

## Main Findings

- While jobs growth continues in Ireland, there are still some significant regional imbalances;
- There was an increase of 66,800 in the number of people employed in the 12 months to the end of 2017, with falling levels of part-time employment and increasing full-time jobs;
- Dublin and the east has more jobs than at Ireland's employment peak, while other regions, including the Midland and West, struggle;
- Ireland's improving jobs number is in the context of a falling participation rate – the participation rate for the country is 62.2%, compared with 67.4% a decade ago;
- Our participation rate is also well below many of our European peers, including the UK (78.8%);
- These numbers suggest a high number of discouraged workers and highlight a challenge for policymakers;
- The CSO's headline unemployment rate for February 2018 was 6.0%, down 0.1% from January and 1.3% from the same time the previous year.
- Lack of quality rural broadband and integrated public transport are the main impediments to sustainable employment creation in rural Ireland;
- *Ireland 2040* and the *National Development Plan* are a welcome return to long-term planning but contain relatively little additional spending compared to that which would have taken place anyway and are not sufficient to close the infrastructure deficit between Ireland and our European counterparts.

The Irish labour market continues to improve, and Ireland is moving closer to matching its peak level of employment achieved in Quarter 3 of 2007.

Compared to the end of 2016, there were 66,800 more people in employment at the end of 2017.

Impressively, this increase is driven by a rise in full-time employment, with 90,100 extra full-time jobs. Part-time employment fell by 23,300.

The number of people in the labour force is increasing at four times the rate of the number of working age people *not* in the labour force. This suggests increased confidence in Ireland's labour market situation

These are very welcome trends, bolstered as they are by growth in personal consumption, and increasing exports. While it is reasonably likely that appreciation in the value of the Euro will lower exports this year, this sector is still expected to perform strongly in 2018.

As Ireland continues its impressive rate of job creation, *Social Justice Ireland* looks behind the numbers, highlighting situations and trends that do not receive the same attention as headline numbers and rates.

In recent issues, we have highlighted:

- The extent to which long-term unemployment has increased in Ireland since the onset of the financial crisis, and the extent to which it has disproportionately affected older workers;
- The distribution of low paid employment

*Employment Monitor* is a quarterly publication from *Social Justice Ireland* examining Ireland's employment situation, including employment numbers, significant labour market trends, and other aspects of the macroeconomy. The purpose is to highlight selected trends with a focus on the policy goals of increasing employment, providing better working conditions, and creating a more just economic model and a fairer society.

Each quarter we publish a briefing analysing different aspects of the labour market, making observations and recommendations regarding the prevailing situation. In this issue we pay particular attention to the regional spread of employment gains, and take a closer look at Ireland's labour market participation.

Please note that in recent months, the Central Statistics Office has replaced the *Quarterly National Household Survey* with the *Labour Force Survey*, which incorporates different survey methods. Unless otherwise noted, the statistics contained herein are from the Q4, 2017 release of the *Labour Force Survey*.

throughout the labour force, and the extent to which the National Minimum Wage is so far below what is required to live a socially acceptable standard of living in Ireland;

- The increased instance of low pay and precarious work in the Irish economy;
- The barriers to employment faced by people with a disability in Ireland, and the extent to which the proportion of people with a disability who are employed is far less than that of the general population.

In this issue, we focus on the issue of balanced regional development and examine the extent to which certain areas of the country have benefited more than others from Ireland’s economic recovery.

### Regional Employment Trends

Ireland’s economic performance reached its peak in late 2007. The decade since saw enormous job losses, with unemployment reaching 16 per cent in early 2012. This was followed by an almost equally remarkable recovery.

In previous issues of *Employment Monitor*, we have looked at the issue of balanced regional development and shown that some regions of the country have benefited significantly more than others from Ireland’s economic recovery.

This often exacerbated an already-uneven economic situation, with regions further away from Dublin and

the east beginning the financial crisis with higher levels of unemployment, before being hit harder by the recession and subsequently experiencing a slower recovery.

Much of this regional divergence has decreased over the past 24 months – something that is very welcome. However, there is still significant variation between different regions of Ireland in many areas, particularly so in labour force participation rates.

The labour force participation rate is the proportion of the working-age population which is in employment or actively seeking employment.

Among the more notable findings from our analysis of the regional data are:

- With the exception of a short period in 2013, the unemployment rate for Dublin and the Mid-East has been notably below that of the national rate since Q3 2007. (See Graph below).  
 These rates have converged somewhat. At the end of 2017, Dublin had an unemployment rate of 6.1 per cent (which matched the national average), and the Mid-East region had a rate of 5.2 per cent. The rest of the country had an average unemployment rate of 6.3 per cent. The gap between Dublin/Mid-East and the rest of the country was once as high as 4 per cent.
- The news is not as good elsewhere. While Dublin and the Mid-East have more jobs now than they

Unemployment rate: Dublin & Mid-East Region vs Rest of Ireland, 1998-2017



did at Ireland’s peak employment in Q3 2007, the Midland region is 5.8 per cent off this peak, with the West 4.8 per cent away.

- While most recent data indicate that Ireland is getting close to matching its previous peak in employment numbers, this is in the context of a much lower participation rate.

The participation rate for the country as a whole is 62.2 per cent, compared with 67.4 per cent in Q3 2007.

- All regions have a notably lower participation rate than they did in Q3 2007, but the regions with the most notable fall are the Midlands (8.2 per cent), the Mid-East (7 per cent), the West (6.3 per cent) and the South-West (6.1 per cent).

<b>Change in the Participation Rate, by region</b>	
<b>Region</b>	<b>% change</b>
Border	-3.8%
Midland	-8.2%
West	-6.3%
Dublin	-3.8%
Mid-East	-7%
Mid-West	-3.8%
South-East	-5.7%
South-West	-6.1%
<b>Ireland</b>	<b>-5.2%</b>

- The Midland region (8.2 per cent) has experienced a drop in the participation rate more than double that of Dublin (3.8 per cent). This, coupled with a 7.7 per cent unemployment rate and a reduced labour force (down 2.3 per cent in the last 10 years) is a good indication of the economic issues still facing the region.
- The most likely reason for lower participation rates is discouragement. A high number of discouraged workers – people who may have given up searching for employment after a long time out of a job – highlights a challenge for policymakers.
- On first inspection, Ireland’s participation rate compares reasonably well with other European countries; it is above the EU average. However, a closer look reveals that Austria, Germany and

Luxembourg are the only countries that could be considered our ‘peers’ from a development perspective who are below us on the list. The participation rate in the United Kingdom is 78.8 per cent (compared with Ireland’s 62.2 per cent) which is a huge disparity.

Also with significantly better participation rates are France (72 per cent), Denmark and Belgium (both 68 per cent).

There are, of course, a number of good news stories in the regional data: There has been significant growth in employment in the Border region in the last two years, and particularly so in the last 12 months.

Employment in the West has grown by 8.5 per cent in two years to the end of 2017.

Employment in the Mid-West, which had one of the highest rates of unemployment in 2007, has grown by more than 10 per cent in the last two years.

Some credit is due to the Regional Action Plan for Jobs, while there has also been an improved spread of Enterprise Ireland-backed jobs in the regions. (Though many of the impressive growth rates in EI-backed jobs in the regions, for example 12 per cent growth in Leitrim and 11 per cent in Sligo, are from very low bases).

<b>Change in the Unemployment Rate, by region – Q3 2007 was Ireland’s highest measured number of jobs</b>		
<b>Region</b>	<b>Q3 2007</b>	<b>Q4 2017</b>
Border	6.4%	4.9%
Midland	4.1%	7.7%
West	5.1%	5.9%
Dublin	5%	6.1%
Mid-East	4.3%	5.2%
Mid-West	6.1%	6.6%
South-East	5.7%	7.3%
South-West	4.2%	6.2%
<b>Ireland</b>	<b>5.1%</b>	<b>6.1%</b>

Despite these welcome improvements in the spread of job creation there is ample evidence to suggest government needs to do more to achieve regional balance.

The labour force in Dublin and the Mid-East is roughly 2.5 per cent larger than at Ireland’s economic peak. Clearly these regions are where the bulk of economic growth is still being focused.

Meanwhile the labour force in the West has fallen by more than 4 per cent. This suggests that people in the region are dealing with widespread lack of employment opportunities in the manner they always have: emigration. The same is true of the South-West, where the labour force has fallen by the same factor by which it has increased in the eastern regions.

This speaks to a need for policymakers to continue to devise and implement strategies to bring people back to these regions.

While recent year-on-year employment growth numbers speak to an improvement in the spread of growth, a situation where Dublin and the east of the country have more jobs and more people than prior to the financial crisis while most of the rest of the country has notably fewer shows that the situation already occurring throughout the 2000s – the overburdening of the capital city and its surrounds – is being exacerbated in recent times.

The Midland region, made up of Laois, Longford, Offaly and Westmeath, is the region that has been struggling most from an employment perspective:

- At 7.7 per cent, the region has the highest unemployment rate of any part of Ireland.
- This rate is 3.6 percentage points higher than 10 years ago – almost double the increase of the next nearest region.
- Per capita, the Midlands lost more jobs during the recession than any other region.
- The participation rate in the Midlands has fallen by 8.2 percentage points in the last 10 years – the largest fall in any region.

The effects of this are there to be seen in the accommodation and homelessness crisis being experienced in Dublin, with rental costs having surpassed boom-time levels (Lyons, 2017). Continuing on a path that concentrates growth on one side of the country will exacerbate issues such as traffic congestion and overburden the region's public transport infrastructure.

### **Planning for more balanced growth**

*Ireland 2040* (Department of Housing, Planning and Local Government, 2018a) and the *National Development Plan* (Department of Housing, Planning and Local Government, 2018b) are important

initiatives, in particular because they are a welcome return to some element of long-term planning in this country.

However, as much as they have been heralded by Government and the media, these Plans feature a significant number of projects that had already been announced or flagged, as well as relatively little additional spending compared to that which would have taken place anyway had government's capital budget increased gradually over the period.

There is certainly not sufficient capital spending included to close the infrastructure deficit between Ireland and our European counterparts.

Among the things that is precluding balanced regional growth in Ireland are:

- The poor quality and lack of integrated public transport serving rural Ireland;
- The lack of reliable high-speed broadband.

The failure to invest adequately in Ireland's rural broadband network has long hampered technological progress outside the major population centres, and *Social Justice Ireland* has repeatedly argued that this is the main impediment to entrepreneurship, innovation and sustainable employment creation in rural Ireland.

Tom McDonnell (2013) of NERI has argued that broadband access is of particular importance to economic growth, as it boosts the productivity of innovation effort across a wide range of economic sectors.

Professor Sean Ó Riain (2013) of Maynooth University has argued that weak state investment in broadband in Ireland has constrained the diffusion of new technology industries capabilities into the broader private sector. Such are the problems faced by rural Ireland and across the regions.

With regard to public investment, *Social Justice Ireland* has argued in recent submissions to the government that the provision of quality broadband to rural areas should be one of the two greatest priorities of the current government, with the other being social housing.

Quality rural broadband must be a priority now, not in the future, if rural development is to be facilitated in a meaningful manner. The issue has been deferred long enough and must be prioritised, in order to prevent the two-tier digital divide that has developed between urban and rural areas growing any wider.

## Conclusion

In January of this year, the Economic and Social Research Institute (ESRI, 2018) published a report urging policymakers to rebalance growth by encouraging regional development led by urban centres outside Dublin.

The report stated that if the current pattern of growth continues, there will be an increased gap in prosperity between Dublin and the rest of the country, and this will also negatively affect Dublin, leading as it will to additional housing demand and increased long-distance commuting.

The research provides projections for regions and counties across Ireland up to the year 2040, examining what will happen if current spatial planning patterns continue, and what would happen in a range of alternative scenarios.

Projections show that if current trends continue, population growth, employment growth and jobs growth will be concentrated in Dublin and the Mid-East region. Population growth will be greatest in and around the major cities, particularly Dublin. Dublin and the Mid-East would continue to experience above-average growth in the number of jobs available, with jobs growth projected to be slowest in the Border, South-East and Mid-West regions.

*Social Justice Ireland* agrees with the ESRI finding that the most positive outcomes would result from economic growth being split equally between the East/Midland region and the rest of the country, relieving pressure on the Dublin region while still allowing significant growth.

The ESRI recommends ‘scaling up’ second-tier cities, developing the necessary infrastructure, such as in the areas of water and wastewater, public transport, and education. It is also essential that affordable housing and other amenities are provided in the necessary areas to attract people to live there and to avoid further sprawl.

Over-concentration of economic activity in one centre negatively affects overall economic capacity. This is the conclusion of the ESRI and *Social Justice Ireland* agrees. The lack of a counter-balance to the capital city reinforces the dominance of Dublin and limits the development potential of the other regions. Investment in regional hubs and population centres, particularly the cities of Cork, Galway, Limerick and Waterford, is essential to halt this trend.

## Recent Publications and Research

**A Universal State Social Welfare Pension for Ireland** (March 2017)

**Sustainable Progress Index 2017** (February 2017)

**Employment Monitor 6** (December 2017)

**Society Matters – Reconnecting People and the State** (November 2017)

**Budget 2018 – Analysis & Critique** (October 2017)

**Fairness in Changing Income Taxes** (October 2017)

**Employment Monitor 5** (September 2017)

**National Social Monitor** (September 2017)

**Budget Choices – Budget 2018 Submission** (July 2017)

**A New Social Contract for a New Century - Annual Socio-Economic Review** (April 2017)

**Fairness and Tax Reform – Policy Briefing** (April 2017)

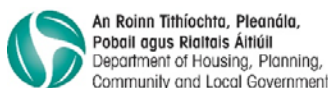
All of these and many more of our publications are available on our website at [www.socialjustice.ie](http://www.socialjustice.ie)



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