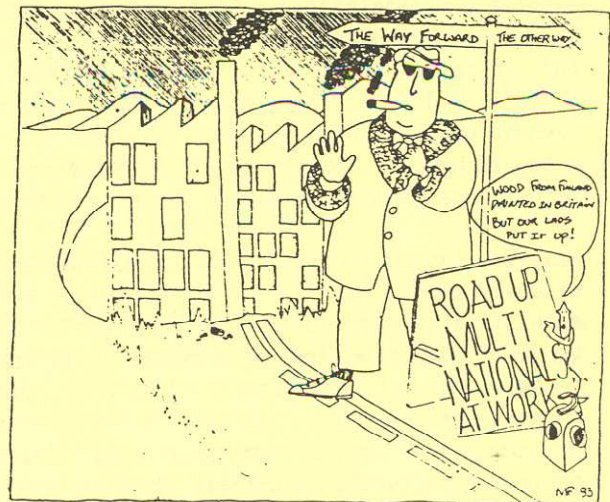


GROWTH — BUT NO JOBS

The April 1988 *Quarterly Economic Commentary* of the ESRI highlighted a number of disturbing developments in the Irish economy. There was considerable growth in the economy in 1987 with GNP growing by 4½%. However this growth did not translate into jobs. Total employment fell by 14,000 in 1987 and is forecast to fall by a further 13,000 in 1988. This was accompanied by a decrease in unemployment. As one would normally expect unemployment to increase as employment decreases, some explanation is needed. The ESRI point out that "...the decline in the level of the seasonally corrected live register of unemployed in the later months of 1987 and early 1988, at a time when total employment was almost certainly continuing to fall, reflects a renewed reduction in the size of the labour force. To some extent this was probably due to the effects of the job-search scheme in removing from the register some claimants who were not genuinely in the labour-force. Most of the reduction, however, was more probably due to an accelerated rate of net emigration". In a word the recent reduction in unemployment is not a sign of success but of failure, it is for the most part a measure of emigration.

What growth in 1987 principally represents is a strong growth in output and exports in the, mostly foreign owned, 'modern' manufacturing industries. These industries are typically highly capital intensive, allowing huge growth in output with, if anything, only small employment increases. Meanwhile growth in the more traditional sectors has come about through increased productivity rather than increased employment.

Even where strong output growth does not directly produce many jobs it is usually assumed that it will do so indirectly. Put crudely it is assumed that greater output leads to greater profits, more investment and more jobs. Is this happening in Ireland? We seem to be seeing greater output and greater profits. What about greater investment? It has long been recognised that the foreign owned sector repatriates vast sums in profits and dividends—£1,320 million in 1986, £1,275 million in 1987 and a forecast of £1,556 million for 1988. What the *ESRI Commentary* now shows us is that much of the profits of indigenous industry are also invested abroad; "some £500 million, or over half the real growth in the economy over the last two years, appears to have been invested abroad".



The Government's job creation strategy puts great emphasis on supporting the private sector as the key to providing jobs. This strategy depends on a response from the private sector which on the above evidence has not yet been forthcoming. ■