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Confederation of Irish Industry

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PRESS RELEASE

Speech by Liam Connellan, Director General, Confederation of Irish Industry, at CII North Dublin Regional Meeting at the International Hotel, Dublin Airport, on Monday, 6th October 1986 at 1.00p.m.

NEED "PLAN FOR NATIONAL RECOVERY" TO WHICH ALL GIVE COMMITMENT

The publication of the Exchequer returns last week clearly identified the seriousness of the problems facing the country. Government spending continues to increase more rapidly than tax revenue and the national debt reached record proportions.

Exports, industrial output; and investment, are showing little, if any, growth.

However, there is little point in bemoaning this unsatisfactory situation. There is need for a clear and determined effort to rectify the imbalance in the national finances, stabilise borrowing and restore the growth in industrial output, exports, and investment.

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Registered in Dublin: No. 8706.

The solution to these problems in is our own hands.
It is up to all of us in industry, agriculture, and trade
unions working together with Government to create the
conditions which will ensure success. It is a time for
national effort devoid of sectional conflict. Other small
European countries have found solutions to similar
difficulties. There is no reason why Ireland should be an
exception.

NATIONAL

CONSTITUTION
UNITED
APPROACH

The example of Denmark shows that it is possible to reduce Government borrowing and at the same time to increase employment throughout the economy. Since 1982 Denmark has halted the rise in public spending and reduced Government borrowing from 9% of GNP to a projected surplus of more than 2% this year. Employment in the Danish economy rose steadily while this adjustment was in progress.

In Ireland the Exchequer manages the equivalent of two-thirds of the country's national output through current and capital expenditure programmes. This is one of the highest levels of public spending in the industrialised world.

The degree of Government involvement in the economy must be reduced so as to achieve a higher rate of economic

growth and job creation. The activities of the market sectors must be encouraged, and the role of Government limited to that of "provider of last resort". In many areas there is need for a more clearly defined policy framework.

I would recommend the following areas, among others, for action:

1. There is a need for a "plan for national recovery", and for the reduction of borrowing to which all sectors can give commitment and which will be implemented.
2. While recognising the need to provide a wide range of public services, it is necessary to question in a constructive way how these services are provided, who they are provided to, and how they are paid for.
3. Implementation of many of the recommendations of the Commission on Taxation would simplify the tax system and improve the efficiency and dynamism of the economy.
4. An exchange rate policy should be stated clearly so that industry can plan with a greater degree of

ACTION
PLAN
FOR
RECOVERY

certainty.

5. Investment in established manufacturing firms should be encouraged by simplifying and clarifying the criteria for industrial incentives.

6. While recognising the benefits of experience gained overseas by young graduates we need to encourage a much higher level of recruitment of new science, technology and marketing graduates in Irish industry so that their knowledge and skills can be applied to the development of this country.

7. A greater export effort must be directed towards the "golden triangle" of the Benelux countries, France and Germany which have massive purchasing power and growing markets. The number of trainee marketing executives with proficiency in the French and German languages must be multiplied.

It is worth remembering that Ireland supplies only a miniscule 1% of European industrial output. If we could increase this share to 2% most of our problems would be solved.

CONCLUSION

The difficulties currently facing the national economy are very great. They are not without solution. They do, however, need to be faced squarely recognising the urgent need to stabilise Government borrowing, and the contribution to be made by controlling expenditure and by reforming taxation. We need a realistic "plan for recovery", and must recognise that it will be a long and difficult process. All of us involved in different sectors of the economy must, working with Government, make our own contribution to a major co-ordinated for national recovery. Industry is willing to play its full part in this process. I am confident that through this joint commitment we can restore the confidence and the will to succeed that will generate the additional output and employment opportunities so badly needed.

END