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**Confederation of Irish Industry**
Confederation House, Kildare Street, Dublin 2. Tel:(01) 779801.
Telex: 24711. Telegrams: Confindus Dublin.

# PRESS RELEASE

Speech by Liam Connellan, Director General, Confederation of Irish Industry at CII Sligo Regional Meeting held in the Sligo Park Hotel, on Monday, March 3rd, 1986, at 1.00p.m.

## NATIONAL COMMITMENT TO FASTER INDUSTRIAL GROWTH NEEDED TO CUT UNEMPLOYMENT

### BENEFITS OF MANUFACTURING GROWTH

A manufacturing growth rate of 10% per annum sustained for the next seven years would result in a major reduction in unemployment. It is also the only way to simultaneously reduce Government borrowing and improve living standards.

MANUFACTURING GROWTH

Every addition to industrial output creates additional demand for local services such as sub-contracting, component supply, electricity, telecommunications, post, transport, computing facilities, software services, banking, insurance, maintenance, construction, and retailing.

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President: Leo O'Donnell. Director General: Liam Connellan. Secretary: Gerard Sheehy.
*Brussels Office:* Irish Business Bureau, 66 Avenue de Cortenberg, 3rd Floor, Box 3, 1040 Brussels, Belgium, Tel: 163 22 736 19 74. Telex: 65311 IBBBXL.
Registered in Dublin: No. 8706.

The greater the growth of industrial output the greater will be the demand for "spin-off" support services. Tens of thousands of additional jobs will be created in support services when industrial output is expanding rapidly.

An expansion of industrial output improves the balance of payments and reduces the amount of money which must be borrowed abroad.

NO ALTERNATIVE

There is no alternative to the expansion of productive output. For example, Denmark with a population of just one and a half times larger than Ireland has an industrial output more than three times as great. We have therefore got to double the size of our industrial base if we wish to reduce the gap between Irish and Danish living standards and employment rates. No country has succeeded in creating higher living standards and sustainable employment without a proportionately large and expanding industrial sector.

IRISH DANISH COMPARISON

There are no short-cut policies. It is illusory to believe that the creation of service jobs can be anything but a short-term measure without strong industrial growth. The primary economic and social focus of the country must be on creating conditions which will enable a 10% expansion of industry to occur.

Since 1973 industry in Ireland has expanded by an average of 5% a year despite two major international

recessions, and there are now 50,000 more people employed in the economy. This was a considerable achievement at a time when employment in the European Community fell by over 1 million. The expansion of employment in Ireland has hardly been noticed because of the simultaneous rise of almost half a million in the population which swelled the ranks of the unemployed. It is clear that faster industrial growth is necessary to support a much higher employment level.

JOBS AND INDUSTRIAL GROWTH.

AN ACHIEVABLE TARGET

It is possible to create conditions in Ireland which will enable a 10% per annum expansion of industry to occur over the next seven years. It is a formidable challenge, and will be difficult but the benefits for all our people would be very great. It requires a national sense of commitment, positive thinking, and confidence in our ability to increase productive output, and a deeply felt recognition that by doing so the greatest possible contribution is being made to the development of our economy and the creation of employment. It is a goal that should transcend political parties and sectional interest groups. It is a target from which, if achieved, everyone can win. It is the modern equivalent of the wartime slogan "one more cow, one more sow, one more acre under the plough".

ACHIEVING ~~FASTER~~ 10% GROWTH

Many may agree with the aspiration but question the possiblity of achievement. I would respond to such scepticism as follows:

1. A manufacturing growth rate of almost 7% per annum was achieved throughout the 1960s despite the steady abolition of tariff barriers that commenced in 1964.

2. A manufacturing growth rate of 7% per annum or more was achieved in six of the last 13 years. ~~when tariff~~ during which tariff barriers were eliminated.

3. The established manufacturing base has now a much higher proportion of firms in fast-growing industrial sectors than it had a decade ago.

ACHIEVING 10% GROWTH

4. Traditional industries, whose output had been declining over the last decade, stopped declining in 1985 and are beginning to show modest expansion. They will gain from the steady increase in demand on the home market expected over the next few years.

5. There is a growing sense of confidence that the European economy, which is the major market for Irish products, will be more buoyant than it has been.

6. Provided Ireland maintains its full range of industrial incentives, we should be able to compete effectively for mobile international investment seeking to supply more products for this growing European market.

COMMITMENT NECESSARY

Achievement of this challenging 10% target requires a

commitment to work together in maintaining the competitiveness of the economy in matters relating to inflation, taxation, public spending, exchange rate policy, and rewards for risk-taking and enterprise. It needs a matching rate of investment spurred by strong investor confidence. There must be continuing adaptation of our education system to reflect the changing needs of the economy in the fields of technology, business studies, humanities and foreign languages.

COMPETITIVE ~~GROW~~ ENVIRONMENT

I would, however, emphasise that the path towards higher economic development is clearly marked out. Many other countries have followed a similar path. Ireland has achieved an enormous amount over the last quarter century. We have changed from being an agricultural-based society to a modern industrial society. Our population has expanded rapidly. We are the young Europeans. We should not shirk from adopting a target to double industrial output within seven years, and from mobilising all the resources of our economy to achieve that target profitably.

DOUBLING OUTPUT

Ireland produces less than 1% of European industrial output. I would urge a national commitment to increase that share to 1.5% within seven years in order to achieve a massive cut in unemployment. This achievement will require an unswerving commitment by Government to provide a supportive environment, and by all industrialists, and individuals throughout the country to play their own special part.

SHARE OF EEC OUTPUT

END