



DIVERSIFIED ECONOMY

A high enrolment level at universities is not necessarily required for a country to be economically successful. Germany has far fewer graduates than France yet has a higher GDP per capita. Many countries leading the way out of current financial difficulties have been countries such as China and Germany who have a strong manufacturing base. Those in most trouble are countries including the US, the UK and Ireland all of whom concentrated on creating jobs in the services sector over the past decade while outsourcing many low to high-end manufacturing jobs. In Ireland, with spiralling wage costs during the past decade, we became uncompetitive and lost large parts of our manufacturing capabilities, which we are now trying to recreate to drive an export led recovery.

Our largest export sectors are Chemical and Pharmaceutical, Information and Communication Technology and Food and Drink. These sectors are quite defensive and able to weather the current climate more so than other sectors due to the relative inelasticity of demand. In the Food and Drink sector, Irish owned companies are more dominant than foreign multinationals, with companies such as Kerry Group and Glanbia well known and established players. Food and drink make up 14 per cent of all Irish exports. Because of the highly labour intensive nature of the sector it remains a vital part of the Irish economy, currently employing over 43,000 people. Importantly, employment in the sector has a wide regional spread, providing jobs not only in urban centres but also in rural areas.

With the current economic problems facing Ireland we now realise the significance of having a well diversified economy. As Ireland competes in the global marketplace for a limited number of jobs, we had little control over holding onto our manufacturing base due to decisions by previous governments. In an increasingly volatile world, where possible, government policy should be encouraging and supporting indigenous Irish firms. Globalisation has provided companies with opportunities to outsource and lower their costs. Ireland has traditionally been a large benefactor of this. With current economic difficulties in many countries, protectionism is increasingly talked about as a solution to problems and in some ways is pursued either directly or indirectly, particularly through currency depreciation. Recently, Intel co-founder Andy Grove, when talking about US outsourcing of manufacturing jobs asked "...what kind of a society are we going to have if it consists of highly paid people doing high-value-added work - and masses of unemployed?"

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