WORKING NOTES

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FACTS AND ANALYSIS OF EMPLOYMENT AND UNEMPLOYMENT

THE BIG PLAN

If Ireland is to share in the benefits to the European Community of the Single Market after 1992, then companies based in Ireland need a level playing field That is what the Plan submitted by the Irish Government to the European Commission in March is all about. It sets out how Irish and European money should be spent in the Irish economy to ensure that companies are not at a specific disadvantage with respect to the rest of Europe because they have to cope with an inadequate road network, congested port facilities, or whatever.

The STAKES are big. The increased competition associated with 1992 wil ruthlessly expose weaknesses in the Irish economy. Capital and mobile workers will head to where the pickings are richer. Already, we can see investment overseas by Irish companies rapidly increasing (publicity quoted companies spent nearly £1 bn overseas in 1988 alone). We have witnessed too the emigration of many of our graduates (up from 6 per cent of those graduating in 1983 to 19 per cent in 1987). Some of this mobility is a good thing - Irish companies positioning themselves to capture export markets and to weather downturns in the our small home market, and Irish workers seeking experience overseas that they cannot get at home. But will there be even larger inflows of capital and skills to compensate for what is leaving our economy and to see that it expands rather than shrinks, as our high unemployment so desperately requires ? Will there be companies investing on a significant scale in the Irish economy, and experienced Irish people returning to work here ? That is what the Plan is seeking to ensure.

First, we have to ask : is the Plan on an adequate SCALE ? It envisages total expenditure of some £9 bn. in the Irish economy over the five years, 1989 - 1993. It is hard for the person in the street to know if that is a lot or a little in the context. In plain language, the Irish Government is undertaking NOT TO SPEND LESS on the economy (further cuts in public expenditure, therefore, are to be on non - economic expenditures), the European Funds are being asked to spend TWICE AS MUCH and the Irish private sector is forecast to IMPROVE its investment performance by about one third. Their respective totals, therefore, come to approximately £3.5 bn. and £2 bn.

It is really not a lot to shout about. It is a tragedy that the Irish public finances should be so strait - jacketed by past financial mismanagement at a time when decisive public intervention in the economy would be so important. But they are, and that is fact The European Funds have been doubled in size in anticipation of 1992 so a doubling of Ireland's receipts from them is fair, all other things being equal. The Irish private sector, in the light of the sacrifices being made by the entire community to keep interest rates, inflation and the general business environment attractive, is still offering a performance that the private sectors of the other member States would consider unexceptional.

If the scale of the Plan is no cause for wonder, what of its QUALITY ? Where and how is this £9 bn. to be spent ? Much, in fact, most of what is in this Plan is not new. It is pulling together - for the European Commission's benefit - all that is already underway on the macro - economic policy level and within specific sectors of the economy. It isubstantially re-echos, for example, the Programme for National Recovery and specific policy documents on the food industry (IDA), fisheries (BIM), tourism (Bord Failte), etc.

What is new, and most characteristic, of the Plan is the composite set of measures it puts forward for improving our communication networks with the rest of Europe. The improvements it seeks in our national road network, airports, ports, sea and air services make interesting reading. In particular, it argues that the hour of our roads has arrived ; after the massive investments in electricity generation and telecommunications of the recent past, it is now the turn of our road network to make up its leeway with the standards prevailing in Europe. The PLAN wants £1,152 m. invested in our roads, ports, and the like, over the next five years. The increased average road speed of lorries and the faster through - put of cargo at ports, etc. etc., that this will make possible, it is estimated, will reduce costs to industry by £300 m. each year. "Transport costs for Irish exporters to Europe are approximately twice those incurred by Community countries trading with one another on the European mainland", says the Plan. The argument is that European money can help rectify this and, thus, level the playing field.

The argument may be overstated. No other major document on the Irish economy has ever emphasised so much its "peripherality", i.e. our geographical location on the edge of Europe. There is even the poignant observation that, with the construction of the Chunnel, Ireland will be the only Community member without a land-link to other members. There is a large dose of special pleading here. Even the Confederation of Irish Industry appears to have become aware that the emphasis on "peropher - ality" could backfire, by discouraging incoming investors. They now point out that "Ireland is closer to the wealthy, densely populated areas of the Community than Portugal, Central and Southern Italy, Southern Spain and Greece" ; and that "130 million people live within 700 miles or a two-day delivery period by surface transport from our east coast ports."