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Ireland and the common market industry and employment (October 1971)

[...]

The Present Position

More jobs are needed

If Ireland is to achieve full employment we will have to create many new jobs.

Industry is the key to these new jobs

Jobs are found in four main parts of the economy:

- agriculture
- building
- providing services such as transport, tourism, shops and schools
- industry

Whether we join the EEC or not agricultural employment will not increase. In Ireland, as elsewhere, agricultural employment is falling. Jobs outside agriculture will have to be found for those giving up farming and who are young enough to want to continue working. Jobs must also be found for many of the children growing up in the countryside.

More jobs can be created in building and services. Tourism is particularly valuable in that it not only creates jobs in providing for tourists but also creates a demand for goods and services produced by people outside tourism. In general, however, any lasting increase in jobs in building and services can take place only if we can afford to pay for the new buildings and for the growing volume of services. We can do this only if there is greater overall prosperity.

Industry has a key role to play in increasing employment. Many more jobs can be created in industry. Not only this but industry can also produce much of the wealth needed to give lasting support to higher employment in building and services.

Exports must grow if industry is to grow

If Irish industry is to grow fast enough to create full employment it must be able to sell its output. The Irish market alone is not big enough to allow it to do this. Modern production methods are, in most cases, capable of serving a market much bigger than Ireland can offer. Our industry can grow at a fast rate only if the greater part of additional output is exported.

What is needed for success in exporting?

It is obviously not enough to produce goods and hope that someone will buy them. Before Irish goods can be sold abroad certain conditions must be met.

There must be a market for these goods where there are enough people with money to buy them.

The goods must be of the right quality, design and price for the market.

Our goods must be given a fair chance in the foreign market. For example, they must not have to bear high import duties in the importing country.

How the Government helps

The Government through the Industrial Development Authority encourages existing industries to expand and new industries to set up. Special help is given to small industries and to industries in the under-developed areas.

Anco – the Industrial Training Authority – encourages training at all levels in industry. It also retrain

unemployed or redundant workers at specially-equipped training centres. The existence of training facilities is an additional incentive to firms to set up in Ireland.

The Government assists firms to sell abroad, mainly through the services provided by Coras Trachtala. This organisation provides every possible assistance to exporting firms. It also encourages firms, which up to the present have been content to rely on the Irish market, to enter export markets and thereby expand their production and employment.

Effects of EEC Membership

Better markets for exports will be good for employment

When Ireland – with Britain, Denmark and Norway – joins the EEC it will become part of the largest trading group in the world. The enlarged EEC will have a population of over 250 million or a quarter as much again as the population of the USA.

With EEC membership, we will be better able to sell our produce on this vast and prosperous market. Our industries at present face tariffs in exporting to the EEC. These tariffs will gradually be abolished. This will assist our industries to increase their exports. It should also encourage firms which do not export at present to do so. More exports will mean higher production and greater employment.

The number of new industries set up should increase

At present a firm that intends to manufacture goods for the existing Common Market has to face tariffs on its products if it sets up in Ireland, whereas there are, of course, no tariffs to be faced if it sets up in one of the Common Market countries. When Ireland is a member of the EEC this difficulty will gradually disappear and the attractiveness of Ireland as a base for firms serving the Common Market will increase. This should have the effect of increasing the rate at which new industries are set up. The Treaty setting up the EEC provides that member States may give aids to promote the economic development of the less-developed regions. The Government will, therefore, be able to offer inducements to attract new industries to Ireland and to encourage existing industries to expand.

Better prices for farm products will benefit employment

The better prices which our farmers will get for their products within the EEC should have good effects on employment.

Prosperity for the farming community will mean increased prosperity for the cities and towns which provide goods and services to the farmer. It will mean that farmers will have more money to spend on the products of industries which cater for the home market. This should benefit especially those industries which manufacture personal and household goods and those which make the materials needed by the farmer in the course of his work.

Another result of the better prices and markets for farm products should be more jobs in the food processing industries. In particular there should be more jobs in the industries which process the products of the livestock industry.

The European Investment Bank will assist investment

A key factor in industrial and regional development is the availability of investment capital. The European Investment Bank gives loans on a non-profit-making basis for various projects particularly in under-developed areas. As a member country of the EEC Ireland will be entitled to help from the Bank for this purpose.

The European Social Fund will help our training schemes

The European Social Fund will provide a source of aid which could be used to expand our training and retraining activities. The scope of the Fund is being enlarged and its rules are being revised. It is evident that, as a result of these revisions, aid could be provided to us on a regional basis or for particular sectors of industry.

Irish industry will be able to take increased competition

While membership of the EEC will mean that we will be able to send our products freely into the other member States it will also mean that products of the other member States will be able to come freely into Ireland. We will be required to remove gradually the tariffs and other import restrictions which at present provide a measure of protection for some of our industries. This could cause difficulties for certain firms.

The continuation of protection would not be, in any event, a practical proposition in present circumstances. There is a world-wide move towards free trade and it is likely that even if we never joined the EEC we would find it necessary to reduce our tariffs in order to be able to keep on exporting our goods to other countries. Our tariffs on industrial goods from Britain are already being eliminated under the Anglo-Irish Free Trade Area Agreement. The reduction of our tariffs on imports from the other member States of the enlarged EEC should have little additional effect on most Irish industries.

The make-up of Irish industry has changed considerably since we first sought membership of the EEC in 1961. Our industry is now much more widely-based and much less depend on the home market than it was then. One sign of this is the growth in our exports of manufactured goods (other than food and drink); they rose from £30 million in 1958 to nearly £200 million in 1970. This growth in the strength of our industry over the past 10 years or so is due to

- the new industries manufacturing mainly for export, and
- the extensive programme of adapting our older industries to face up to trade and of equipping them for exporting.

The adaptation programme began in the early sixties and still goes on. It has been assisted considerably by State grants and other State aids and services. The need for adaptation on a large scale was first highlighted in the reports by the Committee on Industrial Organisation on its surveys of a large number of industries. An examination of the progress of adaptation has been proceeding for the past three years under the Committee on Industrial Progress. This examination is giving particular attention to product policy and marketing.

Some soundly-based industries may find the going difficult during the period in which protection is being removed. There will, however, be safeguard measures which would allow us to take action in such cases, with the approval of the EEC, to rectify the situation and to adapt the industry concerned to the Common Market economy.

The motor assembly industry gives employment to a large number of workers. The Government have been concerned in the negotiations to ensure that this industry could be maintained for as long as possible. It has now been agreed that the Government may continue the present scheme of protection for this industry until 1985. The fact that Irish industrial firms are generally small does not mean that they will not be able to stand up to competition within the Common Market. Over 90% of industrial firms in the present EEC employ less than 100 workers. Their small size has not prevented them from sharing in the increased prosperity which has come about since the EEC was set up.

While EEC membership would cause problems for certain firms the main point is that it would provide opportunities for much greater industrial development and, consequently, for greatly increased employment. These benefits may be expected to increase as time goes on.

To Sum Up

More jobs are needed if full employment is to be achieved.

Industry must take the lead in creating these jobs. This can be done only by setting up new factories and expanding existing factories.

However, due to the small size of the Irish home market, industry in Ireland can be further developed only if

exports are increased.

Membership of the EEC will give Irish exporters duty-free entry to a market of over 250 million people or a quarter as much again as the population of the USA. This will assist existing exporters to increase their exports, and thereby, their production and the employment they give. It will encourage firms which now manufacture for the home market only to export also, thereby providing scope for more jobs.

Membership will also encourage the establishment of new industries in Ireland. The abolition of Community tariffs on imports from Ireland will increase the attractiveness of Ireland as an industrial location.

Our farmers will get better prices for their products in the EEC. Their increased spending power will benefit everyone who supplies the farming community with goods or services, and will thus help employment.

The better prices and markets for agricultural products should lead to more jobs in the food industries.

Financial aid for economic and regional development and for retraining unemployed and redundant workers will be available from Community sources.

The removal of our tariffs could create difficulties for certain firms. However, even if we never joined the EEC Irish industry would have to face freer trade. Our tariffs on import industrial goods from Britain are already being reduced under the Anglo-Irish Free Trade Area Agreement, and the additional competition on the home market which will arise when we are within the EEC should not be serious for most Irish industries.

The small size of Irish industrial firms should not tell against them in the EEC. Over 90 per cent of industrial firms inside the present EEC employ less than 100 workers.

The main point to be kept in mind is that EEC membership will provide great opportunities for industrial development and increased employment in Ireland.