



Confederation of Irish Industry

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PRESS RELEASE

Speech by Liam Connellan, Director General, Confederation of Irish Industry, to Dublin Diplomatic Association at Jury's Hotel, Ballsbridge, on Monday, 20th July 1987 at 12.30p.m.

WORKING TOGETHER WE CAN BEAT THE SCOURGE OF UNEMPLOYMENT

In November 1986 the National Economic and Social Council published its most important report for many years entitled "Strategy for Development 1986-1990". The report recommended integrated policies for growth, employment, and the restoration of fiscal balance, and was accepted by all the main political parties, and particularly by the incoming Government.

The strategy was remarkable in having the combined support of industry, trade unions, and the farming community. All of us share the common objectives of developing our country and creating more job opportunities. Today there is a greater degree of consensus on the strategy required for development among all sectors of the community than has existed for a very long time.

Consensus

The strategy which is now being implemented comprises four main elements :

1. Macro-economic policy aimed initially at stabilising the National debt to GNP ratio;
2. Tax reform by widening the tax base;

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3. Development policies to stimulate faster growth of output and employment, and

4. The creation of a more equitable society.

Industry and the trade union movement are each committed to work together in supporting this strategy. As the Government implements the Strategy for Development there are clear signs emerging of a return of confidence in the economy.

The most significant impact has been in the fall in interest rates which has occurred in recent months. Irish interest rates are now lower than those in Italy and only slightly higher than Britain. As money returns to the Irish economy the pressure holding up interest rates will diminish further. Industry will continue to press for the creation of conditions which will allow Irish interest rates to fall at least to the average levels obtaining in the European Monetary System. Our inflation rate is low, and the Irish economy is becoming more integrated into that of the European Community. Since last year the proportion of our exports to the rest of the European Community has increased from 72% to 74% of total exports. It is even more significant that the proportion of exports to Continental EEC member states increased from 39% to 41% of total exports. The process of integration has intensified steadily every year since we joined the European Community in 1973. It is hoped that this greater integration with the "Deutschmark zone" shown by increasing economic convergence and greater stability of our currency within the European Monetary System will lead to a further decline in Irish interest rates.

INTEREST
RATES

Lower interest rates will lead to more investment and higher employment in Ireland. In recent months imports of machinery have been growing. At personal level, lower interest rates are being reflected in lower mortgage rates which in turn will lead to higher disposable income, and more employment in the provision of services. As a small open economy exporting three quarters of its industrial output, Ireland has very strong interest in the removal of barriers to trade in Europe so that

free access is truly available to all of the Community markets. Our exceptionally high unemployment rate underlines the urgent priority to expand output so as to increase export earnings and create more jobs.

I welcome the commitment at the recent EEC Summit to placing a greater emphasis on economic and social cohesion within the Community. I note particularly the emphasis on integrated programmes for regional development which is now emerging from the European Commission. This will ensure that there is a greater synergy between investment in industry and in productive infrastructure such as roads, telecommunications, airports, and vocational education and training.

INTEGRATED
PROGRAMMES.

I am convinced that the emerging confidence in the economy combined with lower interest rates, the further opening up of the Community markets, and the new emphasis on economic and social cohesion can enable the Irish people working together to make steady and sustained progress towards defeating the scourge of unemployment.

END

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