

XVI/22/72-E

COMMISSION
OF THE
EUROPEAN COMMUNITIES

General Directorate
for Regional Policy

Regional Economic
Structures and Policies in
Ireland

March 1972

NOTICE

From the statistical data and information supplied by the national administrations of the acceding States, the Directorate-General for Regional Policy has undertaken to produce an analysis of the regional structures and regional policies of these States, to complete the analysis already made for the six Member States (1).

The present study represents a first general description. It will be supplemented by more detailed statistical analyses which, in spite of many gaps, will provide a more complete picture of the regional structures in the acceding countries and the problems they present in the enlarged Community.

(1) See Analysis, 1971

C O N T E N T S

	<u>Page</u>
I. Regional delimitation	3
II. Regional economic structures	8
III. The historical and political context	18
IV. Nature of regional problems	22
V. Current regional policy (1971)	26
VI. Regional programming	36
VII. Town and country planning	41
VIII. Regional policy - responsible institutions	42
IX. Results and future prospects of regional policy	45
Bibliography	49
Index	51

I R E L A N D
in the Community of Ten

	Ireland	Community of Ten	Ireland Community % or index (Community = 100)
Area in sq.km	68 900	1 847 300	3.7 (%)
Population (in thousands)	2 944	257 422	1.1 (%)
Density (inhab./sq.km)	42	139	30 (ind.)
Total working population (in thousands)	1 066	106 418	1.0 (%)
Working population in agriculture (%)	27.4	10.18	
Working population in industry (%)	30.2	43.87	
Gross domestic product (\$/inhab.)	1 184	2 372	49 (ind.)

Exchange value of the Irish pound in August 1971

1 \$ = 0,416667 Irish pounds

I. - Regional delimitation

The territory of Ireland can be divided into three kinds of regions: administrative regions, planning regions and designated areas. Such territorial units overlap but are never perfectly juxtaposed.

1) Administrative regions

There are two kinds of administrative region in Ireland which can be used for the purposes of regional analysis : the provinces and the counties.

There are four provinces : Leinster (in the East), Munster (in the South-West), Connacht (in the West) and Ulster (in the North). These provinces differ greatly in size and population, from Ulster with 207 000 inhabitants to Leinster with 1 495 000. The province of Ulster is divided into two parts; the main one (6 counties) is Northern Ireland, which forms part of the United Kingdom and the second one (3 counties) belongs to the Republic of Ireland.

The counties, of which there are twenty-six, are even more diverse : Longford, in the centre of the country, has a population of less than 30 000 while County Dublin has almost 800 000 inhabitants (1). Most "regional" statistics are nonetheless based on the counties, occasionally taking them in their provincial groupings.

(1) cf. Plate 1

THE ADMINISTRATIVE REGIONS OF IRELAND



FIG. 1

2) Planning regions

Planning regions are a very recent element of Irish economic policy. Their creation was announced on 19 May 1969 and therefore post-dates even the Third Programme for Economic and Social Development 1969-1972.

The planning regions cut across provincial boundaries, and even certain county boundaries, in a number of cases.

Planning regions (1)

"Regions"	Area in sq.km.	Population in thousands, 1966	Population density inhabitant/sq.km.
Donegal	4 830	109	23
North-West	3 321	82	25
North-East	4 002	169	42
West	11 338	264	23
Centre	8 987	234	26
East	6 979	989	142
Centre-West	7 870	265	34
South-East	9 405	320	34
South-West	12 161	452	37
Ireland	68 893	2 884	42

The marked disparity between the Eastern planning region and the rest of the country is basically due to the fact that that region includes the capital, Dublin. Without Dublin, the Eastern region does in fact have a similar population density to the rest of Ireland.

...

(1) Statement by the Government Information Bureau, 19 May 1969

	Area in sq.km.	Population in thousands; 1966	Population density inhab./sq.km.
Dublin (City and County)	922	795	863
Rest of the Eastern region	6 057	194	32

3) Designated areas

Regions which are the subject of Irish regional policy are called "designated areas" and were created as a result of the 1969 Industrial Development Act.

Once again, these designated areas do not always exactly coincide with the administrative units (counties and provinces) and planning regions.

They include 56 % of Irish territory situated to the West of the country on the Atlantic coast (cf. Plate 3, page 29).

5 THE PLANNING REGIONS IN IRELAND

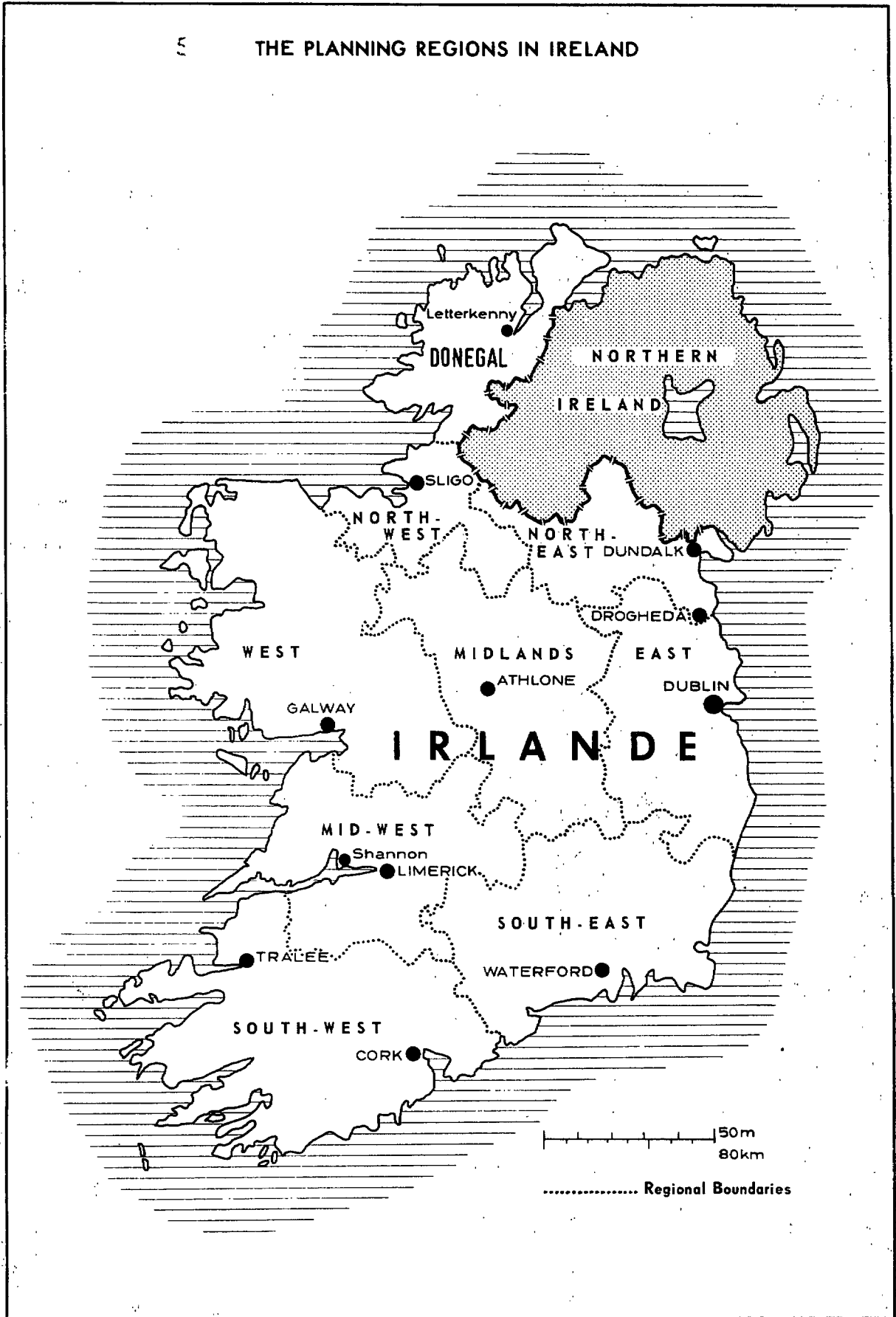


FIG. 2

II.- Regional economic structures

It would be inappropriate in a study which is, of necessity, limited and designed above all to bring out the main features and contrasts of its subject matter, to base a structural analysis on administrative regions (4 provinces or 26 counties) or on planning regions (9 regions); such regions are both too numerous and too undifferentiated.

A synthesis of regional economic structures could be made by dividing the country into two "regions" : Dublin, and the rest of Ireland.

In fact, County Dublin occupies such a dominant and, at the same time, special place in the country that such a delimitation seems quite justified. In many ways it might be said that the County, which is next to the City of Dublin in importance, is more remote from it than from the twenty-sixth and last county.

However, in view of the particularly underprivileged situation of Western Ireland, it seems advisable to adopt a wider delimitation and to analyse three "regions" : Western Ireland, Eastern Ireland without Dublin, and County Dublin.

While not forgetting the somewhat arbitrary nature of any such delimitation, it should be pointed out that the two regional blocks of West and East are separated by a diagonal running from North-East to South-West. From the Eastern border of Northern Ireland, the demarcation line crosses central Ireland, skirts Athlone, descends to Limerick and ends in Western Cork. For a good part of its length, it follows the course of the River Shannon.

Using this delimitation, the three "regions" can be defined in terms of provinces or counties as follows :

a) Western Ireland :

The entire Ulster and Connacht provinces and, in the province of Munster, County Clare and County Kerry;

b) Eastern Ireland without Dublin :

The whole of Leinster province except County Dublin and, in the province of Munster, the four counties Limerick, Tipperary, Waterford and Cork;

c) County Dublin :

which can mainly be identified with the capital, Dublin.

The "Western Ireland" regional grouping roughly corresponds to the "designated areas" of Irish regional policy, with the exception of the Western part of County Cork. It does not correspond exactly, mainly because there is a lack of available statistics.

Rather than present these three regional groupings separately, it seems preferable to analyse them simultaneously in the light of certain indicators which will serve to distinguish and even contrast them more easily.

Such an analysis can be made by applying the following criteria (1) : natural conditions, population, working population and employment, unemployment, level of development.

(1) Sources :

- ROSS (Miceal) : Personal Incomes by County 1965, The Economic and Social Research Institute, Paper n° 49, Dublin 1969.
- VERRIERE (J.) & GUIFFAN (J.) : L'Irlande, milieu et histoire, Libr. Armand Colin, Paris 1970.
- Statistical Abstract, Dublin (annual).

1) Natural conditions

Out of a total surface area of 69.000 sq.km., Western Ireland occupies approximately 32 000 sq.km. (46 % of Irish territory), Eastern Ireland without Dublin 36 000 sq.km. (52 %) and County Dublin 1 000 sq.km. (2 %).

Not only is Ireland Europe's Atlantic outpost but Western Ireland is the continent's most Westerly shore. On the other side, Eastern Ireland faces towards Great Britain.

This geographical situation very broadly explains the great diversity of natural conditions in Ireland. The West is wet and windy. Many Western counties have double the annual rainfall of the East.

Dublin is the region with the lowest rainfall. The wind, which may serve to keep the rain away, creates other difficulties : it blows very strongly in the North-West, with an average of forty gales a year, thereby preventing the growth of certain crops above an altitude of 250 metres.

These various factors aggravate the difficulties created by the damp, poor Irish soil. One fifth of Ireland is covered by peat bogs which are found mainly in the centre and North-West of the country. Several areas of these regions are complete desert. The deforestation carried out in past centuries also created other problems.

On the whole, natural conditions in Ireland show an accumulation of adverse factors in the West and of relatively favourable factors in the East. From the physical point of view alone, there are two Irelands, It is worth noting that this geographical division bears no relation to the political boundary between the Irish Republic and Northern Ireland, the artificial nature of which is quite clearly demonstrated.

2) Population

With a total population of 2 884 000 in 1966, Ireland is one of the least densely populated countries of Western Europe : 42 inhabitants/sq.km. (1).

The West has a population of just under 800 000, the East without Dublin 1.3 million, and County Dublin 800 000. The three regions represent 27 %, 46 % and 27 % respectively of the total population, with densities of 25, 36 and 86 inhab./sq.km..

Although it has the highest rate of natural increase of the whole of Western Europe, the population of Ireland is static, or at best very slightly on the increase if reference is made to the last decade alone.

Ireland is in fact unequalled in Europe as regards its constant and extremely high rate of emigration.

The population of the Irish Republic at present is just about half what it was in 1845. The population of Great Britain has tripled over the same period.

Since 1725 this small country has lost an overall total of $9 \frac{1}{2}$ million inhabitants through emigration. Almost 7 million have left Europe (5 million to the United States), the rest have taken up residence in Great Britain.

During the Great Famine of 1846-1848, Ireland lost more than 200 000 inhabitants a year. Yet for many years before and after that date the flow of migrants never stopped. In 1960 alone it totalled 44 000 - 15 o/oo of the whole population. In very recent years the number of migrants has dropped to around 12 000 a year - 4.2 o/oo of the total population.

(1) Most of the figures quoted refer, unless otherwise stated, to the year 1966. The results of the 1971 census are as yet only available in fragmentary form. Cfr. Census of Population of Ireland 1971. Preliminary Report, Dublin, September 1971.

Without going into details of what is a national rather than a regional phenomenon, two consequences of emigration should be mentioned :

- an international impact of Ireland which bears no relation to the size of its population today : 15 to 20 million Americans can claim Irish ancestry;
- in Ireland itself, under-population and an age structure in which the 20 to 40 age group is consistently reduced.

At regional level and if analysis is restricted to the most recent years 1966-1971 it can be seen that the only region to benefit from migration is Dublin and, to a far lesser degree, the counties immediately next to Dublin, on the Irish Sea coastline. On the other hand, all the other counties have a negative rate of migration, the highest being as much as 15 o/oo in the counties of the Western region.

The regional consequence of such under-population and emigration is the absence of a large urban core. Apart from Dublin (800 000 inhabitants), there are no major cities in Ireland. Cork, the second largest, has 122 000 inhabitants. Both of these cities are in the Eastern region. In the West, the Atlantic coast has a few large towns of which the most important is Galway (26 000 inhabitants). This situation is obviously a considerable handicap in regional policy.

3) Working population and employment

In 1966 Ireland still depended on agriculture to the extent of 31 % of its working population, 23 % of the national product and 50 % of exports. These figures showed a marked decrease in relation to the 1961 census (36 % of the working population and 29 % of the national product). According to the earliest estimates agriculture still accounted for 25 % of the total working population in 1971.

The Western region - which accounts for only 27 % of the total population - contains more than half of the farming population. It depends on agriculture to the extent of 56 % of its working population, a percentage equalled by no other region of the European Community even among those considered to be predominantly agricultural (1).

Percentage of farmers in the
total working population, by
region, 1966 and 1971

Regions	1966	1971
Donegal	46.7	42.2
North-West	57.0	54.0
North-East	39.2	33.6
West	57.2	52.8
Centre	48.1	43.0
East	7.7	5.8
Centre-West	39.6	32.7
South-East	40.0	32.9
South-West	34.1	28.4
Ireland	31.3	25.4

The Eastern farming region has a farming population of only 5.8 %. This is because it includes County Dublin, which has a farming population of only 1 % of the population of that county. The rest of the region has a farming population of 30 %.

It will be noted from this brief analysis that the most important fishing grounds are to be found along the coast of Western Ireland. In several areas fishing is a support activity for agriculture.

...

(1) According to the first results of the 1971 census, farmers in the Western region still represent 46 % of the working population.

The working population employed in industry represents approximately 30 % of the total working population in Ireland. The main industrial centres are found in the East, near the sea ports. County Dublin alone accounts for 40 % of Ireland's non-agricultural jobs, 44 % of her industrial jobs, 41 % of business turnover and 60 % of national harbour traffic. The West has only a few small industrial towns and with very few exceptions the industries are on a limited scale.

Tourism is of increasing importance in Ireland and in 1969 accounted for a sixth of total current foreign revenue. It is particularly profitable in the West where there is a good supply of suitable sites and where it helps to create employment.

4) Unemployment

Unemployment in Ireland is largely camouflaged by emigration and agricultural under-employment. In the last decade it has fluctuated between 4 and 6 %.

The differences between regions or counties are very marked. In the Eastern planning region unemployment varied between 3 and 4 % while in Donegal (extreme North-West) and Mayo (West) it varied between 11 and 13 % and 7 and 10 % respectively.

5) Level of development

According to an estimate based on personal incomes, the three "regions" contribute to the national income in the following proportions :

	Personal incomes	Population
West	22 %	27 %
East, without Dublin	42 %	46 %
Dublin	36 %	27 %

This imbalance between population distribution and personal income reflects the disparity in the levels of development of the different regions. The situation in 1965 and 1969, per capita and by county, was as follows : (1)

...

(1) In this table, personal incomes must be understood to the sum of the remuneration of wage-earners (including pensions and employers' contributions to social insurance), the income of self-employed workers, interest, dividends and rents, current transfers from public authorities and money sent over by emigrants.

Per capita income in 1965 and 1969, by county *

Regions and counties	1965		1969	
	in £	index	in £	index
Ireland	292	100	418	100
1) <u>Western region</u> :				
Cavan	236	80	334	80
Clare	246	84	368	88
Donegal	215	73	317	75
Galway	230	78	339	81
Kerry	242	82	358	85
Leitrim	209	71	296	70
Mayo	215	73	287	68
Monaghan	233	79	354	84
Roscommon	218	74	309	73
Sligo	225	77	340	81
2) <u>Eastern region without Dublin</u> :				
Carlow	256	87	382	91
Cork	301	103	429	102
Kildare	281	96	425	101
Kilkenny	271	92	375	89
Laois	225	77	332	79
Limerick	293	100	401	95
Longford	217	74	326	78
Louth	295	101	450	107
Meath	249	85	342	81
Offaly	237	80	336	80
Tipperary	274	93	390	93
Waterford	304	104	427	102
Westmeath	250	85	352	84
Wesford	245	84	359	85
Wicklow	270	92	385	92
3) <u>Dublin</u>	381	130	531	127

* the statistics for 1969 are taken from :
ROSS (M.) Further Data on County Incomes in the Sixties,
Economic and Social Research Institute, Dublin 1971 (unpublished)

The following can be observed from this table :

- a) the West comprises 10 counties with income levels between 68 and 88 and a regional average of 78 (Ireland = 100);
- b) the East without Dublin comprises 15 counties with levels between 78 and 107 and an average of 94;
- c) Dublin had an index of 130 in 1966 and of 127 in 1969;
- d) with the exception of Dublin, only four counties come up to or slightly exceed the national level. They are all in the East and contain Ireland's main urban districts;
- e) between 1966 and 1969, the differences between the counties were not noticeably reduced; on the other hand certain Eastern counties near Dublin improved their position.

III.- The historical and political context

Ireland's regional economic problems cannot be understood without a knowledge of the country's political history. It is because of a historical context in which politics and even religion play an important part that Ireland lost nine and a half million inhabitants in two hundred and fifty years, is still a largely rural country, has an economy which is still very dependent on that of Great-Britain and a standard of living approximately half England's.

1) The past before independence

Ireland's problems, before being regional, are those of a nation which for several centuries has had to contend with particular political difficulties (1).

Since the reign of Elizabeth I, in the sixteenth Century, Anglo-Irish relations have put a stop to all Irish activities likely to harm one or other sector of the English economy.

An Act of Parliament initiated in London in 1699 prohibited the export of Irish woollen textiles to any country other than England : since such goods were subject to prohibitive duties on their arrival in English ports, this measure completely stifled the Irish woollen industry.

Similarly, the Navigation Acts reserved colonial trade completely for England and prohibited Irish merchants from handling any trade other than that intended for English ports.

...

(1) The information contained in this Chapter is taken from VERRIERE (J.) and GUIFFAN (J.), op.cit.

Having first suffered the effects of profiteering and colonial exclusiveness, Ireland then had to contend with liberalism when after 1880 she was integrated into a Great Britain which was enjoying full industrial expansion. From 1824, English goods were allowed duty-free entry into Ireland and the two industries, very unevenly matched, were placed in direct competition.

These circumstances, coupled with lack of capital and the lethargy induced by massive emigration, explain the weakness of Irish industry, the sole industrial centre of any importance being that to the North-East of the island around Belfast, which is based on shipbuilding and textiles.

2) From independence to 1958

The economic structure of the Free State created in 1921 was extremely fragile and very unbalanced. Ireland was no more than an agricultural annex to Great Britain to whom she exported foodstuffs, generally in the untreated state (cattle on the hoof in particular). Her foreign trade had been reduced to a very schematic system in which, as a result of a strict division of labour, Irish agricultural produce was exchanged for British manufactures.

When Ireland came into existence as a politically independent state, only a few domestic industries, such as poplin manufacture and brewing, had been able to survive and then only in very limited areas, in particular in County Dublin.

After ten years of trial and error, Ireland began in 1932 to follow a deliberate policy of strict protectionism and autarchy. This led to a first wave of industrialisation whose main achievements were in the following sectors : hydro-electric and turf-burning power stations, food industries (in particular sugar refining, distilling, biscuit factories, breweries), footwear industry, textile industry (wool and cotton), paper-mills and china manufacture. If the situation is analysed sectorially, it can be seen that there was singularly little progress in the basic industries such as iron and steel and heavy chemicals.

...

The Industrial Development Authority was created in 1950 and regional policy was initiated in 1952.

An extremely protectionist economic policy was followed until 1958. Although it brought with it the beginnings of Irish industrialisation it did nothing to stop emigration or to prevent a chronic balance of trade deficit. In 1958, only one fifth of the working population was employed in industry.

At a regional level, this industrialisation had two essential characteristics : the most important firms were established on the East coast, mainly in Dublin; a handful of small factories had been established in very small towns.

3) From 1958 to the present time

1958 saw the introduction of a new economic policy in Ireland in the adoption of the First Programme for Economic Expansion 1959-63 (1) the aim of which was to end unemployment and to modernise the country's economic structure, while opening it up to the major international economic currents by progressively lowering customs barriers. 1958 was also the year in which the Common Market was created. The most remarkable achievement of that era was the creation in 1959 of the industrial zone of Shannon Free Airport in Western Ireland. All in all, a major effort was made to encourage foreign investment.

A second (2) and third (3) development plan were launched in 1963 and 1969, the main features of which are outlined below and certain parts of which are concerned with regional development.

...

(1) First Programme for Economic Expansion, 1958

(2) Second Programme for Economic Expansion, 1963

(3) Third Programme for Economic and Social Development 1969-72, 1969

Similarly, various Acts were passed concerning both physical planning (1) and regional economic development (2).

In 1966, the United Nations and the Irish Government commissioned a team of researchers to make a survey of regional development. This was published in 1969 and contains a number of proposals which were to serve as a background to the Government's orientation of its regional policy (3).

However, in spite of intense legislative activity, the Irish economy continues to be characterized, on the eve of entry into the Common Market, by a dual dependency as regards foodstuffs and as regards the United Kingdom which account for 60 % and 78 % respectively of its exports. Since Irish prosperity thus depends on the proximity of Great Britain it is the Eastern region which, as the region most open to that country, remains the most developed or, if one likes, the least poor.

...

-
- (1) Local Government (Planning and Development) Act, 1963
 - (2) The most recent being the Industrial Development Act, 1969
 - (3) An Forbas Forbatha (National Institute for Physical Planning and Construction Research) : Regional Development in Ireland, Dublin 1969

IV. - Nature of regional problems

It could be said that the whole of Ireland represents a regional problem. In area it is in fact only half the size of the Mezzogiorno or a third of the size of the French West-South-West but it is bigger than some European "regions".

It has only one seventh of the population of the Mezzogiorno or a quarter of that of the French West-South-West but it has not got Italy's or France's prosperous regions either.

However, since Ireland's problems are to be assessed in an Irish context, a distinction can be made between the underdevelopment of rural areas and the case of Dublin itself.

1) Underdevelopment in the rural areas

This problem is obviously by far the greatest since it concerns virtually the whole country : 98 % of the surface area and 73 % of the population of Ireland belong to rural areas.

Underdevelopment is more marked in the West than in the East but this is only a question of degrees of underdevelopment.

The economic reasons for this underdevelopment lie in the harshness of natural conditions, the scarcity of mineral resources and the country's dependence on agriculture. In this respect the following table gives the percentage of the population engaged in agriculture in relation to the total working population. This ratio is greater than in any State in the European Community. The ratio for Western Ireland is greater than that of any region in the European Community.

Ireland's farming population is 4 % higher than that of Italy. Western Ireland has a farming population 5.2 % higher than that of the Abruzzi-Molise.

...

For the historical and political reasons given in the preceding chapter, Ireland has not managed to develop her industry at a rate which might have compensated for the loss of agricultural workers.

Size of the farming population in relation to the total working population, in the European Community (1) and in Ireland around 1966, and for the last available year (2).

	1966	last available year
Ireland	31 %	25.4
of which : West	56 %	46
East without Dublin	36 %	30
German Federal Republic	10 %	9,8
of which : Rhine-Palatinate	17 %	16,4
France	15 %	15
of which : West	31 %	28
Italy	25 %	21.9
of which : Mezzogiorno	37 %	33.6
of which : Abruzzi-Molisa	46 %	40.8
European Community	18 %	14

(1) This table gives the regions which in each of the three main Member States of the European Community are most dependent on agriculture.

(2) Available years :
 Ireland : 1971
 Germany : 1968
 France : 1968
 Italy : 1968

These difficulties combine to cause a migratory flow which, although it has decreased considerably in recent years, is nonetheless one of the highest in Europe.

Annual rate of migration as a %
of the population in Ireland

Province	1961-1966	1966-1971
Leinster	- 0.15	- 0.22
Munster	- 0.64	- 0.39
Connacht	- 1.36	- 1.06
Ulster	- 1.42	- 0.69
Ireland	- 0.57	- 0.42

It should be noted for comparison that during the period 1960-67 the annual rate of migration in Italy was - 0.08 % and that of the Mezzogiorno - 0.99 %.

All in all, a large part of Ireland and more particularly the Western region display the main characteristics of underdevelopment.

2) Dublin

The fact that 27 % of Ireland's population lives on 2 % of its territory is certainly another important aspect of regional phenomena.

Dublin is moreover far more important economically than as regards the size of its population. Its per capita income is 30 % higher than the national average. It accounts for the main part of Ireland's economy and at all events the most developed and most productive sectors. Because of its geographical situation, Dublin is both Ireland's main port and the necessary crossing point for numerous links between North and South. Dublin is the only region of Ireland with a high population growth rate and the only one without a negative migratory balance.

...

Should Dublin be considered to be a problem case ? In a country where it is the only genuine growth point one might think not, but it nonetheless certainly is one.

V.- Current regional policy (1971)

Current regional policy in Ireland is based on a series of laws issued over the period 1950 to 1969, namely :

- Industrial Development Authority Act, 1950;
- Underdeveloped Areas Act, 1952;
- Industrial Grants (Amendment) Act, 1961;
- Underdeveloped Areas (Amendment) Act, 1963;
- Industrial Grants (Amendment) Act, 1964;
- Industrial Grants (Amendment) Act, 1966;
- Industrial Grants (Amendment) Act, 1969;
- Industrial Development Act, 1969.

Only the last of these (Industrial Development Act, 1969) is still in full force, having abolished certain provisions of the earlier Acts.

This policy can be viewed from three angles : its aim, its geographical area and regional aid.

1) Aim

Irish regional policy has two aims. The first is to promote regional industrial development, this policy being one of industrializing the whole of Ireland and in particular the less developed regions which are indicated under the next heading of this chapter.

In a statement (1) published in 1969 the Irish Government stressed this aim and indicated its desire to create conditions more favourable to the development of new and expanding industries, to check the trend towards

...

(1) Statement issued by the Government Information Bureau, 19 May 1969

unbalanced regional development by encouraging a geographical distribution of activities, to promote regional expansion on a broad basis by accelerating the rate of industrial growth and maintaining a high level of employment in industry.

Given the country's overall lack of industrialization it is difficult to differentiate between the regional and national aspects of this policy. This difficulty is stressed by the Memorandum submitted by the Irish Delegation on the occasion of the negotiations with the European Communities (1): "Regional policy in Ireland is primarily the expression, at regional level, of national economic and geographical development policy; it is not, as in the industrialized countries, above all a policy aimed at redistributing on a regional basis an already satisfactory level of investment and job creation."

The second aim of Irish regional policy is a linguistic one and seemingly far more limited, although in Ireland it is regarded as a national obligation. It is that of encouraging efforts to uphold and increase the use of the Irish or Gaelic language in the region, the Gaeltacht, where this language is still spoken. According to a white paper (2) published in 1965, "the aim of Government policy for the Gaeltacht 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 standards of living".

...

- (1) Conference between the European Communities and the States which have applied for Membership of the Communities. Negotiations with Ireland : Memorandum submitted by the Irish Delegation. Regional and National Economic Development in Ireland. July 1971.
- (2) White Paper on the Restoration of the Irish Language, Dublin, January 1965, p. 50

2) Geographical area

The geographical area of Irish regional policy is defined in the 1969 Act as being the "designated areas".

It includes the whole of Western Ireland. (cf. Plate 3)

This geographical area differs slightly from the definition given, in our analysis of regional structures, of the Western region of Ireland, because of the statistics available in this connection.

According to the Memorandum submitted by the Irish Delegation to the European Communities, the designated areas account for 56 % of the territory, 32 % of the population and 26 % of the national revenue of Ireland. Their per capita standard of living index is 76 (Ireland : 100).

Compared with the rest of the country the designated areas show the following characteristics.

The designated areas and the rest of Ireland

Criteria	Designated areas	Rest of Ireland
- <u>Surface area</u> in sq.km.	38.530 (55.9 %)	30.363 (44,1 %)
- <u>Population</u> in units :		
1961	971.030 (34.5 %)	1.847.311 (65.5 %)
1966	936.482 (32.5 %)	1.947.520 (67.5 %)
1966/1961 in %	- 3,5 %	+ 5.4 %
- <u>Density inhabitant/sq.km.</u>	24	64
- <u>Total income</u> in millions		
1960	157.0 (27.9 %)	405.3 (72.1 %)
1965	218.6 (26.0 %)	623.1 (74 %)
1965/1961 in %	+ 39 %	+ 53 %
- <u>Per capita income in</u>		
1960	161.7	219.4
1965	233.4	320.0
1965/1961 in %	+ 44 %	+ 46 %

THE GEOGRAPHICAL AREA COVERED BY REGIONAL POLICY IN IRELAND - 1971



FIG. 3

As indicated above the encouragement to uphold and increase the use of the Gaelic language is also part of regional policy. The region where Gaelic is still spoken, the Gaeltacht, is limited to the Western peninsulas of the Western region, mainly in the counties of Donegal, Mayo, Galway and Kerry : all in all, less than 75 000 people or 2.5 % of the Irish population.

The Gaelic-speaking regions in 1966

County	Population in thousands	Sq.km.	Pop. density inhab./sq.km.
Donegal	23.9	1 522	16
Mayo	14.8	856	17
Galway	21.7	1 334	16
Kerry	8.1	557	15
Cork	3.4	236	14
Waterford	0.8	34	25
Meath	0.9	31	30
Total	73.6	4 570	16

More than 65 % of the population is employed in agriculture (including fishing). Unemployment and emigration are above the Irish average.

3) Regional aid

One basic observation must be made before explaining what regional aid consists of. Since regional policy is mainly a policy of industrialization and since the need for industry exists throughout the whole of Ireland, industrial grants may be obtained throughout the country but more particularly in the designated areas (1).

All aid for industrialization is granted by the Industrial Development Authority which will be dealt with in Chapter VIII.

1) Subsidies to the fixed capital of industrial undertakings

Any industrial undertaking may receive a subsidy in proportion to its investments in fixed capital :

- of 40 % of the cost of investments in designated areas;
- of 25 % in any other region;

The subsidy is granted to any industrial undertaking which satisfies the following criteria : creation or maintenance of employment; as is necessary with a financial aid, the project has a specific duration and will be carried out efficiently.

...

(1) An obvious example is the exemption from income tax, since 6 April 1960, of any undertaking to the extent that its profits come from exports. This provision was initially laid down for a period of fifteen years which would not go beyond 1980-81 but now applies for a twenty year period ending in 1989-90.

Cf. Finance Act 1958, Income Tax Act, 1967, and Finance Bill 1969

An additional subsidy of 20 % may be granted in any of the regions when the undertaking satisfies the following criteria : special nature of the employment created, use of local resources, link-up with new industries already in existence or about to be created, high technical level, exceptional growth potential.

All in all, subsidies to fixed capital may reach 45 % for the country as a whole and 60 % in the designated areas.

A double distinction must however be made between administrative practice and the amount of subsidies actually granted :

	Designated areas	Rest of country without Dublin	Dublin
1) legal maximum	60 %	45 %	45 %
2) maximum in administrative practice			
namely	50 %	35 %	25 %
or else per job	£ 5 000	£ 4 000	£ 3 000
3) maximum in 1970-1971	45 %	28 %	25 %
4) maximum per project	£350 000	id	id

2) Grants for the re-equipment, modernization, improvement or expansion of industrial undertakings.

These grants may reach :

- 35 % in designated areas,
- 25 % in any other region.

They may not exceed £350 000 per project, except with Government approval. In the latter instance they may not exceed the percentages given above.

3) Grants towards the leasehold of premises

Any industrial undertaking is entitled to a subsidy towards the cost of leasing its premises. This subsidy and any additional subsidy represent the same percentage as those indicated in 1) above.

4) Interest rate subsidies

Industrial undertakings which satisfy both sets of criteria referred to in 1) above are entitled to an interest rate subsidy on loans acquired for investment purposes. The amount of such subsidy is not specified. It can be obtained in all regions.

5) Loans guarantee

The Industrial Development Authority may guarantee the reimbursement of loans acquired by any industrial undertaking which satisfies the above-mentioned criteria, irrespective of the currency in which they are granted. This guarantee can be obtained in all regions.

6) Vocational training grants

Undertakings which satisfy the criteria listed in 1) above are entitled to a grant for the vocational training of their labour force.

This grant may not exceed the total wages paid to the person concerned during the period of his training, plus his travelling expenses, instructors' salaries and training costs. This grant can be obtained in all regions. A special body ANCO (Industrial Training Authority) directs vocational training centers in Galway, Shannon and Waterford.

7) Research grants

Projects involving new industrial processes are entitled to a grant representing 50 % of the cost of the project or a maximum of £ 15 000. The grant can be obtained in all regions.

8) I.D.A. contributions

The Industrial Development Authority may contribute towards the capital of industrial undertakings which satisfy the criteria listed in 1) by buying up shares in such undertakings.

9) Tax relief

Certain reductions may be granted on land and property tax and on investments in equipment and plant. Such relief may total 11 % of the investment in question.

10) Benefit for designated areas

To the extent that the above-mentioned aids may be cumulative, the benefit for the designated areas in relation to the rest of the country and Dublin is :

- 28 % as compared with the rest of Ireland without Dublin;
- 31 % as compared with Dublin.

11) Dublin

Although no legislative provisions have been laid down for Dublin, in practice the Government is trying to discourage the siting of new industrial projects in the Dublin region, except in the case of extensions to existing undertakings or where no other location is possible.

It was noted above that financial aid to the Dublin region does not exceed 25 % of the cost of investment.

12) Industrial zones and buildings

The I.D.A. may develop industrial zones in any region of the country and install buildings and services; it may also build housing for industrial workers.

An exception to this system is provided by the Shannon industrial zone, which is managed by the Shannon Free Airport Development Company instead of the I.D.A.. This is an industrial zone created near Shannon airport on the West coast of Ireland. The airport was built originally for transatlantic flights but declined in importance as aviation progressed. Rather than allow its facilities to go unused, it was decided to attach to them a zone within which undertakings might receive supplies by air duty-free.

13) Small and medium-sized undertakings

Small and medium-size undertakings (less than 50 workers in the designated areas and less than 30 in other regions) are entitled, in addition to the regional aids mentioned above, to special assistance in the form of technical and commercial advice.

VI.- Regional programming

The following concerns regional economic programming, excepting regional physical planning which is dealt with in the next chapter under the heading "town and country planning".....

1) The first two national programmes

The first (1958-63) and the second (1964-69) programme for economic expansion concerned the Irish economy as a whole. This is illustrated in particular by the absence of regional statistics and in this Ireland does not differ significantly from most of the Member States of the European Community.

Furthermore, "it might be thought that in view of the small size of the Republic of Ireland, the need for regional plans integrated into national plans would, if anything, be less acute than elsewhere (....). Experience with the Second Programme strongly suggests that it is impracticable to break down into regional plans an economic plan that was originally prepared on a national basis. If, therefore, the implications of the national plan for the regions is to be understood, and if economic planning is to develop local "grass-roots", it is desirable that the national plan should have a strong regional element in it, the various aggregates being, as far as possible, built up on a regional basis. (....) The very limited progress hitherto made with regional accounting in Ireland would make it impossible to provide a full-scale regional basis for the Third Programme, but some first steps could be taken in this direction, and work might then be undertaken with a view to securing a full-scale regional breakdown of the Fourth Programme". (1)

...

(1) FITZGERALD (Garret) : Planning in Ireland, Institute of Public Administration, Dublin, and Political and Economic Planning, London, 1968, p. 219

2) The Buchanan Report

Pending the drafting of such a regional programme, the Irish Government had in 1966, with the help of the United Nations, appointed a team of researchers to draft a report on regional development in Ireland. This survey, commonly known as the Buchanan Report after one of its authors, contains a number of proposals directed towards, if not an overall regional programme, then at least some form of regional strategy (1).

In particular it stressed the need to localize development.

As has already been said, Dublin is a case which has no equivalent in any of the Member States of the European Community. If current trends continue, there will be a further concentration of population and economic activity on the Irish capital to the extent even of creating congestion problems. Yet, since Dublin is the sole industrial and commercial centre of any real importance in Ireland, "it should not be wasted by deliberately blocking the city's later development", as the Buchanan Report puts it. One is thus faced with an "agonising choice" as regards Irish regional policy.

Faced with the choice between the need to concentrate development and the need to distribute it evenly, the Buchanan Report suggests that expansion be channelled on to two main centres :

- Cork, the country's second city, situated on the South-East coast;
- Limerick which, besides being the country's third city, is particularly important because it is near Shannon, where a free airport was established some years ago. Limerick-Shannon is within the "designated areas".

...

(1) An Foras Forbartha (National Institute for Physical Planning and Construction Research) : Regional Development in Ireland, Dublin 1969.

Priority should also be given to six secondary centres. These are, in declining order of population size : Waterford, Galway, Dundalk, Drogheda, Sligo and Athlone.

Overall, it should be noted that only two of the nine regions selected are situated in the Western designated areas.

3) The Third Programme for Economic and Social Development 1969-72

The first two programmes dealt with the Irish economy as a whole; the third programme, however, concentrates some of its attention on regional matters.

It should still be pointed out that the part devoted to regional aspects is somewhat limited,⁽¹⁾ that it contains no statistical forecasts and that it draws largely on previous research, in particular the Buchanan Report.

The following should be noted :

- the importance of town and country planning as a framework to regional development;
- the concentration of development on a limited number of growth points and industrial zones;
- the pressing need for regional aid policy in the Western designated areas;
- the increased efforts to strengthen the economic structure of the Irish-speaking regions (the Gaeltacht).

4) Planning regions

The Third Programme, albeit recent, makes no reference to the planning regions. Their creation was in fact announced shortly after the drafting of the programme.

There are nine such regions, as shown on Plate 2 of this document (see page 7).

...

(1) Third Programme for Economic and Social Development 1969-72, Dublin, March 1969, p. 160-173

To date, a number of regional programmes have been drawn up :

- for the Mid-West region :

- Five Year Programme for the Industrial Development of the Limerick, Clare and Tipperary (N.R.) Region, April 1969;
- Supplement 1970 to the Five Year Programme, etc...

both prepared by the Shannon Free Airport Development Company.

- for the Western region :

- Castelbar-Westport. Proposed Growth Centre Development Policy, May 1971.
- Galway/Mayo. Regional Development Group. Regional Report, March 1971.

- for the Donegal region :

- Donegal Regional Development Organisation : Regional Development Report. March 1971

- for the North East region :

- North Eastern Regional Development Organisation : Report on the North Eastern Region, April 1971

- for the South East region :

- South Eastern Regional Development Organisation : Regional Report on Planning and Development, May 1971

- for the Irish speaking regions :

- The Gaeltacht Studies. A development Plan for the Gaeltacht;
- Planning Report on the Galway Gaeltacht;

both prepared by An Foras Forbartha, 1971.

Without going into details on these programmes, some of which apply to regions with a very small population, it can be observed how far the concept of "growth centres" has come to be increasingly accepted. In this respect, the hierarchy of the centres in Ireland is as follows :
(Cfr. Plate 2, page 7)

...

- the capital : Dublin;
- two national centres : Cork and Limerick-Shannon;
- six regional centres : Sligo, Dundalk, Drogheda, Athlone, Galway and Waterford;
- four local centres : Letterkenny, Cavan, Castelbar and Tralée.

5) The Fourth Programme 1971-76

Although the fourth programme has not as yet been published, it is interesting to note information which we have obtained as regards its regional orientation.

Regional strategy is based on the following principles :

- a) a cut-back in the growth of Dublin by granting substantial aids to other regions, thereby discouraging migration to Dublin;
- b) industrialization of the main urban centres other than Dublin;
- c) the creation of small industrial undertakings in small urban centres, to promote industrial expansion;
- d) modernization of centres with a weak urban structure.

VII.- Town and Country Planning

Town and country planning - or physical planning - in Ireland is governed by the 1963 Local Government Act (1).

This Act recognises the county, borough and district councils as planning authorities. All in all, 87 planning units may be responsible for the drafting of development plans.

The Act lists the contents of the plans, which indicate both the orientation to be given to the region and any prohibition which may be issued to engage in such activities.

The main aims of development plans are as follows : urban restructuring and redevelopment of the living environment, development of centres chosen as growth points, preservation of the physical environment and tourist promotion.

...

(1) Local Government (Planning and Development) Act, 1963

VIII.- Institutions responsible for regional policy

The institutions responsible for regional policy in Ireland can be analysed at two levels : central authorities and regional authorities.

1) Central Authorities

a) Industrial Development Authority

Since Irish regional policy is principally a policy of industrialization and since the whole country needs industrialization, the Industrial Development Authority (I.D.A.) is responsible for Irish regional policy.

The Authority was set up in 1949 as an agency under the control of the Minister of Trade and Industry and became in April 1970, as a result of the 1969 Industrial Development Act, an independent body backed by the State and nationally was responsible for industrial development.

Its business is to encourage industries, particularly exporting industries, to set up in Ireland and to contribute to the expansion, diversification and efficiency of Irish industry.

In practice, the I.D.A.'s responsibilities cover :

- the granting of regional aids as described in the chapter on regional policy;
- the direction of the Waterford and Galway industrial zones;
- the development of industrial sites and the services connected with such development;
- participation in the drafting of regional development plans (in liaison with the regional bodies).

b) Minister for Local Government

Responsible for town and country planning policy.

c) National Institute for Physical Planning and Construction Research

Research institute created by the Minister referred to above to study problems connected with regional development, the environment and nature conservation.

d) Regional Development Committee

Interdepartmental committee created by the Government to coordinate the activities of the various ministry departments concerned with regional development policy : local government, trade and industry, agriculture and fisheries, finance, labour, transport, power, education, public health, the Gaeltacht and the Industrial Development Authority.

e) Central Development Committee

Committee created by the Government to promote economic development in Western Ireland. It consists of representatives of ministry departments and the Chairmen of County Development Teams (see below).

2) Regional Authoritiesa) Regional offices of the I.D.A.

The Industrial Development Authority has set up regional offices in 8 of the 9 planning regions. In the ninth, the Mid-West, the regional body is the Shannon Free Airport Company. Their rôle is to give information and advice to undertakings setting up in their region.

b) Shannon Free Airport Development Company

Regional agent of the I.D.A. for the Mid -West region. Responsible for the development and direction of the Shannon Free Airport industrial zone.

c) Regional Development Organisations

In each of the nine planning regions there is a "Regional Development Organisation" made up of the regional and local authorities. Its rôle is to advise the Government and in particular to participate in the drafting of regional programmes.

d) County Development Teams

In each of the 13 counties of Western Ireland there is a "County Development Team" made up of county officials; its task is to promote development and to coordinate the activities of the county's public services.

e) Roinn na GaeltachtaGaeltarra Eireann

These two government agencies are responsible for promoting economic activities in the Irish-speaking regions.

IX.- The results and future prospects of regional policy

1) The results (1)

a) Overall results

Between 1952 and 1970 Irish regional policy in the designated areas was responsible for the establishment of more than 300 undertakings, representing an investment of more than £ 60 million and creating more than 25 000 jobs.

Total regional aid was more than £ 26 million, the aid per job created being £ 1 057.

Irish regional policy from 1952 to 1970

	Number of operations unit	Amount of fixed capital £	Total investment £	Amount of approved aid £	New jobs units
Designated areas	343	50'001 440	62 793 832	26 754 580	25 304
Other regions	428	111 624 543	147 227 616	44 827 945	40 049
Whole of Ireland	771	161 625 983	210 021 448	71 582 525	65 353

	Amount of regional aid		No. of jobs created as % of total	Population as % of total
	as % of total investment in the region	as % of total national aid		
Designated areas	42.6 %	37.3 %	38.7 %	32.5 %
Other regions	30.4 %	62.7 %	61.3 %	67.5 %

...

(1) Source : Industrial Development Authority : Review 1952/70, Annual Report 1969/70, Dublin 1971

These figures must be taken in their Irish context. This then shows that for a population representing 32.5 % of Ireland the designated areas received 37.3 % of the aid and 38.7 % of the jobs. Such percentages are clear proof that it is difficult to separate regional policy from a national industrialization policy.

It should further be noted that :

- 1) of the £ 26.7 million in aid approved for the designated areas between 1952 and 1970, £ 14.4 million has still to be paid;;
- 2) of the 25 300 new jobs created in the designated areas, 14 500 are held by men and 10 800 by women.

b) Results by region and sector

An examination of industrial grants for the whole of Ireland between 1952 and 1970 gives the following breakdown by planning region :

East	32.7 %
South-East	10.2 %
South-West	18.9 %
Mid-East	11.1 %
West	7.3 %
Donegal	2.5 %
Midlands	4.5 %
North-East	10.8 %
North-West	2.0 %

Sectorially, it can be seen that the mechanical industry, the food industry, textiles and clothing account for more than 60 % of the undertakings benefiting from aid.

Finally, 70 % of the new investments were made by foreign undertakings; in declining order of importance these firms were British, American and German and represented 85 % of foreign investment.

...

c) Shannon Free Airport

Special mention should be made of the free industrial zone established alongside Shannon Airport.

This zone was created in 1960 and now contains roughly forty undertakings employing nearly 5 000 workers.

Air traffic connecting with the industrial zone totals 4 000 metric tons of goods per annum.

2) Future prospects

According to the Buchanan Report already quoted, population growth should increase the population of Ireland from the 2.88 million of 1966 to 4.12 million in 1986.

In view of employment forecasts, that same Report considers that the population in 1986 ought not to exceed 3.35 million.

This means that emigration should be in the nature of 777 000 persons, even allowing for 4 % unemployment.

It therefore seems that the aim of reducing unemployment to 2 % and emigration to 5 000 persons is still far from being achieved.

Regionally, the situation in 1986 could be as follows in relation to that of 1966 :

- growth of the city of Dublin from 795 000 to 1 125 000 inhabitants, an increase of 40 %;
- growth of Cork and Limerick-Shannon bringing the population of these two cities from 180 000 up to 425 000 inhabitants, an increase of 136 %;
- the overall population of the 9 proposed growth points (including Dublin, Cork and Limerick) would go from 1 094 000 to 1 780 000 inhabitants, an increase of 62 %;

- the rest of the country, namely the less developed regions (including the West) would go from 1 823 000 to 1 720 000 inhabitants, a drop of 5 %;
- the trend shown above must obviously be compared with that of Irish agriculture whose working population will go from 330 000 workers in 1966 to 198 000 in 1986, a reduction of 40 %.

These figures are a sufficient indication of the need to follow a regional policy in Ireland for an indefinite period.

B I B L I O G R A P H YI. Acts and decrees

- Industrial Development Authority Act, 1950;
- Underdeveloped Areas Act, 1952;
- Industrial Grants (Amendment) Act, 1961;
- Underdeveloped Areas (Amendment) Act, 1963;
- Industrial Grants (Amendment) Act, 1963;
- Local Government (Planning and Development) Act, 1963;
- Industrial Grants (Amendment) Act, 1964;
- Industrial Grants (Amendment) Act, 1966;
- Industrial Grants (Amendment) Act, 1969;
- Industrial Development Act, 1969.

II. Official publications

- First Programme for Economic Expansion, 1958
- Second Programme for Economic Expansion, 1963;
- White Paper on the Restoration of the Irish Language, Dublin, January 1965
- Third Programme for Economic and Social Development 1969-72, 1969
- An Foras Forbartha (National Institute for Physical Planning and Construction Research) : Regional Development in Ireland, Dublin 1969
- Statement issued by the Government Information Bureau, 19 May 1969
- Statistical Abstract
- Census of Population of Ireland 1971. Preliminary Report, Dublin, September 1971
- Industrial Development Authority : Review 1952/70, Annual Report 1969/70 - Dublin 1971

III. Miscellaneous

- FITZGERALD (Garret) : Planning in Ireland, Institute of Public Administration, Dublin, & Political and Economic Planning, London 1968
- ROSS (Miceal) : Personal Incomes by County 1965, The Economic and Social Research Institute, Paper n° 49, Dublin 1969
- Further Data on County Incomes in the Sixties, Economic and Social Research Institute, Dublin 1971 (unpublished)
- VERRIERE (J.) & GUIFFAN (J.) :
L'Irlande, milieu et histoire, Libr. Armand Colin. Paris 1970

Index

	<u>Pages</u>
I. <u>Regional delimitation</u>	3
1) Administrative regions	3
2) Planning regions	5
3) Designated areas	6
II. <u>Regional economic structures</u>	8
1) Natural conditions	10
2) Population	11
3) Working population and employment	12
4) Unemployment	14
5) Level of development	14
III. <u>The historical and political context</u>	18
1) The past before independence	18
2) From independence to 1958	19
3) From 1958 to the present time	20
IV. <u>Nature of regional problems</u>	22
1) Underdevelopment in the rural regions	22
2) Dublin	24
V. <u>Current regional policy (1971)</u>	26
1) Aim	26
2) Geographical area	28
3) Regional aid	31
VI. <u>Regional programming</u>	36
1) The first two national programmes	36
2) The Buchanan Report	37
3) The Third Programme for Economic and Social Development 1969-72	38
4) Planning regions	38
5) The Fourth Programme 1971-1976	40

...

VII.	<u>Town and country planning</u>	41
VIII.	<u>Institutions responsible for regional policy</u>	42
	1) Central authorities	42
	2) Regional authorities	43
IX.	<u>The results and future prospects of regional policy</u>	45
	1) The results	45
	2) Future prospects	47
	Bibliography	49