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The changing industrial structures of Northern and Southern Ireland*

INTRODUCTION

The partition of Ireland in the early part of this century was founded on fundamental differences, not only in religious, but perhaps more important, in economic composition between the two parts of the island. The following paper presents evidence which suggests that these differences in economic composition have tended to be reduced in recent years. The resultant convergence in economic structure must necessarily have significant political repercussions. By way of conclusion, some speculations on what these repercussions might be are offered.

ECONOMIC STRUCTURE AT THE TIME OF PARTITION

At the time of the partition of Ireland, originating with the Government of Ireland Act of 1920, fundamental differences in economic composition were to be observed as between Northern Ireland on the one hand, and what was to become the Irish Free State, and subsequently the Irish Republic, on the other. The North was essentially an industrial economy, with over one third of its workforce employed in manufacturing activity. This overall figure, of course, disguised great internal variation. The western, predominantly Catholic, part of the new state portrayed an agriculturally orientated economy similar to the South, while the part east of the Bann was particularly heavily industrialised, with some three quarters of the workforce in the Belfast heartland engaged in industry.[1]

This industrial base was founded on three interlinked industries — linen, engineering, and shipbuilding. The rapid development of the linen industry

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1. W. Black, 1967, 'Industrial change in the twentieth century', in J. C. Beckett and R. E. Glasscock (Eds.), *Belfast: The Origin and Growth of an Industrial City;* London; B.B.C., 158.

in the nineteenth century, and the accompanying mechanisation thereof, had engendered a substantial spin-off in the form of textile machinery engineering, and the consequent establishment of engineering capabilities contributed to a large extent to the emergence of the shipbuilding sector. The northeastern industrial complex, therefore, was heavily interdependent, and it was highly oriented towards exports, a position which rendered it very vulnerable to the vicissitudes of international trade.

The South, on the other hand, was basically an agricultural economy. In 1926, over half the workforce was engaged in farming, with a mere 13.3 per cent occupied in industry.[2] Of the latter, a further one third were 'marginal industrial workers', working either for themselves, or in tiny concerns not covered by the Census of Industrial Production. *Manufacturing* employment covered by the C.I.P., at 60,000, represented a mere 4.5 per cent of total employment.[3] Industry in the South was based largely on the processing of agricultural raw materials, both imported and home-produced. It also portrayed significant spatial variation, being heavily concentrated in the ports, especially Dublin, which in 1931 accounted for 44 per cent of employment in firms covered by the Census of Industrial Production.[4] However, unlike Belfast, Dublin was by no means an industrial city.[5] Although many port-based industries, such as distilling, were to an extent export orientated, southern industry in general was geared to the home market. In 1929, 85 per cent of industrial workers were employed in firms producing for the home market.[6]

THE PROCESS OF CONVERGENCE: (i) THE NORTH:

Ironically, the origins of the process which has already produced major changes in the North's industrial structure can be traced to 1921, the first year of the new state's life. The international slump of that year exposed the inherent vulnerability of the regional industrial base, with unemployment reaching 18 per cent of the labour force. Government policy in support of industry was initiated the following year when the first of what proved to be a series of Loans Guarantee Acts was introduced. The subsequent international recovery improved matters, greatly, but even though linen

2. K. A. Kennedy and R. Bruton, 1975, *The Irish Economy,* Brussels; Commission of the European Communities; Table 1.6, 11.
3. F. S. L. Lyons, 1971, *Ireland Since the Famine;* London; Weidenfeld and Nicolson; 590; Kennedy and Bruton, *op. cit.*, 46. The C.I.P. covers firms employing three or more workers.
4. J. Meenan, 1970, *The Irish Economy since 1922;* Liverpool University Press; Table 5.3, 134.
5. Black, *op. cit.*, 158.
6. Lyons, *op. cit.*, 590.

cloth production reached an all-time high in 1927, the unemployment rate nevertheless averaged 15 per cent in that year, and the North was left well and truly in the doldrums by the onset of the Great Depression after 1929. By 1932, unemployment had reached 27 per cent, and in that year, the New Industries (Development) Act provided grants, rate exemptions and interest free loans in an attempt to stimulate the establishment of new industry. This was the first clear admission that something was amiss with Northern industry, a fact which was driven home forcefully in 1934 when one of Belfast's two shipyards closed down.[7]

Hopes that the North's industrial problems were purely a function of international depression began to lessen as the nineteen thirties progressed and other industrial regions of the U.K. made much better recoveries. The shipbuilding and allied engineering sectors were obviously major casualities of a slump in international trade, and indeed these sectors made a fine recovery, with employment levels reaching the 1929 level by 1939, albeit under the impetus provided by war preparations. However, the problems of the linen industry were much more deep-rooted. This sector was no longer able to match the competition of cotton, and in particular the rapidly-developing synthetic textiles industries. By mid-1938, more than half of the industry's work force was unemployed, thereby boosting the overall regional unemployment rate to 28.3 per cent. The decline in the linen cloth sector was passed on in turn to the engineering sector which had developed to serve the linen industry. Thus the industrial interdependence of the region, once a great source of strength, was now appearing as a serious weakness.[8] Hence, '. . . since at least 1936, Northern Ireland unemployment rates have exceeded those in any other region of the United Kingdom'.[9] In recognition of this fact, regional industrial policy, augmented by a further New Industries (Development) Act in 1937, was allowed to provide industrial incentives superior to those available in other depressed regions of the U.K., a position which has been maintained ever since.

The industrial restructuring of Northern Ireland was postponed temporarily by the second world war and the immediate postwar boom, which provided a substantial boost to the ailing linen industry. In addition, the Belfast shipyards, largely untouched by the war, were able to cash in on the widespread destruction of similar facilities elsewhere in Europe and Japan. However, a short-term asset became a long-term liability, for these

7. *Ibid.*, 698; Black, *op. cit.*, 161-2.
8. Lyons, *op. cit.*, 698-9; Black, *op. cit.*, 162-3.
9. A. S. Murie et al., 1974, *Regional planning and the attraction of manufacturing industry in Northern Ireland;* London; Centre for Environmental Studies Research Paper No. 4; 21.

other shipyards were re-equipped with the most modern technology, thereby eventually providing a challenge which Belfast was unable to meet. In addition, demand for the products in which the Belfast shipyards specialised, particularly passenger liners and aircraft carriers, declined in the postwar period. Thus, by the early nineteen sixties, employment in the Belfast shipyards had dropped to one half the level of 1950.[10]

The extension of regional planning policy in the U.K. after 1945 had further consequent spin-offs in Northern Ireland. However, whereas loans were the principal incentives in operation in Britain's Development Areas, grants remained the North's leading industrial policy device. Additional Industries Development Acts were introduced between 1945 and 1953. The main policy objective at this stage was to attract new British plants to Northern Ireland, although such a policy was unlikely to meet with much success so long as the Industrial Development Certificates, designed to control the establishment of new industry in the successful south east and west midlands of England, were not rigorously applied as a regional policy device. Thus, the Northern Ireland government set about the modernisation of the existing industrial structure, with the passing of the 1951 Re-equipment of Industry Act and its successor, the 1954 Capital Grants to Industry Act.[11]

The nineteen sixties saw a much more rigorous regional policy being implemented at the U.K. level. I.D.C. policy was considerably strengthened, and a large scale programme of advance factory construction was introduced. In 1967, the regional employment premium was initiated. Northern Ireland, maintaining its superior incentive schemes, was a substantial beneficiary of this strengthening of policy. By 1970, the North was able to offer 62.9 per cent of the capital costs (building, plant and machinery) of a new project compared to 50.6 per cent in the Development Areas, and 34.1 per cent elsewhere in the U.K. In addition, industrial derating at 75 per cent, an industrial fuel subsidy, industrial training schemes, housing for key workers, and business advice are available to new industries starting in Northern Ireland.[12] It is estimated that these additional incentives have been worth up to 40,000 extra industrial jobs in the period 1960-70, quite a substantial contribution given a total manufacturing workforce of 153,000 in 1975.[13]

After 1970, I.D.C. policy in Britain was relaxed somewhat, and although industrial incentives (including a doubling of the regional

10. M. A. Busteed, 1974, *Northern Ireland;* London; Oxford U.P., 9-10. Also Black, *op. cit.*, 165.
11. Murie, et. al., *op. cit.*, 34.
12. *Ibid.*, 34-5.
13. B. Moore, et al., 1978, 'Industrial policy and economic development: the experience of Northern Ireland and the Republic of Ireland'; *Cambridge Journal of Economics;* 2; 104.

employment premium in 1974) were further strengthened, the onset of civil unrest greatly reduced the flow of new industry into Northern Ireland. It has been estimated that the political situation cost the North 20,000 potential jobs in the period 1970-76.[14] As a result, both unemployment rates and emigration levels (the latter no doubt also linked to the civil unrest) have risen compared with the late nineteen sixties.[15]

THE PROCESS OF CONVERGENCE: (ii) THE SOUTH

In the South, a coherent and vigorous industrial policy did not emerge until 1932, the same year that the first industrial development act was introduced in the North. In that year, the economic nationalism of the new De Valera regime combined with growing international protectionism to produce a policy of economic autarky, involving the exclusion of foreign investment and the development of an indigenous industrial sector producing for the home market behind high tariff walls. The new policy was quick to show results: industrial production rose by 40 per cent between 1931 and 1936, while employment in manufacturing covered by the Census of Industrial Production, which stood at 60,000 in 1926, reached 100,000 in 1938.[16]

However: 'Once the more obvious possibilities of industrial expansion had been exploited, new opportunities were likely to be few'.[17] Thus, the rate of expansion of industrial output dropped from 40 per cent between 1931-36 to 4.5 per cent between 1936-8.[18] Lacking an export base, industry in the South was unable to take advantage of the opportunities provided by the second world war, and instead, suffered a contraction during this period. However, it experienced rapid expansion in the immediate postwar period, as pent-up savings were released on a spending spree. By 1951, total manufacturing employment, including those activities not covered by the C.I.P., reached 184,000 compared with 113,000 in 1936.[19]

However, this temporary boom served only to veil some basic weaknesses inherent in the autarky policy — weaknesses which had briefly revealed themselves just before the war, but which became increasingly apparent as the nineteen fifties progressed. These weaknesses have been examined by the author elsewhere.[20] The owners of indigenous Irish capital

14. *Ibid.*, 105. Also Murie, et. al., *op. cit.*, 35.
15. Moore, et al., *op. cit.*, Tables 2 (109) and 3 (110).
16. Lyons, *op. cit.*, 609; L. M. Cullen, 1972, *An Economic History of Ireland since 1666;* London; Batsford; 178-9; Kennedy and Bruton, *op. cit.*, 46.
17. Cullen, *op. cit.*, 179.
18. *Ibid.*
19. Meenan, *op. cit.*, 47, 321.
20. F. Walsh, 'The structure of neo-colonialism: the case of the Irish Republic', to appear in the forthcoming Irish issue of *Antipode*, scheduled for Dec. 1979.

for the most part displayed little entrepreneurial spirit. Even for the more discerning among them, the small home market held little attraction compared with alternative opportunities abroad. Much of the existing industrial base was still foreign-owned, and this sector had little tendency to re-invest profits locally. Meanwhile, the most able sections of the population continued to be eroded by emigration. Some attempts were made to fill the gap by the establishment of state-owned industry, but though these proved to be successful for the most part, the government found itself unable to commit itself to this potential solution to the country's economic problems.

Thus, manufacturing employment declined from 184,000 in 1951 to 172,000 in 1960, as the postwar boom expended itself and renewed emigration engendered a downward spiral at home. The resignation of De Valera in 1959 coincided with the highest emigration rate in the state's short history and the introduction of a new industrial policy which reversed that which had gone before. This new policy was designed to attract foreign investment into the South. The incentives offered are much the same as those available in the North, with the important addition of a 15-year tax holiday on profits derived from exports. This latter incentive has given the South a clear advantage over the North in terms of attracting new industry. Thus, it has been estimated that up to 75,000 new manufacturing jobs were created in the South by 1974 as a result of the policies developed since 1959, an annual rate of 5,000, or 1,000 above that in the North in the nineteen sixties.[21] Against this, however, must be set the costs incurred by the dismantling of tariff barriers which was necessitated by the adoption of an export-orientated policy. This has led to serious casualties within the domestic-orientated industrial sector following exposure to competition from abroad. Up to 1973 the establishment of new industry clearly outweighed the latter casualties, and in that year employment in manufacturing reached 217,000 compared with 172,000 in 1960, and constituted almost 21 per cent of the labour force compared with 16 per cent in the latter year.[22]

However, the entry of Ireland into the E.E.C. in 1973, and the coincident international recession have severely affected the indigenous sector, and even though E.E.C. entry has greatly accelerated the rate of foreign investment in the South, particularly from the U.S.A., manufacturing employment nevertheless declined to 195,000 in 1977, although there has been a slight improvement in 1978.[23]

21. Moore, et al., *op. cit.*, 103-5.
22. W. Black, 1977, 'Industrial development and regional policy', in N. J. Gibson and J. E. Spencer (Eds.), *Economic Activity in Ireland;* Dublin; Gill and Macmillan; Table 2.1, 41.
23. *Irish Times*, October 2, 1978, 14.

THE NORTH AND SOUTH COMPARED

The cumulative effect of the policy developments outlined in the previous sections has been to draw the industrial structures of the North and South much closer together than they have been in the past. This effect may be analysed in terms of industrial composition, sources of new industry, and spatial distribution of new industry.

Industrial Composition: Initially we may observe that while the proportion of the total labour force accounted for by manufacturing industry in the North has declined somewhat in recent years (from 35 per cent in 1960 to 31 per cent in 1973), the corresponding proportion in the South increased from 16 to 21 per cent in the same period, and was, of course, less than ten per cent in the nineteen twenties.[24] Secondly, while the export orientation of Northern industry has remained stable through the nineteen sixties at 70 per cent of total output, that of the South has increased from 18 per cent in 1960 to 33 per cent in 1973.

The internal configuration of the manufacturing sector in both North and South for the years 1960 and 1973 is presented in Table 1:

TABLE 1
Subsectoral composition of employment in the manufacturing sector, Northern Ireland and the Irish Republic, 1960 and 1973.

Subsector	Northern Ireland 1960 (%)	Northern Ireland 1973 (%)	Irish Republic 1960 (%)	Irish Republic 1973 (%)
Food, Drink, Tobacco	14.4	16.2	29.7	26.1
Textiles, Clothing, Footwear	46.3	39.8	27.8	22.3
Shipbuilding, Engineering, Metals	24.9	23.8	10.2	15.9
Vehicles	4.2	4.7	5.8	5.8
Chemicals	0.9	1.3	3.6	4.5
Other	9.2	14.1	23.0	25.4
Total	100.0	100.0	100.0	100.0
Employment (000s)	188.6	172.1	150.7	202.4

Source: W. Black, Ref. 21, Table 2.4. Irish Republic figures refer to firms employing more than three persons.

In the South, the leading sector is Food, Drink and Tobacco, which is to be expected in a country with a large agricultural sector. However, the relative importance of this sector has declined slightly, while that of the North has increased. On the other hand, the Textiles, Clothing and Footwear group in the North is still clearly the leading sector, although it

24. Black, 'Industrial development . . .', *loc. cit.* The material in the following paragraphs is largely based on this source.

has declined somewhat — as, indeed, it has done in the South. However, this mild decline in the North masks a rapid decline in the traditional linen industry, and its replacement to a certain extent by synthetic textiles which now account for about one quarter of textile employment and a much larger proportion of output. In the South also, there has been a substantial decline in those industries based on natural fibres but at the same time an inflow of synthetic textile industries.

In the North, the Shipbuilding, Engineering, and Metals group has almost managed to hold its relative position within the context of an overall absolute decline in manufacturing employment, but again the aggregate figure conceals much internal movement. Here, the major casualties have been shipbuilding and textile machinery, while the main beneficiaries have been electrical and instrument engineering. This group has made rapid progress in the South, based largely on electrical engineering and electronics.

The other major difference between North and South appears in the "Other" category, which is of much greater significance in the South. This reflects, in the South, the build-up of a diverse domestic-orientated sector during the era of protection, and in the North, a tradition of industrial specialisation. In addition, new industries attracted to the North may have been attracted by the existing industrial base, whereas the greater mix in the South may have caused less selectivity in the pattern of incoming industry. Nevertheless, the relative position of the "Other" category has been growing much more rapidly in the North than the South.

The overall picture, then, supports the idea of a growing convergence between the two industrial structures, although they still display marked differences. Perhaps of particular significance is the fact that the leading growth industries *within* such sectors as textiles and engineering are virtually identical in both cases.

Sources of new industry: Perhaps the greatest evidence of convergence appears in the ownership and sources of new industry establishing in both North and South. Since 1945, Northern policy has been geared to attracting new industry from outside the region entirely, and indeed of the new employment generated in the period 1945-73, only 13.6 per cent emanated from domestic sources. Since industry generated in this period now accounts for 43 per cent of the total, and since an amount of Northern industry was already externally-owned before 1945, then it seems reasonable to suggest that perhaps between 40-50 per cent of Northern manufacturing employment is now represented by externally-owned firms. More important, this proportion is rising rapidly.

A further significant fact is that the role of Great Britain as a source of new Northern industry has been declining in recent years. Thus, whereas in

1963 only four per cent of the North's manufacturing workforce was employed by non-British overseas firms, by 1971 the figure had risen to 16.7 per cent.[25] United States firms alone account for two thirds of this employment. However, this source has been severely affected by the civil unrest, to the extent that while twenty two non-British overseas plants located in the North in the period 1965-70, only nine did so in the period 1970-75.[26]

In the South, during the period 1960-76, 680 overseas plants were established, and were expected to provide 80,000 jobs at full capacity.[27] Again, if account is taken of overseas industry which was already in operation prior to 1960, it may be suggested that around 50 per cent of Southern manufacturing employment arises in externally-owned concerns. This figure is corroborated by a study indicating that in 1972, some 53.5 per cent of the fixed assets of all Irish-registered industrial and service companies were owned externally.[28] More important, once again, is the fact that the proportion of total employment held by foreign companies is rising rapidly. In recent years, the foreign sector has been accounting for about 80 per cent of total annual investment in manufacturing industry,[29] and since much of the indigenous investment has merely been *replacing* industries driven out of business by recession and external competition, the proportion of total employment represented by the foreign sector has continued to rise.

In the case of the South, the U.S. has clearly been the main source of foreign industry, accounting for 42 per cent of all projected jobs in the foreign sector in the period 1960-76, compared with 21 per cent for the U.K., 14 per cent for West Germany, and 23 per cent from various other sources.[30] Indeed, since Ireland's E.E.C. entry, the rate of U.S. investment has accelerated, and this source alone has accounted for over 50 per cent of total foreign investment since 1973.[31]

Spatial distribution of new industry: Some brief comments on the spatial distribution of new industry in Ireland are in order, since this has been one of the most interesting features of the industrial drive in both North and

25. P. J. McDermott, 1977, 'Overseas investment and the industrial geography of the United Kingdom'; *Area;* Vol. 9, No. 3, Table 2, 203.
26. *Overseas manufacturing investment in Northern Ireland;* Dept. of Commerce; Belfast; 1976.
27. *IDA Ireland,* Supplement to *Young Citizen;* Dublin; Nov. 1977.
28. J. Sweeney, 1973, *Foreign companies and the industrialisation of the Irish Republic;* Unpublished M. A. Thesis; University College, Dublin.
29. J. Lyons, 1978 'Ireland's Industrial Development Authority', *Ireland Today,* Nov. 15, 1978, 3 and 5.
30. *IDA Ireland, op. cit.*
31. 'Acceleration in U.S. Irish investment', *op. cit.*

South. In the South, the Industrial Development Authority has confounded the growth centre theorists by successfully implementing a dispersionist policy while still maintaining a high (and growing) level of foreign investment inflow. Thus, rural regions such as the West region have outperformed more urbanised regions in the east and south. This topic has been discussed by the author in detail elsewhere,[32] and will not be considered further here.

Similarly, in the North, it has been found that the very largest new firms have been least attracted by the existing industrial areas centred on Belfast, and have been most inclined to locate west of the Bann where Catholics predominate. These firms would appear to be more attracted to sources of trainable labour which can operate standardised processes than sources of labour already trained in traditional industrial skills.[33] They have therefore tended to reverse the imbalance in industrial jobs as between both sides of the Bann. Thus, in the period to 1966, only 10.7 per cent of government-sponsored jobs were located west of the Bann, in an area representing over a quarter of the North's population. However, between 1967-71, when there was an influx of large firms, 36 per cent of new jobs were established west of the Bann.[34] It would appear that this development has also encouraged the Northern authorities to tone down, as in the South, a growth centre policy enunciated in the nineteen sixties in favour of more dispersion for industry.[35]

DISCUSSION

It would appear that the multinational corporation is the key element in the growing similarity between the industrial structures of the North and South. However, this convergence cannot be expected to lead to any significant increase in the degree of economic interlinkage between the two parts of the island, which at the moment is very little. Rather does it signify increasing *disintegration* of the individual economies on both sides of the border. In both North and South, the multinational branch plant appears as an economic enclave, importing the bulk of its requirements and exporting virtually all of its output. It therefore generates few linkages with the local economy.[36] The developing role of Ireland, both North and South, then,

32. F. Walsh, 1979, 'Foreign direct investment and regional planning in the Irish Republic', paper presented to the symposium of the International Geographical Union Commission on Industrial Systems, Rotterdam, June 1979.
33. Murie, et al., *op. cit.*, 68-75.
34. *Ibid.*, 50.
35. Black, 'Industrial development . . .', *op. cit.*, 75-76.
36. Murie, et. al., *op. cit.*, 56; D. McAleese, 1971, 'Capital inflows and direct foreign investment in Ireland 1952-70', *Journal of the Statistical and Social Inquiry Society of Ireland*, Vol. 32, Part 4.

will be to act as production bases for multinational firms supplying the E.E.C. market. Indeed, the simultaneous entry of both parts of Ireland into the E.E.C., by leading to the reduction and possible eventual elimination of obstacles to movement across the border, may mean that increasingly Ireland will appear as a single unit from the perspective of foreign firms seeking a possible investment location.

It *is* possible to envisage a growth in cross-border linkage arising from the central role of multinational firms in Irish industrialisation. This may arise as one of the consequences of the exports profits tax relief scheme operated in the South. This encourages firms whose Irish plant has either backward or forward linkages (or both) with sister plants elsewhere to engage in the manipulation of intracompany transfer prices, so that overall profits are concentrated in the non-tax-paying Irish operation. Such activities among multinational firms are well known.[37] Thus, such firms could locate linked firms on either side of the Irish border, thereby minimising linkage costs while facilitating transfer price manipulation. This consideration might help explain the location by the Courtaulds firm of a spinning plant in Letterkenny, County Donegal to supply a weaving and finishing plant 25 miles away in Derry, both of which were constructed simultaneously. Plans by the E.E.C. Commission to stimulate economic development in the border areas and thereby cross-border co-operation could have the effect of increasing awareness among multinational firms of the possibilities offered by such 'cross-border integration'.

The potential political implications of the growing convergence between North and South could provide the basis for some interesting speculation. It has already been suggested that multinational firms will have an decreasing tendency to differentiate between both parts of the island as possible locations for investment. It may further be noted that the incentive packages on both sides of the border are quite similar, and at the same time superior to almost all other E.E.C. regions, thereby making the North and South even more indistinguishable to foreign business eyes. As the extent of external control of both economies develops from its already high level, therefore, one may expect the political significance of the border to decline.

At the moment, the major basis for distinction between North and South as far as multinationals are concerned is the civil unrest in the North. It seems obvious that the reduced inflow of foreign investment into the North since 1970 and the increased inflow into the South in the same period are not unlinked. Yet it is possible that foreign investment could have a major long term role in reducing unrest in the North. A crucial aspect of the growing convergence of North and South has been the gradual elimination

37. S. Lall, 1973, 'Transfer pricing by multinational companies', *Oxford Economic Papers*, Vol. 35, No. 3.

of the North's traditional indigenous bourgeoisie. The growth of this bourgeoisie in the nineteenth century was, of course, a major element in the development of sectarian strife in the North.[38] At the same time, the North's new industrialists, as indicated earlier, have shown a tendency to ignore previous patterns of spatial (and therefore religious) discrimination, and instead to seek out locations which offer the best economic advantages. This 'new bourgeoisie', then, may not have as much time for sectarian divides as their predecessors, and as their control over the economy widens, it may be that the economic basis of the North's civil unrest will gradually disappear.

Untimately, of course, the political effects of the multinationalisation of the Irish economies will depend on its ability to combat unemployment in both areas. In the North, foreign investment has been unable to outweigh the decline of traditional industries, so that total manufacturing employment had declined (Table 1). As a result, unemployment has tended to increase, despite higher emigration.[39] Of course, this might not have happened, had not the outbreak of civil unrest deterred foreign investment in recent years.

In the South, the experience has been very much the same. Again, the rapid decline of traditional industry has reduced manufacturing employment, despite a surge of foreign investment in recent years. It is obvious that things would have been worse had not the Northern troubles diverted investment to the South. This inter-dependence has become increasingly apparent as both governments compete tooth and nail to attract major enterprises being offered by multinational firms. It may be that the process of clearance of weak industries is now nearing completion in both economies, and that the employment situation will tend to recover in the near future. However, in the South at least, demographic trends are now threatening to engulf the best efforts of the authorities to create new employment. Emigration, which had virtually disappeared in the South in the early seventies, is now beginning to re-emerge, and indeed government spokespersons have recently begun to talk about the need to prepare people for emigration. If this traditional remedy does not become available as it was in the past, it could be that the locus of political instability will eventually shift from the North to the South.

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38. See J. MacLaughlin, 'Industrial capitalism, Ulster Unionism and Orangeism'; and J. Anderson, 'Uneven development, nationalism, and religion in Ireland', both in the forthcoming Irish issue of *Antipode*, December 1979.
39. Moore, et al., *op. cit.*, Tables 2 and 3.