† Kieran A. Kennedy and Brendan R. Dowling, *Post-War Economic Growth in Ireland: The Role of Exports and Home Demand*, (forthcoming book to be published by Gill and Macmillan), Chapter 6.

‡ Midlands Regional Tourism Organisation Ltd., *Guidelines for Tourism Planning and Development: Appendix VII, Economic and Statistical Report* (Mullingar, 1973).

main part influenced by the demands of the tourism industry; between 1968 and 1971 the Forestry Section of the Department of Lands have spent approximately £100,000 on amenity development in forests in the region.*

71. From an examination of the multiplier effects of tourism expenditure in the region it was deduced that:

- (i) Tourist expenditure in the region has a relatively high multiplier effect for the whole economy.
- (ii) However, the multiplier effect on regional income is likely to be lower than for the economy as a whole.
- (iii) The region is unlikely to get much benefit from tourist spending that occurs elsewhere.†

72. It is understood from Bord Fáilte that work is currently being done on the distribution of tourism revenue among the remaining tourism regions.

* *Ibid.*, pp. 12-22.

† *Ibid.*, p. 14.

II GOVERNMENT SPONSORED REPORTS, INDUSTRIAL LOCATION POLICY AND GOVERNMENT STATEMENTS ON REGIONAL DEVELOPMENT

Government Sponsored Reports

73. As noted in the last section, the Government provided a legal framework in 1963 within which physical planning, which is so necessary for regional development, could take place. In the same year the Government gave a regional dimension to physical planning when it defined nine regions for physical planning purposes (the present physical planning regions and the areas within each region are set out in Appendix III).

74. Having established the physical planning regions a number of studies dealing with the planning and future development of the regions were commissioned by the Minister for Local Government and the Government itself. The Minister for Local Government commissioned two consultants in 1964 to prepare reports on the Dublin and Limerick Regions and in 1966 the Government requested the United Nations to commission a consultant to carry out a study of the remaining seven regions which would have regard to the other two regions in its analysis and recommendations. These reports are commonly referred to as the Wright Report, the Lichfield Report and the Buchanan Report after the names of the consultants who prepared them.*

75. The terms of reference of the Wright and Lichfield studies were broadly similar and the primary focus was on the physical development

* Myles Wright, *Advisory Regional Plan and Final Report for the Dublin Region* (Dublin: Stationery Office, 1967).

Nathaniel Lichfield and Associates, *Report and Advisory Outline Plan for Limerick Region* (Dublin: Stationery Office, 1966).

Colin Buchanan and Partners, in association with Economic Consultants Ltd., *Regional Studies in Ireland* (Dublin: An Foras Forbartha, 1968).

of the regions. Thus, Wright was asked to prepare a report on the planning and future development of the Dublin Region together with an advisory outline plan for the region which would advise the Minister for Local Government in relation to his duties under specified sections of the Local Government (Planning and Development) Act, 1963 and in particular on his co-ordination functions in connection with the development plans made by local authorities under that Act. The consultant was asked to have regard to the following: the position of Dublin as the capital city; the regional and national economy; the Government's aim to expand the economy as a whole and to check emigration; the necessity for economy and efficiency in physical developments in the region and the need to supply estimates of costs and to carry out cost-benefit analyses, where appropriate. Particular attention was to be paid to the provisions of the 1963 Planning Act and the consultant was also asked to discuss the following subjects in his report:

- (i) the size and form of the urban settlements within the region;
- (ii) the major land uses;
- (iii) green belt policy including policy in relation to major open spaces, coastal and mountain amenities and leisure facilities;
- (iv) roads and communications;
- (v) public services and utilities (including water supply and drainage);
- (vi) any other relevant matter which the Minister asked to be included.

The consultant was given discretion to indicate the extent of the region covered for the purposes of specific aspects of his report. Otherwise the region he was asked to report on "was to embrace the area within a radius of 30 miles from the City Centre".*

76. In fulfilling his terms of reference Wright had to estimate the probable scale of future developments of all kinds, their timing and

* Myles Wright, *Advisory Regional Plan and Final Report for the Dublin Region* (Dublin: Stationery Office, 1967), p. iv.

desirable location in the Dublin Region. This he did by examining the determinants of regional growth in building and other urban developments under the headings of employment, population, housing, road traffic and the availability of land. He set his physical development proposals in a 20 year period, i.e., up to 1985, and forecast developments under each of the above headings over that period. On the basis of the results obtained he put forward development proposals for the city and the region over the period to 1985.

77. In addition to being asked to consider the same matters for the Limerick Region as Wright was asked to consider for the Dublin Region, Lichfield's terms of reference required him to have regard to the international airport, industrial estate and community development at Shannon.

78. There were two limitations which affected the preparation of the Lichfield Report to which particular attention is drawn in the Report:

(i) the absence of any breakdown by regions of the data or targets in the *Second Programme for Economic Expansion*.^{*} Hence "the preparation of the Regional Plan had to proceed without knowledge as to what proportion of the national growth in the overall economy and in the various sectors and subsectors was expected to take place in the Limerick Region".[†]

(ii) the Second Programme extended only to 1970 while the Regional Plan was required to deal with the period up to 1985. Hence the Regional Plan was prepared without the guidance of a national programme for the period up to 1985.

79. Having considered a number of alternative strategies for the development of the Region, the crossing of the Rivers Shannon and Fergus and the growth of the town at Shannon, an Advisory Outline Plan for the Region was put forward. The plan was presented in two parts, one relating to tourism and the other to such matters as population,

^{*} *Second Programme for Economic Expansion*, Pt. 7670 (Dublin: Stationery Office, 1964).

[†] *op. cit.*, p. 10.

employment, industrial estates, housing, communications, settlement patterns and cultural and social amenities. The economic feasibility of the plan in relation to the supply of labour and capital investment was examined, and it was concluded that the resources required would be available although there would be a major problem for the local authorities in the region in raising the necessary finance.

80. Lichfield was acutely aware of the need to develop administrative machinery at the regional level which would ensure that regional plans are implemented. He, therefore, put forward a number of suggestions in relation to organisation for regional development. Since a Government decision on the most appropriate organisational arrangements for regional development was expected to take considerable time, Lichfield made three other suggestions for special purpose organisations for the Limerick Region. These were that an informal committee of the Managers and Engineers of the City of Limerick and the three counties in the region plus the Chairman and General Manager of SFADCO, which Lichfield had taken the initiative in setting up, should continue as a steering committee of Local Government officials to bridge the gap until the establishment of more formal regional organisational arrangements; that there should be one port authority for the Shannon estuary and that the Shannon Free Airport Development Company should be given responsibility for promoting industrial development in the region. The results of these recommendations were that the informal committee evolved to become the Mid-Western Regional Development Organisation, SFADCO was given responsibility for promoting industrialisation in the region and the Shannon's three harbour authorities have produced joint proposals for a single port authority. It has recently been reported that a single port authority is to be set up for the Shannon.*

81. Buchanan's terms of reference were a good deal broader than Wright's or Lichfield's. He was asked:

to undertake regional studies for seven of the nine planning regions of Ireland so as to provide a basis for recommendations to the Government concerning physical development policies for these regions.

* Michael Viney, "Shannon Potentially a Great Port", *Irish Times*, 25 July 1974.

In addition, the U.N. set forth his responsibilities as follows:

- (a) The Consultant shall indicate economic growth potential, identify possible development centres, establish the level of change needed in infrastructure to facilitate growth and make proposals for policy decisions to be taken by the Government, including measures to implement such proposals.
- (b) The Consultant shall carry out the work on the seven regions in three main stages. In the first, the Consultant shall assemble existing survey information and statistics from which both the present trends shall be established and on the basis of which any necessary forward projections shall be made. The second stage shall constitute a comprehensive analysis of the total survey information for each region as the result of which possible growth areas shall be identified. The third stage shall be concerned with the evolution of regional policies and with any implications that these may have for national policy.
- (c) Proposals for the Dublin and Limerick regions (object of separate studies by the Government) will affect economic development possibilities, population movements and transport patterns for the seven regions. The Consultants shall, therefore, take full account of these two regions in the studies to be made of the seven regions and the proposals to be submitted in respect thereof.*

82. In carrying out this task Buchanan was assisted by An Foras Forbartha (The National Institute for Physical Planning and Construction Research) which had been set up in 1964 with assistance from the United Nations Special Fund.

83. The Buchanan Report presented a number of alternative strategies for regional development and it selected one of them as being the most suitable for national and regional development. Buchanan's recommended policy was as follows:

- (i) there should be two major national centres besides Dublin, viz. Cork and Limerick/Shannon;
- (ii) in order to spread the benefits of urbanisation, and to capitalise on the undoubted possibilities of certain other towns, expansion

* *op. cit.*, pp. 1-2.

should take place at Waterford, Dundalk, Drogheda, Sligo, Galway and Athlone;

- (iii) that in areas which will remain remote from major towns, e.g. in the West and North West of the country, and in counties lying along the border existing small towns should be selected as local growth centres. The towns suggested as worthy of consideration were Tralee, Letterkenny, Castlebar and Cavan.

These recommendations of Buchanan were based on an analysis of the development possibilities for the seven regions. He believed, as has been shown above, that the best prospects for rapid regional economic development lay in concentrating available resources on the expansion of a small number of growth centres.

84. There is, however, another policy which has been strongly recommended as an alternative to the approach taken by Buchanan and others, i.e., a policy of spreading resources to a relatively large number of centres so that development could take place throughout the country. The differences in the two approaches have been brought out most clearly in connection with the long debate which has taken place about the industrial location policy which would be most appropriate to the country's needs. It is to this debate that we now turn.

Industrial Location Policy

85. When *Economic Development* was published in 1958 it noted that:

It has been general policy for many years to favour the decentralisation of industry with the aim of bringing to areas away from the larger centres of population some share in the development and other advantages resulting from industrial development. It is time to consider whether this is a correct policy to maintain in the conditions which we are now facing.*

After reviewing some of the extra costs involved in decentralisation

* *op. cit.*, p. 159.

and noting the continuing "tendency of workers to migrate or emigrate to the larger urbanised districts" it recommended that:

if we are to have any hope of success . . . we must site our industries at, or convenient to, the larger centres of population.*

86. This policy recommendation has been at the heart of the discussion which has subsequently taken place about regional development in Ireland. Indeed, it has been said that:

no single development problem in Ireland has generated so much controversy and emotion as the concept of spatially polarised growth.†

87. The point at issue in the debate about polarised growth was not whether there should be growth centres, but, rather, how many? For as Newman has said:

it should be made clear that 'both sides' . . . were in agreement with the general idea of growth points. But whereas the one favoured a concentration on primary centres, at least for a first period of development, the other argued that it was important that, even during that time, there should be regional development plans for at least some Secondary centres also.‡

The great fear of Newman and others who favour decentralisation is that,

if we concentrate on the one pole in each region and wait until later for the development of the medium ones, I believe that we will not have the wherewithal to develop the medium ones in that future. The possibilities will have disappeared.§

88. The initial recommendation in *Economic Development* for industrial concentration was endorsed in a number of reports on the

* *op. cit.*, pp. 159-160.

† Patrick N. O'Farrell, "The Regional Problem, in Ireland: Some Reflections upon Development Strategy", *Economic and Social Review*, Vol. 2, No. 4, (July 1971).

‡ J. Newman, *New Dimensions in Regional Planning: A Case Study of Ireland*, (Dublin: Stationery Office, 1963), pp. 23-24.

§ *Ibid.*, p. 23.

concept which were made to the Government between 1962 and 1965. In the report on industrial grants policy which was made by the CIO to the Government in December 1962 the case for selecting a number of centres for major industrial development was strongly argued.* The report recommended that the distinction between the Undeveloped Areas and the rest of the country should be abolished and that special inducements should be given to new enterprises to encourage their establishment in the selected poles of development. While industries which wished to establish in small centres should not be hindered in doing so, it was argued that in the conditions which would be met under freer trade, consequent upon Ireland's application to join the EEC, it would be economically unjustifiable to continue a policy favouring the widespread dispersal of industry. The major arguments made in favour of growth centres in the CIO report were based on:

(i) The disadvantages of dispersal:

(a) the lack of essential technical services and the larger stocks of spare parts which must be carried by industry in the smaller towns and villages;

(b) the limited range of educational facilities available and the lack of training facilities;

(c) the extra costs involved in transporting the labour force to the town or village from outlying areas;

(d) the higher labour turnover which may be associated with an unbalanced sex-ratio if undertakings employ only workers of one sex;

(e) the delays which may occur in transporting the industry's output because of the lack of frequent transport services;

(f) the demand which would be made by industry on scarce Central Government Funds for the development of the infrastructural services required in a large number of locations.

* *op. cit.*, pp. 9-12.

(ii) The advantages of concentration:

- (a) the economies of scale in the provision of technical services, transport facilities and labour training;
- (b) the establishment of an industrial tradition in an area and the creation of a body of skilled labour;
- (c) the lower cost of providing the necessary infrastructure in a few centres;
- (d) the attraction which an established industrial centre will have for new industry coming into the country and the possibility of creating self-generating growth in these centres. In this ideal situation there would no longer be any need for Government incentives to industry.

89. Despite its strongly argued case in favour of industrial concentration the CIO report did not directly recommend the abandonment of the Government's decentralisation policy. Instead, it recommended that the decentralisation policy should be operated in such a way as to give maximum support to the general policy of economic development under free trade conditions. It believed that this could be done by selecting a small number of centres for major industrial development and by giving a higher grant in the chosen centres. It will be remembered that the CIO had also recommended the abolition of the distinction between the undeveloped and other areas, for grant giving purposes. The Government appointed a committee in 1963 to investigate the potentialities of the development centres approach.

90. The report of this committee was favourable to the idea of development centres and it strongly supported the concept.* The NIEC endorsed the growth centre recommendations in its comments on the report.†

* *Report of the Committee on Development Centres and Industrial Estates*, Pt. 8461, (Dublin: Stationery Office, 1965).

† National Industrial Economic Council, *Comments on the Report of Committee on Development Centres and Industrial Estates*, Pt. 8476 (Dublin: Stationery Office, 1965).

91. In a statement in August 1965 the Government accepted that the concept of development centres could be an effective means of promoting economic development and it proposed that industrial estates should be established at Galway and Waterford.* The Government's statement also favoured the dispersal of industrial activity throughout the country, where this was economically feasible, because of the important social advantages which such a policy would have.

92. This policy statement, as Newman has noted, represented a compromise between the views of Centralists and Dispersionists.† The matter of growth centres was raised again by the NIEC in 1968 when it urged the Government to take a firm decision.

on the number of growth centres that are to be developed in the years immediately ahead. This decision must be made at national level and we urge that it be taken quickly.‡

And in 1969 it pointed out that:

there was growing concern that the strategy for industrial location was becoming inconsistent with the expansion in national output that would be required to achieve full employment over the next decades.§

It is noteworthy that this report, which endorsed Buchanan's recommendations regarding a hierarchy of growth centres at national, regional and local level, recommended that, initially, resources should be concentrated on only two centres—Cork and Limerick/Shannon.

93. The Government issued a regional policy statement in May 1969 in which it said that it had considered Buchanan's report and it had decided:

that the consultants 'growth-centres' recommendations should

* The 1965 Government statement is reproduced in Appendix IV.

† *op. cit.*, p. 26.

‡ National Industrial Economic Council, *Report on Industrial Adaptation and Development*, Pt. 116 (Dublin: Stationery Office, 1968), p. 62.

§ National Industrial Economic Council, *Report on Physical Planning*, Pt. 641 (Dublin: Stationery Office, 1969), p. 3.

be further considered in the context of proposals for regional development generally.

Finally, in May 1972, it issued a further statement in which it set out its overall regional strategy for a twenty year period.* An important part of this strategy was the endorsement by the Government of the IDA's *Regional Industrial Plans, 1973/77*, in which manufacturing job targets are set out for 177 towns and villages, not including the Mid-West region, or the Gaeltacht and counting the greater Cork area as one.†

94. The basic locational strategy which is set out in the IDA's regional industrial plans has been summarised as follows:

- (i) moderation of industrial growth in Dublin through differential operation of industrial grant incentives and through enhancement of the attractions of other areas. The aim is to contribute to keeping population growth in the Dublin area at a rate consistent with its natural increase;
- (ii) the conscious industrial build-up of other large population centres;
- (iii) aiding the gradual stemming of population decline in areas now suffering from excessive migration, through the encouragement of small scale industry in the smaller population centres, thereby creating new local industrial bases and establishing conditions conducive to growth. In particular, the objective is to contribute to a population performance in the areas which is better than that achieved during the 1960's;
- (iv) special remedial action by concentrating industrialisation efforts on the strongest existing centres in areas where the urban structure is weak.‡

95. Supporters of the growth centre idea see the present policy as a

* The 1969 and 1972 Government statements are reproduced in Appendix IV.
† Industrial Development Authority, *Regional Industrial Plans, 1973/77 Part I* (Dublin: Industrial Development Authority, 1972). Job targets for the mid-West and Gaeltacht areas are the responsibility of SFADCO and Gaeltarra Éireann respectively.
‡ *Ibid.*, p. 51.

continuation of the decentralisation option. Thus, one advocate of the growth centre approach has said that:

having sat on the fence between the rival factions of Centralists and Dispersionists for a long time, the then government in the Republic appeared to reject the growth centre approach in 1972 and to publicly once again endorse a policy of dispersion.‡

While the Government has endorsed the IDA's short term regional industrial plans which involve substantial dispersion its longer term regional strategy, as we shall now see, recognises the potential of the larger centres for growth while seeking to spread that growth among the regions.

Government Statements on Regional Development

96. The Government's 1965 statement was primarily concerned with setting out its policy in relation to development centres and industrial estates. With the exception of a reference to the need for the dispersal of industrial activity on social grounds, its other objectives in regard to regional policy were not mentioned. However, in a further statement in 1969 the Government set out its objectives as follows:

- (i) to check the tendency towards unbalanced regional development by creating conditions in which a more dispersed geographical distribution of activities will be achieved;
- (ii) to keep population dislocation to the minimum consistent with broad based regional expansion which should lead to further industrial growth and more employment in industry and services;
- (iii) to encourage the development of small towns and rural areas so that people seeking work will still be able to find it at convenient locations;
- (iv) not to encourage the development of Dublin beyond the limits necessitated in catering to the needs of its natural increase in population;
- (v) to encourage economic development in the Gaeltacht.

* Helen O'Neill, "Regional Planning in Ireland: The Case for Concentration", *Irish Banking Review*, September 1973.

The statement also announced the establishment by the IDA of a unit in each region to promote industrial development with the exception of the Mid-West region where the service was already being provided by SFADCO as agents of the IDA.

97. The Government returned to the question of regional development in May 1972 when it set out its overall regional strategy for the next twenty years or so. Having considered the Buchanan proposals, the IDA Regional Industrial Plans, the reports of the Regional Development Organisations and all other relevant material the Government decided to adopt an overall regional strategy which should be pursued over a 20 year period. This strategy is as follows:

- (i) Dublin development to be such as to accommodate the natural increase of its existing population;
- (ii) expansion in and around Cork City, of the Limerick/Shannon/Ennis area and of Waterford, Galway, Dundalk, Drogheda, Sligo and Athlone;
- (iii) development of county or other large towns of strategic importance in each region, including relatively large expansion of towns in areas remote from existing major towns;
- (iv) continuation of special measures for the development of the Gaeltacht.

Estimated population ranges for 1991 are given for Dublin and each of the urban areas mentioned in (ii) above.

98. Other statements about the Government's approach to regional development have appeared in the various programmes for economic expansion. While the first two programmes contain statements on different aspects of regional development, only the Third Programme contains a chapter dealing with physical planning and regional development. This chapter gives a summary of some of the main aspects of regional development up to 1969. Some general regional policy statements are made in the programme but the implications of the statements for regional policy are not teased out. Thus, one of the major social objectives set out in the programme is that there should be "equitable

sharing of economic progress, both among individuals and regions".* O'Farrell has argued that:

such a statement may be criticised for excessive vagueness. Does an "equitable sharing of economic progress" imply equal growth rates of regional personal *per capita* incomes (in which case the absolute gap in regional *per capita* incomes would still increase) or does it envisage an equalisation of regional personal *per capita* income? It could imply equal regional *per capita* private and public investment.†

Clearly there is need for much greater clarity in the specification of regional policy objectives.

* Third Programme: *Economic and Social Development 1969/72*. Prl. 431 (Dublin: Stationery Office, 1969).

† Patrick N. O'Farrell, "Regional Development in Ireland: Problems of Goal Formulation and Objective Specification", *Economic and Social Review*, Vol. 2, No. 1 (October 1970), p. 75.

The local authorities, as has already been pointed out, operate as development agencies at the sub-regional level.

101. The County Development Teams were established by the Government in 1963 as a result of a recommendation in an inter-departmental report on small western farms.* When first established the teams consisted of a large number of representatives of Government departments, local authorities, county committees of agriculture and semi-state bodies under the chairmanship of the County Chief Agricultural Officer. The teams were reconstituted in 1965 under the chairmanship of the County Manager, the other members being the County Engineer, the Chief Agricultural Officer, the Chairman of the County Council, the Chief Executive Officer of the Vocational Education Committee and, with effect from 1971, the IDA Regional Manager. The major objective of the teams is to encourage economic development in the western counties.† They work in co-operation with local development groups, industrialists and commercial interests and their aim, as the Third Programme notes, is to provide a service "for every group and individual interested in economic development, a service which has access to local and central information and expertise, financial assistance etc."‡ The teams have the assistance of a full-time official (the County Development Officer) in carrying out their duties. The County Development Officers are Civil Servants on permanent secondment to the teams from the Department of Finance. There is no published statement dealing in detail with the achievements of the teams. However, the Third Programme states that "the teams have been active in the development, within their areas, of the Small Industries scheme which deals with the promotion and enlargement of firms with an employment of not more than 30 people."§ Special developments,

* Report of the Inter-Departmental Committee on the Problems of Small Western Farms, Pt. 6540 (Dublin: Stationery Office, 1962).

† The teams now operate in the counties of Cavan, Clare, Donegal, Galway, Kerry, Leitrim, Longford, Mayo, Monaghan, Roscommon, Sligo, West Cork and West Limerick.

‡ *op. cit.*, p. 169.

§ *op. cit.*, p. 169. The limit under the Small Industries Programme operated by the IDA, as has already been noted, is now 50 employees and £100,000 in fixed assets in the Designated Areas, and 30 employees and £60,000 in fixed assets in the non-Designated Areas.

III. ORGANISATIONS CONCERNED WITH REGIONAL DEVELOPMENT

99. There is no formal hierarchical structure for the co-ordination of local, regional and national development plans. What does exist is a collection of teams, committees, organisations, and semi-state bodies which have responsibility for particular aspects of regional development. There is considerable diversity in the membership, functions and responsibilities of these bodies. It is with these matters that this section will deal.

100. The following table shows the major agencies which have a responsibility for some aspect of regional development and the Government Department which is accountable for their activities or to whom they are obliged by statute to present annual accounts:

TABLE 1

Government Departments and Bodies Responsible for Regional Development

| Government Department | Regional Development Body |
|---------------------------------|--|
| Finance | Central Development Committee |
| Local Government | County Development Teams (13) |
| Industry and Commerce | Regional Development Committee |
| Transport and Power | Regional Development Organisations (9) |
| Gaeltacht | Industrial Development Authority (8 regional offices) |
| | Shannon Free Airport Development Company Ltd. (IDA agent in Mid-West Region).* |
| | Bord Fáilte (gives financial assistance to 8 regional tourism organisations) |
| | Gaeltarra Éireann |

* SFADCO is accountable to the Minister for Transport and Power in regard to tourism and the airport but it is responsible to the Minister for Industry and Commerce in regard to industrial development matters.

e.g., local airstrips, which cannot be assisted under existing schemes have been given financial assistance from the Special Regional Development Fund which is administered by the Department of Finance. In the years since the teams for western counties were set up by the Government the Local Authorities in most of the other counties have established their own County Development Teams and recruited County Development Officers to assist the teams in their work. The activities of these non-western County Development Teams are not co-ordinated by any Government department.

102. As a result of the same recommendation which led to the establishment of the County Development Teams in western counties, the Central Development Committee was set up in 1963 and given a co-ordinating role. The Committee is representative of the Departments of Agriculture and Fisheries, Lands, Industry and Commerce, Education, Labour, Local Government, Transport and Power, Gaeltacht, the Industrial Development Authority and County Development Team Chairmen (6). The Chairman of the Committee and the Secretariat are provided by the Department of Finance. It examines, and expedites decisions on proposals received from the County Development Teams, and itself considers new ideas of value to the West. It advises the Minister for Finance on applications for assistance from the Special Regional Development Fund.

103. It has been noted in Section II that, in 1965, the Government set up a committee to advise on the implementation of policy relating to development centres and industrial estates. The functions of this committee, the Regional Development Committee, were subsequently extended to include advising on regional problems referred to it by the Minister for Local Government and the co-ordination at national level of various regional planning matters. Following the Government statement on regional policy in 1969, in which it was indicated that Buchanan's recommendations should be considered in the context of proposals for regional development generally, the Regional Development Committee carried out a review of regional policy (in which the views of the Regional Development Organisations were considered) and reported its findings to the Minister for Local Government early in 1972. The Committee has not been active since then. Its membership

consisted of representatives of the Departments of Local Government, Finance, Labour, Posts and Telegraphs, Health, Education, Transport and Power, Agriculture, Industry and Commerce and Gaeltacht, and the Industrial Development Authority. The Chairman of the Committee was an officer of the Department of Local Government.

104. Towards the end of the 1960's there was a growing feeling in the country that there was a need for a formal relationship, at regional level, between the numerous local development bodies. As a result of local initiative in the Mid-West Region a Regional Development Organisation had been set up in 1968. The need for such an organisation had been seen by local organisations as a result of their involvement in the preparation of the Lichfield Report for the Limerick region. In its 1969 policy statement the Government noted the existence of the Mid-West regional co-ordinating body and it proposed that co-ordinating groups should now be established in all regions. The local authorities in the physical planning regions then initiated the establishment of Regional Development Organisations (RDO) in their areas, in consultation with the Department of Local Government. The RDO's are representative at both elective and official levels of the planning authorities and other public bodies including Government Departments concerned with investment and development within the regions. The membership of the North-Eastern Regional Development Organisation, for example, consists of elected representatives and officials of Local Authorities, IDA, Harbour Authority, Department of Local Government, Tourism Organisation, ESB and CIE. There appears to be no formal relationship between the Regional Development Organisations and the County Development Teams. The RDO's are non-executive bodies, having a general co-ordinating and advisory function in regional planning. They try to bring together the plans and proposals of the planning authorities and other bodies operating in their area and to work out and recommend common goals and a common programme. They advise Government Departments about the problems which may arise in the implementation of regional policy at regional and local levels. Each of the organisations (except the one for the Mid-West, where different arrangements exist) has produced a comprehensive report on its region which sets out the existing situation with regard to population, industry and employment, agriculture, tourism, transport and communications and services. Each

report establishes development objectives for the region over a specified period of years. These reports are kept under review by the Regional Development Organisations. In carrying out the task of co-ordinating development within the regions the organisations have prepared or commissioned reports on a wide range of subjects which have a bearing on the development of their regions. The Midlands RDO, for example, has prepared separate reports on unemployment and telecommunications in its region.

105. Of the agencies with *statutory* responsibilities for some aspect of regional development, it is clear that from a national point of view the most important of these is the Industrial Development Authority. It was established by an administrative act of the Government in 1949 as an agency of the Department of Industry and Commerce and given statutory existence by the Industrial Development Authority Act, 1950. Under the Industrial Development Act, 1969, it became an autonomous State-sponsored body. Since the passage of the principal Act in 1950 the objectives of the Authority have been modified as the country's economic circumstances have changed. Under the 1969 Act the Authority was given the following additional functions: (its original functions have already been discussed in Section I):

- (i) to act under the Minister as a body having national responsibility for the furtherance of industrial development;
- (ii) to provide and administer such grants and other financial facilities for industry as it may be authorised by the Oireachtas to provide and to administer;
- (iii) to develop, construct, maintain and administer industrial estates and factory buildings (other than at the Shannon Customs Free Airport) together with the associated facilities of such estates and buildings;
- (iv) to provide and arrange, where the authority considers it necessary, housing for employees in industry;
- (v) to foster the national objective of regional industrial development.

Some indication of the achievements of the IDA has been given in Section I.

106. It has also been noted in Section I that there are two other statutory agencies with responsibility for industrial development in specified parts of the country—the Shannon area and the Gaeltacht.

107. With the development and use of passenger jet aircraft on the North Atlantic route at the end of the 1950's, and the consequent overflying of Shannon by these aircraft, the future of the airport was very uncertain. The Government, therefore, decided to adapt the airport for jet traffic and to promote:

- (i) the development of tourist facilities at, or near, the airport in order to attract terminal traffic to the airport;
- (ii) transit traffic through the airport, and
- (iii) freight traffic.

These duties were taken on, in addition to his other duties, by the airport's Comptroller of Sales and Catering. In carrying out these duties the Comptroller operated as the Shannon Free Airport Development Authority. After a review of the initial working of the Authority it became clear that progress could be made in the promotion of industry at the airport. Since industrial development at the airport was considered to be a specialised activity, which neither An Foras Tionscal or the IDA was equipped to deal with adequately, the Government decided to establish a special company to undertake this work. This was done with the passage of the Shannon Free Airport Development Company Act in 1959. The Board of the Company now comprises six members, one of whom is the Managing Director of the IDA. The objectives of the Company are to ensure the growth of Shannon Airport in trade, passengers and services and to encourage industrial development in the Mid-West region.

108. Gaeltarra Éireann was established by the Gaeltacht Industries Act, 1957 as a semi-State body. There are seven Board members at the present time. Under the Principal Act, it took over the functions of the Rural Industries Division of the Department of the Gaeltacht which

at that time was responsible for rural industries which gave employment to 700 full-time and 650 part-time workers. The 1957 Act gave it the duty of encouraging the use of Irish as a spoken language in the Gaeltacht. By 1965, it was clear that there was a need for industrial development in the Gaeltacht which would increase employment. The Gaeltacht Industries (Amendment) Act, 1965, extended its role into the field of industrial development on the same lines as the IDA with two notable exceptions:

- (i) that its activities embrace the whole spectrum of economic activity, e.g., primary and service industry, as well as manufacturing;
- (ii) over a certain level of grant (now £40,000) Gaeltarra Éireann must take an equity share in the Company.

As well as giving grants to promote industrial development in the Gaeltacht it is empowered to participate in the formation of companies and partnerships, to purchase and sell shares in such bodies and to operate industrial estates.

109. Turning, finally, to the services sector, the main organisations of interest are the Regional Tourism Organisations. They were established by Bord Fáilte as public companies in 1964 to service 8 tourism regions, shown in Table 2, which had been designated by Bord Fáilte with Government approval.

TABLE 2
Regions Covered and Areas of Responsibility of the Regional Tourism Organisations

| Region | Area |
|---------------|---|
| Dublin | Dublin City |
| Eastern | Counties Dublin, Kildare, Louth, Meath, Wicklow |
| South Eastern | Counties Carlow, Kilkenny, Tipperary S.R., Wexford, Waterford |
| Southern | Counties Cork, Kerry |
| Mid-Western | Counties Clare, Limerick, Tipperary N.R. |
| Western | Counties Galway, Mayo |
| North-Western | Counties Donegal, Leitrim, Sligo |
| Midlands | Counties Cavan, Laois, Longford, Monaghan, Offaly, Roscommon, Westmeath |

There is a close, but not an exact, correspondence between the tourism and the planning regions as can be seen by comparing Table 2 with the planning regions shown in Appendix III. Membership of the organisations is open to local authorities, companies, associations and clubs and to all persons within the region. The directors of each Company are elected annually from amongst the membership and they give their services voluntarily. The main function of the organisations is to provide a full local tourism service for visitors to the region.

IV. ECONOMIC AND SOCIAL POSITION OF THE REGIONS

110. The aim of this section is to present some statistical information which will show the major economic and social features of the regions on the latest date for which comprehensive information is available. Material is presented, which as far as possible, covers the period 1951/71.

111. Some of the most important demographic data on the various regions is presented in Appendix 1, Tables A3, A4 and A5. It is obvious from Table A3 that there is considerable diversity in the demographic features of the regions. Thus, the East Region, which contains the city of Dublin, is nearly 14 times larger in terms of size of population than the smallest region, the North West. These two regions mark the extremes of population size. There is much less variability in the populations of the other seven regions. The concentration of the population in the eastern part of the country and particularly in the East Region is very noticeable. On census date 1971, over a third of the population lived in the East Region. Concentration of the population of a country in small areas is generally accompanied by a high degree of urbanisation and a high population density in the areas of concentration and by their opposites in other areas.* Ireland is no exception in this regard. The degree of urbanisation in 1971 ranged from 84% in the East Region to about 14% in the Donegal Region and the number of inhabitants per square kilometre ranged from 152 to 22 in the two regions mentioned. There are marked discontinuities in the urbanisation and density data (and in other data as will be shown later) between the regions. Thus in 1971 after the East Region came the South West Region with 47% of its population in towns followed by a group of regions (North and South East and Mid-West) with about the same percentage, 38%, in each, and finally a group (Midlands, West, North West and Donegal) in which the percentage ranged from 27% to 14%. The population density data falls into a similar pattern.

* The degree of urbanisation refers to the proportion of the population living in towns with a population of 1,500 and over.

112. The main changes in the population of each region and in the distribution of the country's population among the regions are shown in Table A5 for the period 1951/71. Only one region, the East, consistently increased its population over the period. All other regions had a smaller population in 1971 than they had in 1951. However, the trend is considerably different if one looks at regional population changes between 1961 and 1971. The East Region had a very large increase in its population during this period. Four other regions (South West, South East, North East and Mid-West) also showed increases in their population, though on a much more modest scale than the East Region. Three regions (West, North West and Donegal) continued to lose population during the decade 1961/71. The consequence of these trends for the distribution of the country's population among the regions was a continuing concentration in the East Region, not much change in the North and South East or the South and Mid-West Regions, and significant decreases in the shares of the West, North West and Donegal Regions.

113. The changes in each region's population, which have just been described, represent the net result after the natural increase (i.e., the excess of births over deaths) and net emigration influences have been allowed for. There are very large differences in the behaviour of these two variables in the regions. The East Region in 1971 had by far the highest rate of natural increase in the country and it was the only region which had a net immigration of population. The rate of natural increase in the other regions was very much less than that in the East Region and the rate of net emigration was very much more. The pattern seems to be as follows: at one extreme is the East Region; in the middle are the North and South-East and the Mid- and South West; at the other extreme is the West, North West and Donegal; the Midlands Region seems to mark the crossover point for many of the demographic indicators between the middle and lower end of the range of values.

114. One of the major economic effects of the very high rates of emigration which Ireland has experienced in the past has been the way in which the age structure of the population has been influenced. Other factors, such as the high rate of fertility of marriage have also, of course, influenced the age structure. An aspect of the age structure to

which attention is frequently drawn is the dependency ratio. This measures the proportion of the population which is in the economically inactive age groups, i.e., age 0-14 and 65 and over. The Irish ratio is unusually high by European standards as Walsh has shown.* The position in 1971 in relation to young, old and total dependency in the regions is shown in Table A4. There is not a lot of variation among the regions in the proportion of total dependency. There is, however, considerably more variation in the components of this total and particularly in the rate of old dependency. The differences in the proportion of older persons in the regions are large. The East Region has the lowest proportion, 8.6. There is then a block of regions (North and South East and Mid- and South West) where the proportion is almost identical, and at 11.7, over a third higher than the proportion in the East Region. Finally, there are the Midlands and the West and North West Regions, including Donegal, where the proportion increases steadily from 12.6 in the Midlands to 15.5 (almost twice the East Region's proportion) in the North West.

115. The size of the labour force (i.e., the employed plus unemployed) and its distribution among the regions in 1951, 1961 and 1971 is shown in Table A6. The labour force was smaller in eight of the nine regions in 1971 than in 1951. There was a substantial decline in the labour force in all regions between 1951 and 1961 and a continuing decline between 1961 and 1971 in six of the nine regions. This, of course, could have been predicted from the discussion of regional population trends above because of the reasonably stable relationship between population and labour force. The East region is the only region in the State which has increased its share of the labour force between 1951 and 1971.

116. The decreases in employment which were experienced in most regions between 1961 and 1971 reflected, amongst other factors, the continuing outflow of labour from the agricultural sector, as can be seen from Tables A7 and A8. Total employment in agriculture declined by 97,000 approximately in the ten years 1961/71 and about half of this decrease occurred in the West, Midlands and South West Regions. The

* Brendan Walsh, "An Empirical Study of the Age Structure of the Irish Population" *Economic and Social Review*, Vol. 1, No. 2 (January 1970).

remainder of the decrease in agricultural employment was spread over all of the other regions. In contrast to the employment changes which occurred in the agricultural sector, all regions showed increases in the numbers employed in the industrial and service sectors. Nearly 40% of the increase in industrial employment and 60% of the increase in service employment took place in the East Region. The share of the East Region in total industrial employment decreased from 48% to 46%—a reflection, at least in part, of the success of the other regions in securing significant increases in their total industrial employment. The concentration of service employment in the East Region continued, with the region's share going up from 45% to 47% between 1961 and 1971. There are very large differences in the sectoral composition of employment by region and these differences are most striking in relation to agricultural employment. The East Region in 1971 had very little employment in agriculture, 6.4%, whereas all of the other regions still had very large proportions of their labour force in agriculture. The North and South East and the Mid- and South West had about a third in agriculture, about 40% in services and the remainder in industry. The Midlands, West, North West and Donegal regions had, in general, over 45% in agriculture, about a third in services and around 20% in industry. The trend in all regions is one of significant changes in the industrial structure and this seems likely to continue in the future. In a detailed analysis of the structural changes which have taken place in employment at the regional level, O'Farrell has shown that only two regions, Dublin and Cork had strong employment specialisation in sectors, such as manufacturing, commerce, and building and construction, whose rate of employment growth was above the national average over the period 1961/66.*

117. The unemployment rate in the regions is given for 1966 and 1971 in Table A9. It may be seen from this table that the unemployment rate is particularly unfavourable in the West, North West and Donegal regions and that there has been a considerable increase in the unemployment rate over the period in all regions except the North West.

* Patrick N. O'Farrell, "A Shift and Share Analysis of Regional Employment Change in Ireland, 1951-66" *Economic and Social Review*, Vol. 4, No. 1 (October, 1972). O'Farrell used a different regional classification in his paper to that used here.

118. Data on personal income per head by region for the three years for which it has been calculated is presented in Table A10. Personal incomes in 1969 were highest in the East Region at around £520 per head and lowest in the Midlands, West, North West and Donegal Regions at around £320. The income per head in the North and South East and the Mid- and South West came in between these extremes at around £380. It was stated in Part I of this review that one of the major justifications which is usually given for having a regional policy is that it should eventually lead to a reduction in the inequality of income and wealth between the richest and the poorest regions. There has been no reduction in the inequality of income per head between regions over the period 1960/69. The evidence indicates that there was a decrease in inequality between 1960 and 1965 while by 1969 the degree of inequality had returned to its 1960 level.*

119. As has been shown in previous Sections the way in which it is hoped to reduce inequality between regions is through decentralised industrial development. This is essentially the policy which the IDA has followed in the past and which it proposes to follow in the implementation of its regional industrial plans over the period 1973/77. An indicator of the relative success of regions in attracting new industry is the distribution of grant expenditures by region. The distribution of total grant expenditure among the regions over the period 1961/71 and grant expenditure per head in each region is shown in Table A11. It can be seen that, in terms of the distribution of grant expenditures the regions which received most were the South West, East and Mid-West regions while those which received least were the North West, Midlands and Donegal Regions. However, care must be taken in using the figures shown in Table A12 because "the regional expenditure relativities shown are not a completely reliable guide to the relative job creation performances of the different regions"† as capital intensive projects, for example, give rise to less jobs per pound of investment than labour intensive projects. The distribution of grants expenditure is also

* Commission of the European Communities, *Report on the Regional Problems in the Enlarged Community* (Brussels: COM (73) 550 final, 1973), p. 58.

† Industrial Development Authority, *Regional Industrial Plans 1973/77, Part I* (Dublin: Industrial Development Authority, 1972), p. 31.

influenced by the existing distribution of industry as long established centres may attract new industry because of the advantages which these are felt to possess. The distribution of industry by region in 1968 is classified by number of establishments, net output and employment is shown in Table A12. The picture is the same, whichever indicator is used. There is a very strong concentration of industry in the East Region. A substantial proportion is located in the South West and the remainder is unevenly distributed between the other regions. The very small industrial base which exists in the Midlands, West and North West Regions is particularly noticeable from the table.

120. There are discontinuities between groups of regions in the income per head and other data discussed above which suggest a considerable measure of homogeneity among the regions in these groups. It may well be, but this is by no means clearly established, that for regional economic planning purposes a smaller number of regions would be a more useful framework than the nine planning regions in looking at spatial aspects of the Irish economy.

APPENDIX 1

TABLE A1

Principal Irish Legislation concerned with Financial Incentives for Regional Development since 1952

| Legislation | (i) Areas Scheduled and (ii) Grant Giving Agency | Standard Grants | | | Labour Training Grants | Special Assistance | Other Grants | Controls |
|---|--|--|--|---|--|--|--|---|
| | | Land | Buildings | Machinery/Equipment | | | | |
| 1952 Undeveloped Areas Act | (i) (a) The congested areas (b) Any other area designated by the Minister for Industry and Commerce (ii) An Foras Tionscal | Grants on such terms as the Board think proper may be made to aid persons to: (i) acquire land (ii) construct, adapt and maintain buildings and other works and (iii) provide services and facilities in connection with land | | Up to 50% of cost | Not to exceed the normal trade union rates to a learner in similar employment | Grants for the construction and repair of certain infrastructural facilities, e.g., roads, bridges, subject to consultation with the Minister for Local Government | Two-thirds rates remission for industrial premises at discretion of local authority. Grants on such terms as are thought proper for the supply of electricity to industrial undertakings | Total amount of grants given under the Act not to exceed £2 million |
| 1963 Undeveloped Areas (Amendment) Act | (i) and (ii) as in the 1952 Act | Two-thirds of cost where grant is less than £1 million. Half of cost where grant is in excess of £1 million or £1,000 per employee, whichever is less | | | | | Adaptation grants, up to 26% of cost, approved for the period 14/12/61 to 31/3/65 | Grants in excess of £1 million require consent of the Minister for Industry and Commerce and of the Minister for Finance |
| 1956 Industrial Grants Act | (i) All areas other than those covered by the 1952 Act (ii) Industrial Development Authority | | Up to two-thirds of cost where grant is less than £50,000 | | | | | Total amount of grants awarded under the Act not to exceed £2 million |
| 1959 Industrial Grants Act | (i) Areas other than those covered by the 1957 Act (ii) An Foras Tionscal | | Up to two-thirds of cost where grant is less than £4 million | Up to one-third of cost where grant is less than £4 million | | | Grants, not in excess of half of the capital costs, may be made to the ESB for the provision of electricity supply to industrial undertakings | Grants for land, buildings, machinery and equipment in excess of £1 million to a particular enterprise require consent of the Government. Total amount of grants made since passage of the 1952 Act not to exceed £10 million |
| 1963 Industrial Grants (Amendment) Act | (i) Areas other than those covered by the 1957 Act (ii) An Foras Tionscal | In exceptional cases up to two-thirds of cost where grant is less than £1 million. In any other case up to half of the cost where grant is less than £1 million. For grants in excess of £1 million up to half of the cost or £1,000 per employee, whichever is less | | | Not to exceed the actual amount of the wages paid by the undertaking to the workers during their period of training | Grants for the construction and repair of certain infrastructural facilities, e.g., roads, bridges, subject to consultation with the Minister for Local Government | Adaptation grants, up to 26% of cost, approved for the period 14/12/61 to 31/3/65 | Grants in excess of £1 million to a particular enterprise require consent of the Minister for Industry and Commerce and the Minister for Finance. Aggregate amount of grants made under the Industrial Grants Act, 1956 the Undeveloped Areas Acts, 1952 to 1963, the Industrial Grants Act, 1959 to 1963 not to exceed £20 million |
| 1969 Industrial Development Act | (i) Designated and non-designated areas with the exception of Shannon (ii) Industrial Development Authority | Where the total amount of the grant to a particular enterprise does not exceed £250,000 grants toward the cost of fixed assets, defined as machinery, plant, equipment, land, buildings, services and other works of or for an industrial undertaking may be made as follows: (i) up to 40% in designated areas (ii) up to 25% elsewhere (iii) in exceptional cases a further grant of up to 20% of fixed assets cost These grants also apply to fixed assets which are on lease | | | Not to exceed the sum of the amount of wages or salaries paid by the undertaking during the period of training, travel and subsistence expenses and fees connected with the training | Housing for occupation by employees in industry may be provided | Grants payable towards interest payments on loan for purchase of fixed assets. Re-equipment grants payable as follows: (i) up to 35% in the Designated Areas (ii) up to 25% elsewhere Research grants up to half of approved costs or £15,000 whichever is less Grants for factory rents subject to the re-equipment grants limits | Grants in excess of £350,000 to a particular enterprise require the consent of the Government. Aggregate amount of grants not to exceed £100 million |
| 1959 Shannon Free Airport Development Company Act | (i) Shannon Airport Industrial Estate (ii) Shannon Free Airport Development Company Ltd. | | | Up to half of the cost | Not to exceed the actual amount of wages paid to workers during their period of training plus travelling and subsistence expenses | | | Aggregate amount of grants to the Company not to exceed £1 million |
| 1965 Gaeltacht Industries (Amendment) Act | (i) Gaeltacht (ii) Gaeltarra Éireann | Grants on such terms as the Board think fit to a body corporate in which it holds shares | | | | | Grants for minor productive projects provided the grant is less than £2,000 | Grants must not have been awarded by An Foras Tionscal to the same enterprise |

TABLE A2

IDA Industrial Grant Payments in Designated and non-Designated Areas from 1952 and other years up to 31 March 1973

| Grant | Designated Areas | | | Non-Designated Areas | | | Total | | |
|---|-------------------|--------|--------|----------------------|--------|--------|--------------------|--------|--------|
| | £ | £ | £ | £ | £ | £ | £ | £ | £ |
| New Industries (from 22/1/'52) | 27,765,459 | | | 49,084,651 | | | 76,850,110 | | |
| Small Industries (from 1/4/'67) | 2,822,203 | | | 1,139,586 | | | 3,961,789 | | |
| Adaptation (from 1/2/'63) | 1,369,932 | | | 15,680,677 | | | 17,050,609 | | |
| Re-equipment (from 1/3/'68) | 2,787,905 | | | 12,457,173 | | | 15,245,078 | | |
| Research & Development* (from 1/4/'70) | 7,720 | | | 93,915 | | | 101,635 | | |
| Total | 34,753,219 | | | 78,456,002 | | | 113,209,221 | | |
| Estimated employment at full production in new industry | Male | Female | Total | Male | Female | Total | Male | Female | Total |
| | 20,400 | 13,900 | 34,300 | 39,800 | 17,300 | 57,100 | 60,200 | 31,200 | 91,400 |

*While grants for research and development were introduced in April 1970 the figures here relate to the financial year 1972/73 only.

Source: Industrial Development Authority, *Annual Report 1972/73*, Tables 8.1.1, 8.1.2, 8.2.1, 8.3.1, and 8.3.3.

Note: (i) Additional employment expected as a result of the small industries programme is as follows

| Designated Areas | | | Non-Designated Areas | | | Total | | |
|------------------|--------|-------|----------------------|--------|-------|-------|--------|-------|
| Male | Female | Total | Male | Female | Total | Male | Female | Total |
| 3,100 | 700 | 3,800 | 2,000 | 700 | 2,700 | 5,100 | 1,400 | 6,500 |

(ii) New industry grants paid since 1952 include £4,040,533 towards training costs in industry, comprising £1,422,866 in Designated Areas and £2,617,667 in non-Designated Areas. Small industry grants paid since 1967 include £77,044 towards the cost of training, comprising £58,026 in Designated Areas and £19,018 in non-Designated Areas.

(iii) As part of its general development services to new industrial projects the IDA provides advance factories on IDA industrial estates at Galway and Waterford and at other locations. Total capital expenditure up to March 1973 has been as follows:

| Galway | Waterford | Other Locations | Total |
|------------|------------|-----------------|------------|
| £3,340,911 | £3,340,966 | £2,732,715 | £9,414,592 |

TABLE A3

Total Population and Population Changes in the Planning Regions; 1971 and 1966/71

| Region | Total Population | Aggregate Town Area Population* | Aggregate Rural Area Population | Percentage of Population in Aggregate Town Areas | Percentage Change 1966/71 | | | Females per 1,000 Males | Average Annual Rates per 1,000 of Average Population 1966/71 | | | |
|------------|------------------|---------------------------------|---------------------------------|--|---------------------------|--------------------------------|---------------------------------|-------------------------|--|--------|------------------|----------------|
| | | | | | Total Population | Aggregate Town Area Population | Aggregate Rural Area Population | | Births | Deaths | Natural Increase | Net Emigration |
| East | 1,062,220 | 891,974 | 170,246 | 84.0 | +7.4 | +7.9 | +4.6 | 1,068 | 23.4 | 9.3 | 14.2 | +0.1 |
| South West | 465,655 | 217,029 | 248,626 | 46.7 | +2.9 | +7.0 | -0.4 | 980 | 20.7 | 12.4 | 8.3 | 2.6 |
| South East | 328,604 | 126,328 | 203,276 | 38.2 | +2.8 | +6.5 | +0.7 | 965 | 21.7 | 12.0 | 9.7 | 4.1 |
| North East | 173,811 | 65,032 | 108,779 | 37.4 | +2.7 | +8.7 | -0.6 | 944 | 21.0 | 12.0 | 9.0 | 3.7 |
| Mid-West | 269,804 | 102,751 | 167,053 | 38.1 | +1.9 | +8.8 | -1.9 | 955 | 21.0 | 12.1 | 9.0 | 5.2 |
| Midlands | 232,427 | 61,787 | 170,640 | 26.5 | -0.9 | +6.2 | -3.2 | 912 | 20.2 | 12.1 | 8.1 | 9.8 |
| West | 258,748 | 60,957 | 197,791 | 23.5 | -1.9 | +7.9 | -4.6 | 927 | 18.4 | 12.5 | 5.9 | 9.8 |
| North West | 78,635 | 15,951 | 62,684 | 20.3 | -3.9 | +5.7 | -6.1 | 911 | 16.2 | 14.5 | 1.8 | 9.7 |
| Donegal | 108,344 | 14,805 | 93,539 | 13.7 | -0.2 | +8.7 | -1.5 | 955 | 18.3 | 12.4 | 5.9 | 6.3 |
| Total | 2,978,248 | 1,555,614 | 1,422,634 | 52.2 | +3.3 | +7.7 | -1.2 | 991 | 21.3 | 11.2 | 10.1 | 3.7 |

Source: Census of Population of Ireland, 1971, Volume I, Table XIII.
*The number of persons living in towns of 1,500 population and over.

TABLE A4**Young, Old and Total Dependency by Region in 1971**

| Region | Percentage of Region's Population Aged: | | |
|------------|---|-------------|------------------------|
| | 0-14 | 65 and over | (0-14) + (65 and over) |
| East | 32.3 | 8.7 | 41.0 |
| South West | 30.4 | 11.8 | 42.2 |
| South East | 32.0 | 11.6 | 43.6 |
| North East | 30.9 | 11.7 | 42.6 |
| Mid-West | 31.0 | 11.7 | 42.7 |
| Midlands | 31.4 | 12.6 | 44.0 |
| West | 29.7 | 13.9 | 43.6 |
| North West | 27.9 | 15.5 | 43.3 |
| Donegal | 29.2 | 14.4 | 43.7 |
| Total | 31.3 | 11.1 | 42.3 |

Source: CP, 1971, Vol. II, Table 12.

TABLE A5**Population and Percentage Share of Total Population in Each Region in 1951, 1961 and 1971 and Population Density by Region in 1971**

| Region | Population ('000) | | | % Share of Total | | | Inhabitants per sq. km. |
|------------|-------------------|---------|---------|------------------|------|------|-------------------------|
| | 1951 | 1961 | 1971 | 1951 | 1961 | 1971 | 1971 |
| East | 888.4 | 906.3 | 1,062.2 | 30.0 | 32.2 | 35.7 | 152 |
| South West | 467.9 | 446.9 | 465.7 | 15.8 | 15.9 | 15.6 | 38 |
| South East | 340.8 | 319.9 | 328.6 | 11.5 | 11.3 | 11.0 | 35 |
| North East | 190.5 | 171.1 | 173.8 | 6.4 | 6.1 | 5.8 | 43 |
| Mid-West | 280.0 | 260.7 | 269.8 | 9.4 | 9.2 | 9.1 | 34 |
| Midlands | 250.1 | 239.3 | 232.4 | 8.7 | 8.5 | 7.8 | 26 |
| West | 302.1 | 273.2 | 258.7 | 10.3 | 9.7 | 8.7 | 23 |
| North West | 101.7 | 87.0 | 78.6 | 3.4 | 3.1 | 2.6 | 24 |
| Donegal | 131.5 | 113.8 | 108.3 | 4.5 | 4.0 | 3.6 | 22 |
| Total | 2,960.6 | 2,818.2 | 2,978.2 | 100 | 100 | 100 | 43 |

Source: CEC, Report, Table D-IR-I; CP, 1971, Vol. I, Table XIII.

TABLE A8
Sectoral Employment by Region in 1961 and 1971: Percentage Figures

| Region | 1961 | | | 1971 | | |
|------------|--------------|----------|----------|--------------|----------|----------|
| | Agri-culture | Industry | Services | Agri-culture | Industry | Services |
| East | 9.2 | 36.2 | 54.6 | 6.4 | 38.6 | 55.0 |
| South West | 39.0 | 24.0 | 37.0 | 29.7 | 30.5 | 39.8 |
| South East | 43.8 | 20.4 | 35.8 | 34.4 | 26.7 | 38.9 |
| North East | 44.7 | 23.6 | 31.7 | 33.5 | 32.9 | 33.6 |
| Mid-West | 47.4 | 18.3 | 34.3 | 34.3 | 27.5 | 38.2 |
| Midlands | 53.8 | 18.4 | 27.8 | 42.8 | 23.8 | 33.4 |
| West | 63.8 | 10.8 | 25.4 | 52.3 | 15.9 | 31.8 |
| North West | 62.1 | 12.1 | 25.8 | 51.4 | 17.4 | 31.2 |
| Donegal | 54.9 | 16.6 | 28.5 | 44.1 | 24.4 | 31.5 |
| Total | 36.0 | 24.6 | 39.4 | 26.2 | 30.6 | 43.1 |

Source: CEC, Report, Table E-IR-2.

TABLE A9

Unemployment Rate by Region in 1966 and 1971: (percentages)

| Region | 1966 | 1971 |
|------------|------|------|
| East | 3.5 | 5.1 |
| South West | 4.1 | 5.2 |
| South East | 3.7 | 4.9 |
| North East | 5.0 | 5.6 |
| Mid-West | 4.5 | 5.7 |
| Midlands | 3.7 | 4.9 |
| West | 5.8 | 7.4 |
| North West | 5.7 | 5.6 |
| Donegal | 9.7 | 13.8 |
| Total | 4.3 | 5.5 |

Source: CEC, Report, Table E-IR-6; Industrial Development Authority, Regional Industrial Plans, 1973/77, Part 1, (Dublin; Industrial Development Authority, 1972) Table 3.2.

Note: The unemployment rate is calculated by taking the total number on the live register and expressing it as a percentage of the labour force. The 1971 figures are not strictly comparable with the 1966 figures since the scope of the Employment Period Order which operated in 1971 was narrower than the scope of the Orders which operated in 1966.

TABLE A6

Size of the Labour Force and the Percentage Share of the Total Labour Force in Each Region in 1951, 1961 and 1971

| Region | Labour Force ('000) | | | % Share of Total | | |
|------------|---------------------|---------|---------|------------------|------|------|
| | 1951 | 1961 | 1971 | 1951 | 1961 | 1971 |
| East | 388.4 | 361.1 | 414.6 | 30.5 | 32.6 | 36.4 |
| South West | 197.5 | 172.6 | 173.6 | 15.5 | 15.6 | 15.2 |
| South East | 140.3 | 121.5 | 120.9 | 11.0 | 11.0 | 10.6 |
| North East | 84.9 | 70.1 | 68.1 | 6.7 | 6.3 | 5.9 |
| Mid-West | 116.9 | 100.5 | 101.9 | 9.2 | 9.1 | 9.0 |
| Midlands | 112.1 | 94.3 | 88.1 | 8.8 | 8.5 | 7.8 |
| West | 130.1 | 107.7 | 98.4 | 10.2 | 9.7 | 8.7 |
| North West | 45.6 | 35.5 | 30.2 | 3.6 | 3.2 | 2.6 |
| Donegal | 56.1 | 44.7 | 43.2 | 4.4 | 4.0 | 3.8 |
| Total | 1,272.0 | 1,108.1 | 1,139.0 | 100 | 100 | 100 |

Source: CP, 1951, Vol. III, Part II, Table 17; CEC, Report, Table E-IR-1.

TABLE A7

Sectoral Employment by Region in 1961 and 1971: Absolute Figures ('000)

| Region | 1961 | | | 1971 | | |
|------------|--------------|----------|----------|--------------|----------|----------|
| | Agri-culture | Industry | Services | Agri-culture | Industry | Services |
| East | 31.9 | 124.6 | 188.1 | 25.1 | 151.9 | 216.3 |
| South West | 63.6 | 39.1 | 60.3 | 48.4 | 49.7 | 64.9 |
| South East | 50.2 | 23.4 | 41.4 | 38.6 | 29.9 | 43.6 |
| North East | 29.8 | 15.8 | 21.1 | 21.7 | 21.3 | 21.7 |
| Mid-West | 44.6 | 17.2 | 32.3 | 32.0 | 26.4 | 36.1 |
| Midlands | 48.7 | 16.6 | 25.2 | 35.2 | 19.5 | 27.4 |
| West | 66.3 | 11.2 | 26.4 | 49.4 | 15.0 | 30.0 |
| North West | 21.2 | 4.1 | 8.8 | 14.8 | 5.0 | 9.0 |
| Donegal | 22.4 | 6.8 | 11.6 | 16.8 | 9.3 | 12.0 |
| Total | 378.7 | 258.8 | 415.0 | 282.0 | 328.0 | 461.0 |
| | | | | 1,052.2 | | 1,071.0 |

Source: CEC, Report, Table E-IR-1.

TABLE A10
Personal Income Per Head, 1960, 1965 and 1969 and Actual and Percentage Change 1960/69

| Region | Personal Income per head (£) | | | | Change 1960/69 | |
|------------|------------------------------|------|------|---------------------|----------------|--------|
| | 1960 | 1965 | 1969 | 1969 at 1960 Prices | Nominal £ | Real £ |
| East | 246 | 359 | 517 | 351 | 271 | 105 |
| South West | 195 | 286 | 409 | 278 | 214 | 83 |
| South East | 188 | 270 | 380 | 258 | 192 | 70 |
| North East | 176 | 259 | 380 | 258 | 204 | 82 |
| Mid-West | 188 | 277 | 391 | 265 | 203 | 77 |
| Midlands | 169 | 231 | 325 | 221 | 156 | 52 |
| West | 156 | 223 | 324 | 220 | 168 | 64 |
| North West | 153 | 219 | 316 | 214 | 163 | 61 |
| Donegal | 150 | 215 | 305 | 207 | 155 | 57 |
| Total | 199 | 292 | 420 | 285 | 221 | 86 |

Source: CEC, Report, Table R-IR-1.

TABLE A11
Regional Distribution of New Industry and Small Industry Grant Payments and Expenditure on Industrial Estates (net of Expected Rent Repayments), April 1961 - March 1971

| Region | Expenditure per Head of Population 1961/71 | Regions ranked by | | % of Total Expenditure to each Region |
|------------|--|------------------------|-----------------|---------------------------------------|
| | | % of total Expenditure | % of Population | |
| East | 9.8 | 2 | 2 | 19.4 |
| South West | 22.4 | 1 | 1 | 20.4 |
| South East | 20.4 | 4 | 4 | 13.0 |
| North East | 34.8 | 5 | 5 | 11.7 |
| Mid-West | 27.5 | 3 | 3 | 14.5 |
| Midlands | 9.5 | 8 | 8 | 4.4 |
| West | 18.1 | 6 | 6 | 9.5 |
| North West | 29.6 | 7 | 7 | 4.8 |
| Donegal | 11.6 | 9 | 9 | 2.5 |
| Total | 17.4 | | | 100.0 |

Source: Industrial Development Authority, Regional Industrial Plans, 1973/77 Part I, (Dublin: Industrial Development Authority 1972), Table 3.5.

TABLE A12

Number and Percentage Distribution of Establishments, Net Output and Persons Engaged in Transportable Goods Industries by Region, 1968

| | No. of Establishments | Net Output (£'000) | Persons Engaged | % Share of Total | | |
|------------------|-----------------------|--------------------|-----------------|-----------------------|------------|-----------------|
| | | | | No. of Establishments | Net Output | Persons Engaged |
| East | 1,390 | 161,887 | 96,145 | 44.1 | 48.9 | 49.5 |
| South West | 478 | 47,012 | 28,268 | 15.2 | 14.2 | 14.6 |
| South East | 336 | 26,588 | 16,222 | 10.7 | 8.0 | 8.4 |
| North East | 204 | 26,689 | 14,730 | 6.5 | 8.0 | 7.6 |
| Mid-West | 267 | 29,941 | 14,715 | 8.5 | 9.0 | 7.6 |
| Midlands | 147 | 8,788 | 6,798 | 4.7 | 2.7 | 3.5 |
| West | 165 | 13,223 | 6,118 | 5.2 | 4.0 | 3.1 |
| North West | 166 | 7,669 | 6,317 | 5.2 | 2.3 | 3.3 |
| Non-Attributable | 1 | 9,518 | 4,861 | 0.0 | 2.9 | 2.5 |
| Total | 3,154 | 331,325 | 194,174 | 100 | 100 | 100 |

Source: Supplement to Irish Statistical Bulletin, March, 1973, *Analysis of the Census of Industrial Production, 1968* (Dublin: Stationery Office, 1973).

Note: (i) data for eight regions only are given in this table as the CSO has amalgamated the North West and Donegal Regions into one region—the North West.

(ii) the figures in the non-attributable category are for Bord na Móna. Its activities are not broken down by regions.

Abbreviations used in tables

CEC, Report = Commission of the European Communities, *Report on the Regional Problems in the Enlarged Community* (Brussels: Com (73) 550 final, 1973).
 CP = Census of Population.

APPENDIX II

Congested Districts, Undeveloped and Areas Designated Areas

The Undeveloped Areas Act, 1952, defined the Undeveloped Areas as being the former Congested Districts plus any other area which the Minister for Industry and Commerce declares by order to be undeveloped.

The Congested Districts are specified in the Act to be:

- (a) the counties of Donegal, Sligo, Leitrim, Roscommon, Mayo, Galway and Kerry;
- (b) the former rural districts of Ballyvaughan, Ennistymon, Kilrush, Scariff, Tulla and Kildysert in the county of Clare, and
- (c) the former rural districts of Bantry, Castletown, Schull and Skibbereen in the county of Cork.

The Industrial Development Act 1969, defines the Designated Areas as:

- (a) the congested areas as defined in the Undeveloped Areas Act, 1952;
- (b) an area which has been declared undeveloped by order of the Minister for Industry and Commerce under the 1952 Act;
- (c) any area which the Minister for Industry and Commerce from time to time, with the consent of the Minister for Finance, declares by order to be a designated area.

As a result of Ministerial Orders made under the Acts and the definition of the Congested Districts given in the 1952 Act, the following counties or parts thereof are now in the Designated Areas:

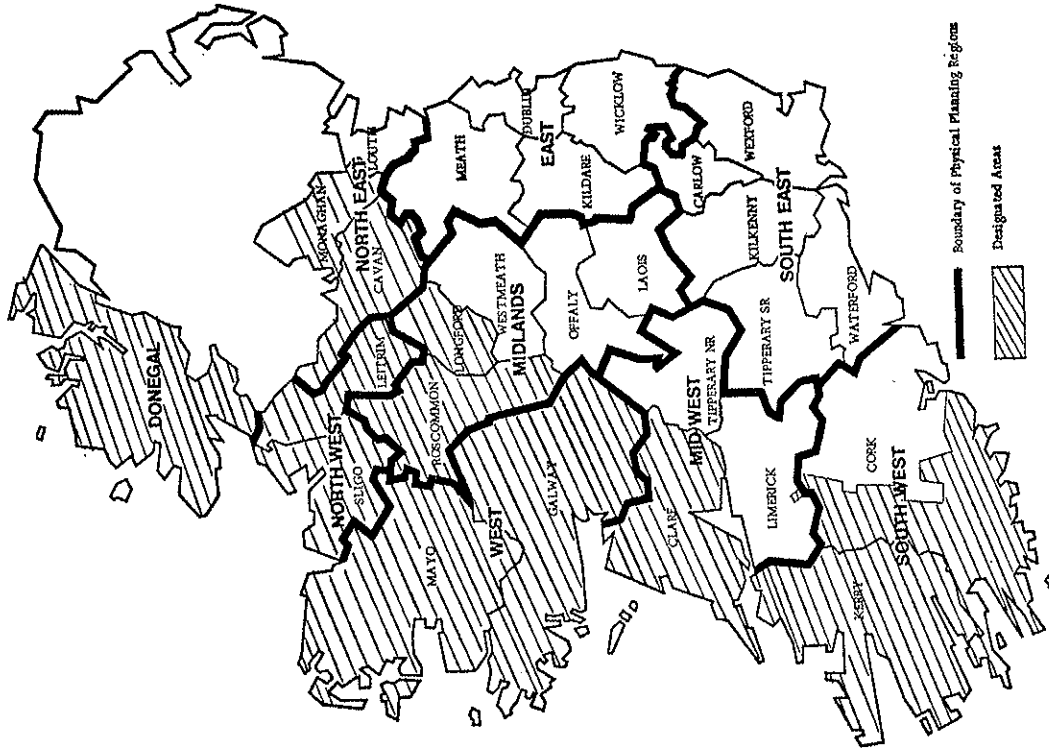
Donegal, Sligo, Leitrim, Roscommon, Mayo, Galway, Kerry, Longford, Cavan, Monaghan, Clare (excluding Shannon) and parts of Limerick, Cork, Offaly, Meath, Tipperary and Waterford.

APPENDIX III

Physical Planning Regions

After the passage of the Local Government (Planning and Development) Act, 1963, the Government established nine regions for physical planning purposes. The areas now covered are set out below and shown on the map on the next page:

| Region | Area |
|------------|---|
| East | Dublin, Kildare, Meath and Wicklow |
| South East | Carlow, Kilkenny, Tipperary SR, Wexford and Waterford |
| South West | Cork and Kerry |
| Mid-West | Clare, Limerick and Tipperary NR |
| West | Galway and Mayo |
| North West | Leitrim and Sligo |
| Donegal | Donegal |
| Midlands | Laois, Longford, Offaly, Roscommon and Westmeath |
| North East | Cavan, Louth and Monaghan |



NOTE: This map does not show the following Designated Areas: Ballingary, Co Tipperary, Derrinlough, Co Offaly, and the Waterford and Meath Gaeltachts.

APPENDIX IV

Government Statements on Regional Policy

31 August, 1965.

Statement of Government policy on the Report of the Committee on Development Centres and Industrial Estates, dated the 21st December, 1964, and on the comments, dated the 16th July, 1965, of the National Industrial Economic Council on the Report.

1. The Government have received and considered these reports.
2. They accept that the concept of development centres, i.e., places which, in addition to the established centres of Dublin, Cork and Limerick-Shannon-Ennis, are likely to become the commercial, financial, educational, health, social and administrative centres of each region, and at which industrial estates should be set up, can be an effective means of promoting the further expansion of economic activity.
3. At the industrial estates set up at development centres, factories for renting will be constructed and public funds will be provided, where necessary, for this purpose. As has already been announced, the existing grants legislation will be amended to empower An Foras Tionscal to make grants available towards the reduction of factory-rents for approved industrial projects on industrial estates.
4. It is intended that the identification of development centres, in each region, will be undertaken following the completion of the regional surveys which are being undertaken by the Minister for Local Government under the Local Government (Planning and Development) Act, 1963.
5. It is proposed to proceed, in advance of the completion of these regional surveys, with the development of industrial estates at Waterford and Galway. The experience gained at these centres will be of value in the development of estates at other locations.
6. The Government accept the opinion of the National Industrial Economic Council that development centres and industrial estates will

not be equally effective in promoting economic growth in all regions. They have not, however, accepted the view of the Council that, in the Counties Donegal, Sligo, Leitrim, Mayo, Monaghan, Cavan, Longford and Roscommon, the establishment of industrial centres is unlikely to be effective. The Government accept that special policies are required to raise the level of economic activities in these counties.

7. The identification of development centres and the setting up of industrial estates is not intended to involve the discouragement of industrial development at other locations. It is envisaged that secondary centres will benefit from growth at the primary centres. The Government consider that the dispersal of industrial activity throughout the country, where this is economically feasible, yields important social advantages, and, in the administration of the industrial grants scheme, the location of industries in other centres will be encouraged. The development of industrial estates is expected to attract thereto industries which might not be located in Ireland at all but for the facilities offered at these estates.

8. It is intended to set up, under the auspices of the Minister for Local Government, a committee of senior officers, representing all the Departments concerned, to advise on the fulfilment of this policy.

9. The Minister for Industry and Commerce will submit to Dáil Éireann proposals for legislation to provide for the administration of industrial estates in development centres by An Foras Tionscal.

19 May 1969
The following statement has today been issued by the Government Information Bureau on behalf of the Government:—

1. The Government have considered the report 'Regional Studies in Ireland' which was carried out by United Nations' consultants in association with An Foras Forbartha and in which recommendations are made for a development-centre programme. The consultants recommend that the main centres for industry should be at Cork, Limerick-Shannon and Dublin and that the first two should be the subject of a special drive for expansion. It is also recommended that Waterford, Dundalk, Drogheda, Sligo, Galway and Athlone should be expanded as regional centres and that there should be special local centres in certain areas.

2. The Government wish to provide more favourable conditions for new and expanding industry and to attract additional industry. It is also an objective to check the tendency towards unbalanced regional development by creating conditions in which a more dispersed geographical distribution of activities will be achieved. The Government

accept, in principle, that growth centres can be a valuable element in a regional programme aimed at achieving these ends.

3. A growth-centre programme on the lines recommended by the consultants would have far-reaching implications in regard to physical expansion on development prospects in other areas; the volume of demand on investment resources, public and private; the locational pattern of such investment; and future internal population movements. The Government are concerned to achieve broad-based regional expansion leading to a faster rate of industrial growth and a higher level of employment in industry and services and to keep population dislocation to the minimum consistent with these objectives. It has been decided, therefore, that the consultants' growth-centres recommendations should be further considered in the context of proposals for regional development generally.

4. The Government consider that the potential of every region should be exploited to the full, including the potential of those cities and towns which can develop as growth centres. Under the Local Government (Planning and Development) Act, 1963, the council of every city, town and county is required to prepare a development plan for its area, and those plans have been made in practically every case. The Act provides for the co-ordination of the development plans and, for this purpose, the country has been divided into nine planning regions. A regional co-ordinating body has already been established in the Limerick Region, and the Government propose that co-ordinating groups should now be established in all regions. The main function of these groups will be to co-ordinate the programmes for regional development in each region. The purpose of the programmes will be, principally, to identify the potential in each area, including the factors which make for economic expansion (such as growth centres) and the factors which impede expansion.

It is not intended that the regional groups will assume any executive functions. Industrial promotion in each region will be the responsibility of the Industrial Development Authority. The existing nine physical-planning regions will be retained for the present, subject to adjustment of the Dublin region to conform to convenient administrative boundaries.

The nine regions are:—

1. Dublin, Meath, Kildare, Wicklow.
2. Tipperary (S.R.), Waterford, Kilkenny, Carlow, Wexford.

6. It has been decided that the Industrial Development Authority will establish a unit in each region to promote industrial development. Each of these units will work in active co-operation with the regional co-ordinating group. They will provide a range of industrial services for existing or prospective industrialists in the region; administer industrial estates or advance factories provided by the IDA and generally promote regional industrialisation. In the Limerick/Clare/North Tipperary region, the Shannon Free Airport Development Co., Ltd., are already providing these services as agents of the IDA.
7. The Government's approach to regional development is designed to stimulate the economy as a whole. The development and improvement of small towns and rural areas will be encouraged in order to improve employment opportunities locally. Small industry will be a significant factor in providing employment in the smaller centres. In recognition of this, the Small Industries Programme of the IDA, at present limited in its application to the West and certain other areas, is due shortly to be extended to the country as a whole.

Also in their administration of the industrial development programme, it will be the policy of the IDA to provide advance factories as well as nursery units for small industries in selected locations in the various regions, subject to national co-ordination. The Government will be concerned to avoid a proliferation of advance factories or nursery units in a large number of areas, as being wasteful and leading to costly surplus capacity. In their administration of the Industrial Grants Scheme, the IDA will continue, as heretofore, to support the preference of some industrialists for locations outside the main population centres. The provision of serviced sites locally and, where the prospects warrant it, the provision of advance factories will be further incentives for such industrialists. There will also be industries with special locational requirements in relation to matters such as availability of raw materials of exacting requirements for water and other services, which will necessarily be located in areas other than large centres.

8. The need is recognised to make provision in Dublin for the natural increase in the existing population; for new enterprises for which an alternative location is not feasible; and for expansion in existing enterprises. Beyond those limits, it will be the policy that the further expansion of the city should not be actively promoted, and public programmes, where necessary, will be adapted to this objective. The location of projects in Dublin is discouraged in the administration of the grant incentives for new industry, and the policy of encouraging new projects to seek alternative locations, which serves also to limit the growing problems of congestion in the city, will be maintained.

3. Cork, Kerry.
4. Clare, Limerick, Tipperary (N.R.)
5. Mayo, Galway.
6. Sligo, Leitrim.
7. Donegal.
8. Roscommon, Westmeath, Longford, Offaly, Laoighis.
9. Louth, Monaghan, Cavan.

5. In their drive to achieve full employment and to reduce emigration, the Government will seek to ensure, as far as possible, that new industrial and service employment opportunities will be created locally in order that population increase and people seeking alternative employment will be able to find work in convenient locations. In this context, as the statutory planning authorities and because of their responsibilities for housing, services, road improvement, urban renewal, amenity and community facilities, the local authorities are involved in all forms of physical development in their areas. In keeping with these powers and responsibilities, the Minister for Local Government has called on the planning authorities to assist in exploiting local development possibilities, as well as adapting their works' programmes to create better opportunities for private enterprise to set up projects which will provide employment. It is envisaged that planning authorities will, in future, be more active in using their powers to assist and encourage suitable enterprises in their areas; maintaining liaison with industrialists and giving priority attention to their needs in regard to housing, services and other infrastructure; providing a service of information for industrialists and others in regard to local services and conditions; providing, in their development plans, serviced sites for industry, housing commercial and community development; supporting the industrial-development programme; assisting local development groups; and giving greater attention to the appearance and attractiveness for investors and tourists of towns and country-side for which they have planning responsibility. It is notable that a number of small towns have been very successful in attracting industry and it is increasingly recognised that a good physical environment is essential to such success. Planning authorities have a particular responsibility in this regard in the provision of community amenities and the cultivation of physical and community atmosphere conducive to new enterprise.

9. The Government's concern to assist under-developed areas is reflected in existing programmes and incentives favouring these areas. These include various agricultural measures; preferential rates in industrial grants; the small industries' programme; economic promotion by county development teams; preferential treatment in the scheme of grants for holiday accommodation, in road grants and in subsidies for water and sewerage schemes. The Government will intensify their efforts in dealing with the needs of the West and other under-developed areas. Special attention will be given to these needs in further regional planning and in the preparation of regional programmes.

10. In the case of the Gaeltacht, the aim of Government policy is to encourage and expand suitable economic activities and to improve social conditions so that those residing there, who use the Irish language as their normal medium of communication, will have adequate opportunities of securing gainful employment and of enjoying reasonable living standards. In the implementation of this policy, the principal instruments are Roinn na Gaeltachta and Gaeltarra Éireann; their organisation and finances have been greatly improved in recent years, so that they are now better geared than ever before to press ahead with the development of the Gaeltacht. For the achievement of maximum success, a comprehensive campaign for the Gaeltacht has recently been launched for urgent implementation; every Department and State agency will give priority to all aspects of Gaeltacht development, and local authorities concerned are expected to do likewise. Local authorities have been requested to prepare supplementary plans under the Local Government (Planning and Development) Act, 1963, dealing exclusively with Gaeltacht areas, and special studies of the development potential of those areas are being carried out by An Foras Forbartha.

11. The Government have considered the NIEC report on Physical Planning. The Government's views on growth centres and on the recommendations of the United Nations' consultants are as stated above.

Development plans under the Local Government (Planning and Development) Act, 1963 will be the means by which the provision of houses and sanitary services will be co-related with the creation of new employment at local level.

Improved liaison between industrialists and planning authorities will continue to be promoted. In this context, it would be of much assistance to local authorities if industrialists acquainted themselves fully with the development plans of local authorities and gave timely notice of water supply and waste-disposal problems likely to arise.

The Government do not accept the contention that too large a proportion of the available public capital for building and construction was

devoted to housing in Dublin and other cities and not enough to the provision of water and sewerage services. The implication of this, that less houses should have been built, is untenable. The demand for serviced land for housing, for industry and for other forms of development which has arisen in recent years is unprecedented and is due to the success of the Government's policies for economic growth. The special measures initiated in Dublin and elsewhere to extend existing water-supply and sewerage services and to provide new services (including major schemes) are already well under way.

Other aspects of the NIEC report will be examined by the Departments concerned.

4 May 1972

The following statement has today been issued by the Government Information Bureau on behalf of the Government:—

Review of Regional Policy

1. In May 1969 the Government, having considered the report "Regional Studies in Ireland", prepared by Colin Buchanan and Partners, issued a statement setting out in general terms their aims in regional policy and indicating that they would further consider the Buchanan recommendations in the context of proposals for regional development generally. A Regional Development Organisation was established in each of the nine planning regions, mainly representative of the local planning authorities. These Organisations were asked to prepare reports on their regions, and have done so. The Government have now reviewed their regional policy, taking account of these regional reports and all other relevant material. They have also considered the proposals of the Industrial Development Authority: "Regional Industrial Plans, 1973/1977".

2. The Government are anxious to make regional policy more effective and to aid the development of the economy as a whole. There is also the need to be in a position to derive maximum benefit from the aids to regional development which will be available in the EEC.

3. Accordingly the Government have decided to adopt an overall regional strategy, while recognising that the effectiveness of any regional strategy in a democracy with a free enterprise economy is subject to limitation by the decisions of private individuals and firms.

4. Government policy is to secure a continuing decrease in the number emigrating, to the point where there is no involuntary emigration.

According as this policy succeeds, population and employment will increase. Recent analysis shows that if a consistently high rate of economic growth were achieved, the total population could be in the region of 3.8 million by 1991. Population growth of such a magnitude would demand fast urban expansion. Half the population now lives in towns of 1,500 or more, including Dublin. If Dublin's future growth is held to its natural increase, giving a 1991 population of 1,200,000 or less, the aggregate population of the remaining cities and towns would have virtually to double over the 1966 figure.

5. The present urban structure is weak, especially in the north-western part of the country. The preliminary report of the 1971 Census has brought to light more favourable trends in the level of population in the under-developed areas generally. These areas remain, however, in need of special development effort. The Regional Development Organisation's reports reflect the action which they feel is necessary to deal with the involuntary emigration.

6. In the Government 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.

7. Accordingly, the strategy which the Government envisage should be pursued over the next 20 years or so, is as follows—

- (1) Dublin development to be such as to accommodate the natural increase of its existing population,
- (2) expansion in and around Cork City, of the Limerick/Shannon/Ennis area, and of Waterford, Galway, Dundalk, Drogheda, Sligo and Athlone.
- (3) development of county or other large towns of strategic importance in each region, including relatively large expansion of towns in areas remote from existing major towns.
- (4) continuation of special measures for the development of the Gaeltacht.

8. To provide guidance for physical planning and programmes of infrastructure, the Government have accepted that for the main urban

centres the population ranges set out below may be used as a planning base—

| | Estimated 1991 | Estimated 1971 |
|-----------------------------|---------------------------|-------------------|
| | Population Range | Population |
| National | ('000) 3,600 — 3,800 | ('000) 2,971 |
| Dublin | 1,125 — 1,200 | 850 |
| Cork Area | 300 — 360 | 175 |
| Limerick-Shannon-Ennis Area | 165 — 175 | 79 |
| Waterford | 50 — 60 | 33 |
| Galway | 55 — 65 | 29 |
| Dundalk | 40 — 45 | 24 |
| Drogheda | 36 — 40 | 20 |
| Sligo | 30 — 35 | 14 |
| Athlone | 16 — 20 | 11 |

The application of these figures as a planning base does not imply a projection or target for 1991 in respect of each place for a specific year, but is intended to indicate the potential scale of development in these areas. Strong urban areas are necessary to counter regional imbalance by, among other things, providing elsewhere some of the qualities which make Dublin so attractive a centre for population and employment.

The feasibility of reaching these figures will be determined largely by physical and economic factors but the figures quoted should be of assistance to planning authorities whose development plans will be the main instrument for the implementation of the strategy at local level.

9. Apart from the nine urban centres mentioned there will also be a substantial overall growth in other towns. Not all of these will grow to the same extent but it is envisaged that overall they will show an increase of 65-70% over the 1966 level of population.

It should be made clear that the smaller urban areas will also share in this expansion process.

10. The IDA Regional Industrial Plans cover the period 1973/77 and assign job targets in manufacturing industry to each region in that period. Details of the Plans are being announced separately. The number of additional jobs envisaged by the IDA over the period of their plans is

consistent with the employment increase forecast in the White Paper on Accession to the EEC. The Government endorse the approach adopted by the IDA which is consistent with the longer-term regional strategy outlined above. The IDA Plans will be continually updated and this will enable them to be kept in line with the overall regional strategy as measures to implement it are developed. In this implementation the IDA will play a major part.

11. Assistance will be available from EEC institutions for development purposes. The Government's regional strategy will provide a framework within which projects suitable for the support of the European Investment Bank will be identified. The Government's regional strategy will also provide a basis on which support will be sought from other Community sources, namely, the European Social Fund and the Guidance Section of the Agricultural Guidance and Guarantee Fund.

12. The Government consider that the Regional Development Organisations established in the regions are performing a useful role which should be developed further and that they should accordingly continue to receive assistance and support. This does not imply any departure from the intention to preserve the county as the basic local government unit. Further consideration will be given to the possibility of increasing harmonisation of regional systems which have grown up for different purposes.