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The Confederation of Irish Industry

PRESS RELEASE

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Speech at Irish Management Institute North-East Regional Dinner
at Ballymascallan Hotel, Dundalk : 8 May 1974

By Liam Connellan, Director General, Confederation of Irish Industry

For many years successive Governments have adopted the twin economic and social aims of raising the standard of living and achieving full employment.

The standard of living is influenced strongly by the value of output of the economy. Despite all efforts, the value of output per head in 1971 was still 25% below that in Britain and 40% below the EEC average. Although the situation in relation to Britain has improved by a few percentage points since 1971, this country, nevertheless, retains the unenviable distinction of having the lowest economic output per head in the EEC.

The value of output per head varies according to the degree of capital investment and the financial and marketing skills of each enterprise. Within our economy, output per head varies considerably with the type of economic activity. For example, the value of
output

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per head is about 1/3rd lower in agriculture than in manufacturing. There are similar variations with the manufacturing sector, the highest levels being achieved in capital intensive industries, such as chemicals and brewing, and the lowest levels in labour intensive industries such as clothing and footwear. In a full employment economy a gradual movement of workers would be expected into higher output activities.

We are still a long way from achieving full employment. It has recently been estimated that 30,000 net new jobs per annum are needed between now and 1981 to reduce unemployment to 3% and if we tolerate 5,000 annual emigration. The demand for these new jobs will come from the natural growth in population, the continuing drift from agriculture, the re-entry of married women to the labour force, the return of recent emigrants, and a gradual reduction in the numbers unemployed.

Industry must be the main source of these new jobs. Every additional job created in industry will generate the demand for another in the services sector. The additional investment and reinvestment required during 1973 to maintain existing employment and create 7,000 net additional jobs in industry was about £150m. It is estimated that, when allowance is made for inflation, the fact that many industries are operating at full capacity, and for increasing mechanisation, the additional investment required in 1974 to achieve the same net job creation as last year would be about £225m. Since, however, over twice as many additional jobs are required annually in manufacturing, the new investment needed is closer to £300m per year.

We believe that the creation of full employment conditions provides the best solution to poverty and a low standard of living. Although there was a steady reduction in unemployment through 1973, this now seems to have halted. It is clear that continuing attention must be given by Government to the creation of a climate favourable to ever increasing investment in industry in Ireland.

We must also set as the ultimate target that existing industry in Ireland will itself generate sufficient growth to meet our employment objectives. All of Irish industry is now effectively operating in a free trade environment. The last tariffs against British goods will be completely removed by July 1975. Increased thought must be given to the growth of existing industry and the creation of the necessary fiscal incentives to stimulate the highest possible degree of reinvestment. We must stimulate, particularly, the growth of indigenous industries, such as food processing, which have grown more slowly than industry as a whole over the last decade. We must place greater emphasis on becoming part of a European industrial network by forming links with complementary firms in other countries. We must help foreign firms in Ireland, and their managements, to integrate fully into our industrial fabric.

I have emphasised the creation of employment opportunities as the main means for raising the standard of living. It is also essential that we perfect a manpower policy which will ensure that the people available are educated and trained in the skills most likely to be required by expanding industry.

In conclusion, the twin aims of raising the standard of living and achieving full employment can be achieved only by rapid industrial expansion. This requires even greater investment than heretofore. Increased emphasis must be given to the development of existing, and in particular indigenous, industry. This, in turn, must be part of a European industrial network. Foreign firms must be helped to integrate fully, and, finally, an active manpower policy is required to ensure that the development of industry in the future will not be constrained by shortage of suitable skills.

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