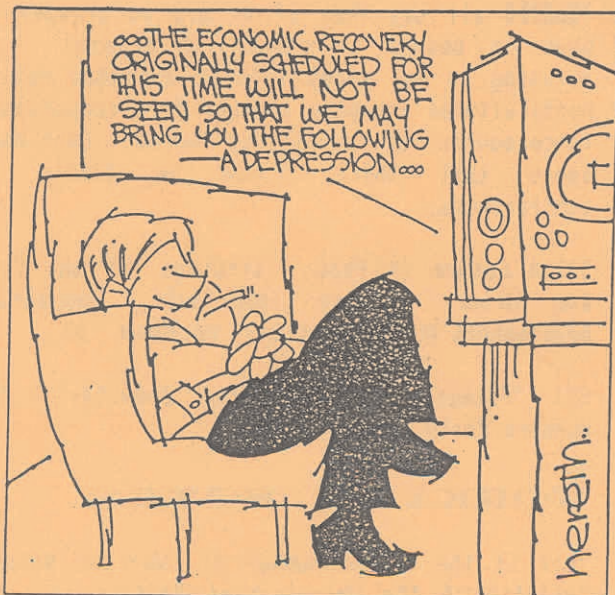


FORECASTING THE FUTURE

Recent forecasts which suggest the debt will be stabilised by the end of the decade have been greeted by the Government as evidence of the 'success' of their economic and financial policies. What the forecasters have been saying about unemployment has not received the same attention. The following information is gleaned from the October 1987 'Quarterly Economic Commentary' of the ESRI.

What's going to happen to unemployment?

If you want cheerful reading, skip this paragraph. The total number of jobs in the Irish economy is expected to continue *falling*. It dropped by some 12,000 in 1987 and is expected to drop by a further 14,000 this year. Whether the number on the live register rises by corresponding amounts depends on how many people emigrate rather than stick around on the dole! The forecasters are more confident in predicting how much total employment will fall than they are in predicting how much unemployment will rise. They place their money and make their bet; expect unemployment to rise by 8,000 in 1988 to an annual average of 252,000 or 19.5% of the labour force, and the increase not being bigger thanks to net emigration of around 30,000.



Why will there be less jobs in 1988?

It is *not* primarily what's going on in the world economy that's to blame. We will continue to manage increasing our exports - they'll increase by over 6% in volume next year - and tourism too is expected to keep improving. It is the Government cuts which are depressing the level of economic activity; less public employees though better paid ones; less investment in housing, hospitals, schools and roads; less buying by public bodies of what other sectors of the economy are making.

Just what will the stock market crash of mid-October do in the long run?

People who own stocks will feel less well off and spend less. The more such shareholders there are in a country (the USA has lots of them), the more there will be a down-turn in consumer spending. Companies that want to fund investment programmes by selling new shares will postpone the investment because it is such a bad time to sell shares. These two factors on their own are unlikely to do great damage to employment in Ireland where the number of shareholders and the number of companies using the stock market to raise investment capital aren't enormous. What could affect us badly in Ireland would be if people and companies in the USA over reacted and put the world economy into a depression. Then our exports would no longer do so well and jobs in exporting companies would be at risk. The hope is that the U.S. administration and the West Germans will act in harmony, the one easing back on public expenditure, the other increasing it, so the overall level of activity in the world economy is maintained. We need to keep our fingers crossed.