

Speech by Liam Connellan, Director General, Confederation of Irish Industry at Society of the Irish Motor Industry Meeting at Jurys Hotel, Dublin, at 8 p.m. on Thursday, 10th February 1983

"CHANGING ECONOMIC TRENDS IN THE 1980s"

A major restructuring of the Irish economy has taken place over the last two decades. The number of people engaged in industry, including construction activity, is now almost twice that in agriculture, and industrial output accounts for about three quarters of the internationally traded goods produced in Ireland. There has also been a significant change in the structure of manufacturing industry. The engineering sector has replaced food processing as the major employer, and the share of employment accounted for by the textile industry has fallen.

The process of change in the structure of industry has continued over many centuries. For example, in Ireland the woollen industry was dominant in the 17th century; the silk in the 18th century; the linen and shipbuilding industries in the 19th century; and today electronics and information technology is the major growth sector. The manufacture and application of electronics and information technology currently accounts for about 40,000 employees in the Irish economy and jobs in this sector are growing rapidly. The

potential for the application of information technology is illustrated by the fact that over 50% of employees in the U.S. economy are engaged in the processing and transmission of information, compared with only 25% twenty years ago.

Job opportunities in the 1980s are likely to be in technology-related sectors. Already over half the number of boys and about one quarter of the girls take up their first jobs in an industrial environment after leaving secondary and vocational schools. Almost two thirds of the students entering third level institutions are now taking technological, science, or business related courses. Even during the current recession, over 80% of the students completing courses in these disciplines at third level find employment within three months. It is worth noting, too, that the number of unfilled vacancies registered at the National Manpower offices for electronic engineers, systems analysts and programmers, electricians, and maintenance fitters increased significantly in the twelve months to March 1982. Furthermore, about two thirds of the functional executive posts advertised in the national newspapers in 1982 were for technologists and data processing personnel, compared with less than half five years earlier.

The participation rate in third level education in Ireland at 20% of the relevant age group is low compared with that in countries such as the United States, Japan, France and Denmark, where the participation rates are now well over 40%. There has been a dramatic increase in the demand for technological places in third level institutions, such as the Universities, Colleges of Technology and the National Institutes for Education. The demand for such technological places is now well in excess of the number of places available. It is desirable that additional facilities should be

developed so that those who are prepared to pay an economic price for education are enabled to do so, provided they can achieve the necessary educational entrance standard.

In this way the economy will gain by having a larger proportion of students qualified in relevant disciplines and will also be better placed to compete technologically with the more highly developed countries.

The growing importance of industry as the engine of the economy means that jobs in the '80s will depend crucially on achieving a resumption of industrial growth. The current unemployment crisis is due to the prolonged international recession and the pressure of fierce competition from factories all over Europe. The crisis has been exacerbated by the failure of successive Governments to bring inflation under control. The reduction of inflation ~~to~~ close to zero and the restoration of competitiveness is the most urgent priority in saving jobs. Unit wage costs in Ireland are now similar to those in the United States, Germany, Belgium, France and Britain. Since 1978 Irish manufacturing firms have suffered a decline in average unit cost competitiveness of over 10%. This has resulted in increased import penetration and a reduced share of export markets in established industrial sectors and the estimated loss of 4,000 manufacturing jobs per annum in Irish industry during each of the last three years.

These problems can be overcome with commitment and determination. Irish industrial performance has compared favourably with the rest of Europe over the last decade. This has remained so even over the last three years of recession. It can be so much better. The restoration of competitiveness, combined with prudent management of the nation's finances,

and a lifting of the international recession could enable industry to resume growth at a rate similar to that achieved in the '60s and '70s.

Everyone has a contribution to make in overcoming the current crisis. There is need for a massive and coordinated effort of national solidarity between Government, management, employees and consumers. Government must provide leadership and example; management must show initiative in aggressive marketing, hard work and cutting unnecessary costs; everyone with a job must increase efforts to improve efficiency and meet intense competition; consumers and retailers must actively support Irish products.

With full commitment, I believe that ^{Some} ~~major~~ progress could be made over the next year.

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