

A Note of Incomes in the Designated Areas, 1960 and 1965

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RECENTLY, in response to a request from the EEC, incomes were estimated separately for the designated areas and the remainder of the country for 1960 and 1965. The results are presented here to make them available to other interested research workers.

The designated areas owe their origin to the Undeveloped Areas Act of 1952 which designated certain parts of the country, namely (a) those areas along the western seaboard which formerly came under the jurisdiction of the Congested Districts Boards, and (b) any other areas which, for the time being, might be added to the list of scheduled areas by the Minister for Industry and Commerce as areas in which special efforts would be made to promote industrial development. The statutory body established for this task in 1952 was *An Foras Tionscal*.

Currently the designated areas lie, broadly speaking, to the west and north of an arc which begins a few miles west of Cork city, passes through Athlone and terminates near Newry. Some areas north west of this arc are excluded, e.g., most of Limerick county and the Shannon Free Airport area, and some to the south east of it included, e.g., a few localities in Offaly and an area south of Cork city, comprising the urban and rural districts of Kinsale, and extending as far east as the mouth of Cork harbour. The designated areas, therefore, cover almost 56 per cent of the area of the State, and in 1966 approximately 32.5 per cent of its population.

Methodology

The task of estimating incomes in the designated areas was simplified by the fact that much of the boundary follows county lines. Special calculations were required for four areas, Shannon Free Airport, West Cork, a small area in Offaly (Derrinlough and Clara) and the district around Drumcolliher in County Limerick. No attempt could be made to segregate Shannon from the rest of County Clare due to data difficulties, and to this extent total income may be biased upwards to some degree. The districts in Offaly and Limerick each contained a fraction of one per cent of total area. Agricultural income was allocated proportionate to area. Non-agricultural income from self employment and wages were proportionate to non-agricultural population. Other income was proportionate to total population; in the case of Limerick, income and employment in the county borough was excluded in making the calculations.

The Results for West Cork

More detailed estimates were made for West Cork. The area contains 59 per cent of Cork's total land, the same amount of the farm work force and 54 per cent of its crops and pasture. Separate calculations were made for each enterprise. Calculations revealed that the area produced its share of total livestock from 59 per cent of the cows, 76 per cent of the mountain sheep, and 69 per cent of the pigs, etc. In crops its output was lower. Nevertheless it accounted for 47 per cent of the acres under feeding barley, 55 per cent of those under oats and 54 per cent of the potato acreage. It was assumed that income was proportionate to total output. Forestry income was allocated proportionate to total area. Practically all seafish landings in Cork were at ports west of Cork Harbour. The area also accounted for a large proportion of the fresh water fish catch.

Two attempts were made to estimate income from wages and self employment. The first made use of the fact that employment figures by major industrial category were available for the urban population in the 16 major towns and their environs in the county, including seven in West Cork. Employment in these categories among rural residents in West Cork was assumed to be proportionate to the area's share of total rural residents. (This procedure ran into difficulties when applied to the 1960 incomes since the Cork County Borough boundary was changed between 1961 and 1966.) When the results were aggregated with those for other categories of income, *per capita* incomes in both parts of the county were very similar in both 1960 and in 1965. This conflicted with *a priori* knowledge of the region.

To overcome this difficulty the CSO kindly supplied returns for employment by major category for the area in April 1966. These showed that the area accounted for 59 per cent of those engaged in agriculture, 24 per cent of those engaged in commerce, insurance and finance, slightly less for professions and other services but only 17 to 18 per cent of those engaged in manufacturing, building, transport and public administration. On the basis of the 1963 CIP it was assumed that workers in Cork City earned 12 per cent more than those in the rest of the county, except in public administration and defence, and income was allocated accordingly proportionate to employment. The same principle was applied to public administration but without the weighting for Cork. In the case of the retail trade the great detail of the 1966 Census of Distribution was used to construct wages and net margins for the designated areas. Assuming the same degree of non-response on both parts of the county these figures were used to estimate income from wages and self employment. In the case of the wholesale trade, incomes were calculated excluding incomes in the county borough which had been separately estimated on a previous occasion.

For the remaining items of income—current transfers from public authorities, emigrants remittances and remuneration from abroad, interest and dividends were all assumed proportionate to population. Rents were calculated separately for urban and rural areas and allocated proportionate to households.

The calculations for 1960 were on the same basis as in 1965 except for non-

agricultural wages and income for self employment. Comparable employment figures to those of April 1966 were not available. It was therefore assumed that West Cork's share of each category of income was the same as in 1965. There is no way of knowing if this is a reasonable assumption; given data limitations, including the changed definition of Cork City environs, no alternative appeared to be available.

The net result of the exercise was to allocate £20·785 millions to the designated areas of Cork in 1960 and £30·329 millions in 1965. This means that, whereas average *per capita* income in the county as a whole was reckoned to be £204 in 1960 and £301 in 1965, the corresponding figures for the two areas separately are £190 in the west in 1960 compared with £211 in the east. In 1965 the figures are £283 and £308 respectively. If the underlying methodology of estimating the 1965 figures is acceptable, these results indicate that West Cork had an average *per capita* income only surpassed by five counties in the State and comparable to that of Kilkenny and Tipperary. At first sight this outcome appears implausible and consequently a cross check was made on the figures and calculations. The evidence indicates quite clearly that output per head in the agricultural sector is very little lower in West than East Cork. Over half the agricultural income and about 18 per cent of the income derived from domestic non-agricultural industry in the county arises in West Cork. Due to the weighting of these items in the income structure of the county, West Cork's share of the combined total is only a little less than proportionate to its population.

The calculations therefore suggest that the allocation of parts of Cork to the designated areas may have been overgenerous relative to other parts of the country excluded. From an agricultural point of view the rural district of Kanturk is a first class dairying area comparable to many parts of Limerick and Tipperary while large parts of the Bandon-Kinsale-Clonakilty regions are noted for their prosperous farms. From an industrial point of view parts of the Kinsale rural district within the designated areas are closer to Cork airport than many parts of Cork city itself.

Aggregate Results.

The aggregate results for the designated areas are presented in Table 1 together with comparative results for the remainder of the State.

These results indicate that, due to a decline in population, income per head in the designated areas as a whole grew at about the same rate as the remainder of the country excluding Dublin. However in absolute terms the gap widened by £12 per head. Viewed as a group, the designated areas are more homogeneous in income terms than the rest of the country, whether Dublin is included or not. The standard deviation of income among them was £19·5 compared to £25 for the rest excluding Dublin, or £37 including Dublin. Apart from the average *per capita* income in West Cork, estimated at £283, income in the designated areas ranged from £246 per head in Clare to £209 in Leitrim (average for these

TABLE I: *Incomes in the designated areas and other parts of the State in 1960 and 1965*

	Designated Areas*	Rest of Country excluding ¹ Dublin including Dublin	
Personal Income 1965	218,617	320,162	623,138
£000 1960	157,044	219,113	405,283
Increase	39.2%	46.1%	53.75%
Population April 1966	936,482	1,152,473	1,947,520
" " 1961	971,030	1,128,979	1,847,311
Change	-3.6%	+2.1%	+5.4%
Income per head 1965	233.4	277.8	320.0
" " " 1960	161.7	194.1	219.4
Increase	44.3%	43.1%	45.9%
Income Ratio 1965	100	119	137
Per head 1960	100	120	136

*Includes Shannon Free Airport.

areas £227 with £12 standard deviation). Excluding Dublin the range in the rest of the State was from £308 in East Cork to £225 in Laois.

In 1960 the designated areas contained 11 of the 12 poorest counties with West Cork reckoned to be among the nine richest counties in the State. In the next five years the rate of growth in *per capita* income varied considerably from county to county. Of the four fastest growing, three were designated, as were ten of the first eighteen. On the other hand the six slowest growing were non-designated Leinster counties. This contrasted with Munster which has five of the seven counties with fastest growing incomes per head.

Rates of growth can be misleading since a small absolute increase associated with a low base may result in a higher rate of increase than a much larger absolute increase where the initial income was not so low. Even in absolute terms five designated areas, three Munster, two Ulster, were among the fifteen counties with the highest absolute increases. The result of these changes was to cause the overlap noted already¹ in the range of incomes displayed within the separate areas. Thus four designated areas were more prosperous than Laois in 1965 and both Laois and Offaly less prosperous than the three designated areas of Munster.

To appreciate the overall changes within the two parts of the State, Table 2 has been prepared. Grouping on a provincial basis, all designated regions show population declines but those of Munster are considerably lower than those of the other provinces. On the other hand all non-designated regions reported population increases. The increase in Munster was more than twice that of Leinster

1. T. J. Baker & M. Ross, "The changing regional pattern in Ireland", *Economic & Social Review*, Vol. 1, No. 2.

TABLE 2: *Income and population by Subregions 1960 and 1965.*

	1965			1960			Change 1960-1965%		
	Total Income £,000	Popula- tion	Income per head £	Total Income £,000	Popula- tion	Income per head £	Total Income	Popula- tion	Income per head
Designated Areas In									
Ulster	46,657	208,303	224.0	33,564	217,524	154.3	39.0	-4.2	45.2
Connacht	89,184	401,050	221.9	65,285	419,465	155.0	36.6	-4.2	42.6
Leinster	6,784	31,622	214.5	5,021	33,344	150.6	35.1	-5.2	42.4
Munster	75,992	294,607	257.9	53,174	300,697	176.8	42.9	-2.0	45.9
Total	218,617	936,482	233.4	157,044	971,030	161.7	39.2	-3.6	44.3
Non-Designated Areas In									
Munster	167,563	564,727	296.7	111,018	548,506	202.4	50.9	+3.0	46.6
Dublin	302,976	795,047	381.1	186,177	718,332	259.2	62.7	+10.7	47.0
Rest of Leinster	152,599	587,746	259.6	108,088	580,473	186.2	41.2	+1.3	39.4
Total	623,138	1,947,520	320.0	405,283	1,847,311	219.4	53.8	+5.4	45.9
Total State	841,755	2,884,002	291.9	562,327	2,818,341	199.5	49.7	+2.3	46.3

excluding Dublin. In terms of total income the designated areas of Munster grew faster than non-designated Leinster excluding Dublin and at a rate substantially higher than other designated regions. The rate of increase in *per capita* income in the designated areas of Munster was equal to that of the remainder of the State. However this parity was partly the result of a decline in population in the Munster region. The slowest rate of *per capita* income increase, on the other hand, was in non-designated Leinster, excluding Dublin, where it was associated with a rising population.

In another context it was argued² that the old concept of the designated areas viable in 1960 had outlived its usefulness by 1965. The viewpoint is reinforced by the analysis in this note. It seems likely that the extensive reorganisation of the IDA regional policy, based on a nine regional sectoring of the States due to be published this year will take this factor into consideration in the proposals designed to assist the less favoured regions.

2. Baker and Ross, *op. cit.*