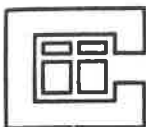


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PRESS RELEASE

The Confederation of Irish Industry

Speech by Liam Connellan, Director General,
Confederation of Irish Industry at South East
Regional Meeting at Ardree Hotel, Waterford,
at 1.00 p.m. on Thursday, ¹² ~~13~~ May 1983

Ireland has one of the highest unemployment rates in the European Community, and also the fastest growing labour force. Next month up to 70,000 young people will leave schools and colleges in search of employment. Four years of international recession and spiralling costs at home have resulted in a doubling of the number of people out of work.

A caring society must be exceptionally concerned to create conditions whereby every citizen in need of employment may have the right to work and the dignity of earning a living. This aspiration must be reflected in the economic decisions taken within each organisation, and in the management of the economy.

Over the last three years, inflation in the industrialised countries has fallen from 14%

to about 5% and is continuing to fall. The United States has just completed six months with no increase in consumer prices; West Germany prices are only 3.3% higher than a year ago; Britain 4.6% higher and Japan 2.4% higher.

These latter figures are not just of academic interest. They represent the price increases in countries which account for almost two thirds of our total trade. Over the last two years, Irish inflation has fallen from 21% to about 10% today. It could be brought down to the very low rates of our major trading partners in the second half of this year - if Irish costs rise no faster than those of our main trading partners. This would enable firms which have survived the recession to compete on cost with their foreign competitors, to obtain orders and provide jobs. Not only industry, but every household in the country would benefit. Jobs and living standards depend on competing successfully abroad.

If Irish costs again rise faster than our competitors, then we will have failed miserably in showing real concern for the plight of the unemployed and of school leavers. No amount of protestation about the desire of those in secure employment, in the public or private sectors, to maintain their living standards will obscure the reality that when Irish goods are priced out of markets thousands more jobs are lost. Higher unemployment has to be paid for by higher taxation on those at work - so everyone loses. The illusory gains of "confetti money" increases would be tolerable - if the consequences for those made unemployed as a result were not so tragic.

Everyone agrees on the need for more jobs; improved education facilities, social services and infrastructure. There is an urgent need for acceptance that these jobs and services can only be provided by winning more orders for goods and producing them efficiently. Every

developed economy recognises the close link between costs and competitiveness. Ireland has no dispensation from these economic realities.

The Irish inflation rate must be rapidly reduced to the 4% annual rate obtaining in our main trading partners so that jobs can be protected and created. This should be the primary aim of Government economic policy and with support from all sectors of the community could be achieved within a few months.

END