

**THE ECONOMIC AND SOCIAL
RESEARCH INSTITUTE**

Memorandum Series No.170

LABOUR MARKET POLICIES AND EMPLOYMENT GROWTH

(Paper delivered to a Symposium at the
Seventh Annual Economic Policy Conference
of the Dublin Economics Workshop,
Kenmare, 19-21 October 1984)

by

Kieran A Kennedy

Director, Economic and Social Research Institute

November 1984

IR£2

**Confidential: Not to be quoted
until the permission of the Author
and the Institute is obtained.**

LABOUR MARKET POLICIES AND EMPLOYMENT GROWTH

Introduction

By the end of this year close to 17 per cent of the labour force will be registered as unemployed. This is an exceptionally high level, whether viewed in relation to our own past experience, or the current experience of other OECD countries. What is even more sobering, however, is that none of the three major documents published this year, which addressed themselves to this problem, promised any significant alleviation in the position even three years hence. The ESRI study stated that "the prospect has to be faced that high unemployment will continue for several years, and perhaps even indefinitely if policies cannot be implemented successfully" (Conniffe and Kennedy 1984:323). The Government National Plan (1984:26) envisages that the level of unemployment in April 1987 will be about identical with the April 1984 level, having in the meantime reached a peak in December 1984. While the National Planning Board (1984:xv) took the view that the overall impact of their proposals could "result in unemployment reaching a peak and thereafter falling within the period to which *Proposals for Plan 1985-87* relate", no claim is made that the fall would be sufficient to restore even the 1984 level.

While this position is obviously unsatisfactory, I am not aware of any set of convincing proposals that would secure a much better unemployment outcome over the next three years or so. But can we even in the longer-term hold out the prospect of reduced unemployment? I believe that this is the major challenge facing not only the Government but also the economics profession in Ireland.

Constraints

Why is the unemployment problem considered to be so intractable? There are many reasons, five of which seem to me to be of special importance. *First* is the prolonged depression in the world economy, followed by the uneven and uncertain recovery. It might be argued that, since the Irish share of markets abroad is so small, even a depressed world economy need not constrain expansion of Irish sales if the latter were sufficiently competitive. The reality is, however, that when world markets are depressed, other countries do not stand still either, but strive to defend and increase their share also. Thus, for any given competitive effort by Ireland, the performance of exports will in practice be greater the more buoyant are world demand conditions. Moreover, depressed demand conditions abroad inhibit the flow of foreign enterprise investment on which Ireland has depended so heavily for increased exports. Another important consideration is that the depressed labour markets abroad have been a deterrent to emigration at a time of high indigenous increase in the labour force.

Second, there is the overhang of past misuse of resources, unsustainable public borrowing and high interest payments, which limit the Government's current freedom of action in many directions. *Third*, Ireland has other economic and social policy objectives - such as raising the relatively low average living standards, equalising the distribution of income etc. - which in some cases may conflict with employment creation, and there are limits on the degree to which society is prepared to give primacy to employment. *Fourth*, like most countries, there is downward rigidity in wages, and any solution is rendered more difficult by the relatively low levels

compared to other European countries. And, *fifth*, even if wages were flexible downwards, this is by no means the only imperfection that affects the labour market. There are also serious imperfections in relation to technology, marketing, access to capital etc. which can adversely affect the demand for labour.

There are other factors, of course, some of which will be referred to later, but I consider those listed to be the most fundamental.

Development Policies

In principle, at least, the initial thrust of all three of the documents mentioned above is similar. All three see the need to raise the long-term growth rate. All three view expansion of the traded goods sectors as the foundation of that approach, to be achieved by an improvement in competitiveness widely defined. To bring about the improvement in competitiveness, all three advance development, incomes, manpower and other policies. It is worth noting this broad degree of agreement to underline the fact that it essentially involves, implicitly or explicitly, a rejection of a range of views - "work-is-dead", the "leisure society", work-sharing etc. - that have achieved a certain currency in the past few years.

So far so good. But while there is a certain degree of overlap in the specific developmental measures advocated, there is a wide difference - in emphasis at least. Take manufacturing industry, for instance. All three documents purport to give effect to the essentials of the strategy advocated by the Telesis Consultancy Group (1982). But the Telesis strategy has been

understood very imperfectly even by many who profess to support it. It may be useful, therefore, to sketch very briefly the essential elements of that strategy as we at the ESRI saw it.

First, the Telesis report takes the view that there are major imperfections in other areas of the market besides the labour market, and that these imperfections constitute serious barriers to entry and expansion for Irish industry in free trade conditions. *Second*, the recommended remedy is not to attempt to break down these barriers by creating more perfectly competitive markets: clearly that would be beyond the power of the Irish Government, or indeed perhaps any government. Rather, what the Telesis report is advocating, essentially, is that Irish industry should seek to create a particular set of barriers of its own! In other words, strong companies should be formed which would develop their own specific technological and marketing functions so as to give them a competitive edge over foreign competitors not having similar access to such facilities. *Third*, the Telesis report believes that this transformation will not take place by the unaided operation of market forces. A major reason for this is that the structure of indigenous industry is such that it does not possess enough companies on the scale required for international success, while foreign firms have not by and large located the key functions here. While the *eventual* aim would be to develop capabilities in firms rather than in the development agencies - to be achieved by a switch from State services to State grants - there is no doubt that in the *initial* phases a more active role by at least some of the development agencies would be called for. *Fourth*, the development of large, stand-alone, companies requires a high degree of selectivity, a

restructuring of incentives and a more active dialogue between government policy-makers and large companies about development plans, with sticks as well as carrots being used. And, *fifth*, it was explicitly recognised that the policy would be more costly in terms of State subventions, at least in the initial years.

If one examines carefully the Government White Paper (1984) on industrial policy, it is difficult to disagree with the conclusion of Ruane (1984) that "overall it seems reasonable to conclude that the changes in industrial policy announced in the White Paper do *not* constitute a change in direction" (p.357). Whether this be a good or a bad thing, is of course open to argument: after all the Telesis report is not gospel, and I have voiced some qualifications and reservations of my own (Kennedy 1982). But if a reasoned debate is to take place on industrial policy, then it is important that those who disagree with the essence of the Telesis strategy should spell out their reasons, ideally in terms of an alternative model of development.

The last point applies *a fortiori* to those commentators who seem to take the view that the unfettered operation of the market constitutes the best recipe for successful economic development in Ireland. I say "see to" because these views have not been articulated in any systematic and comprehensive way. We know that the proponents are against commercial State-sponsored bodies, but what is not very clear is just how great is their faith in the untrammelled free market. Do we need an IDA at all, an IIRS, a NBST etc? What about the CAP? If these deviations from the free operation of market forces are justified, surely there

is a case for toning down a bit the rhetoric of the free market. And could I also here make a plea that, in drawing on ideas from the experience of other countries, we import not just the ideologies but also the key facts. In this connection, I would like to quote a paragraph relating to the United States by Westcott (1983) from the recent Adams and Klein study on industrial policies:

Government-procurement spending has also had a strong high-technology bias and has helped create winner industries as well. Over 80 percent of the aircraft industry's output, over 50 percent of the telecommunications-industry's output, and over 40 percent of the electronic-component and machine-shop-products industries' output have either directly or indirectly been dependent on government purchases. Although such procurement has had mainly military rather than industrial objectives, it has fostered high levels of sectoral investment. It has also promoted exports because of the economies of scale or lower average fixed costs that result from effectively guaranteed government markets. Such policies have sometimes even had apparent firm-specific impacts. IBM's prominence in the computer industry can be traced to its nurturing by hugh SAGE air-defense contracts, for example. (p.145)

My purpose in quoting this evidence is not to argue that such intervention by the US government is optimal and still less to suggest that our government should intervene simply because the US government does. Instead I simply want to point out

that those who ascribe the supposed superiority of the US in new technology to the free operation of the market are not speaking in accord with the facts.

To conclude on this point, let me say that I would very much welcome a systematic articulation of a free market development strategy for Ireland, since none such exists as yet. Whatever the differences in emphasis and substance between the three documents I have been discussing, all three are massively interventionist as regards development policy. Probably the National Planning Board document is least so on balance, even if some of its specific proposals, such as Recommendation No. 132,¹ go much beyond the other two.

Taxation

I think it is not unfair to say that while the ESRI study treated taxation as an instrument of policy, the reduction of tax as a percentage of GNP has been elevated almost to the status of an objective of policy in the Planning Board document and in the National Plan - indeed in the latter document stabilisation of the overall level of taxation is explicitly treated as one of the "essential needs", listed next after reducing unemployment (p.10). This is of course an extremely contentious subject,

1. Recommendation No. 132 is as follows: "Action is needed to ensure that increased profits are invested in Ireland. This could take the form of requiring firms to place increases in retained profits, which had not been invested in Ireland after two years, in Irish Government securities."

and I will confine myself here to stating briefly the considerations underlying the ESRI approach to the issue. *First*, while not denying the existence of disincentive effects, the research evidence available on the subject, mainly for other countries, does not support the extremity of the statements that are made on the subject, not only by pressure groups but also by economic commentators. At a more general level, some of the countries that are cited for our emulation as regards lower tax rates, like the UK, do not provide much evidence of the massive economic gains that would supposedly follow from lower taxes. On the other hand, some countries which are not cited in this context, like Austria and the Scandinavian countries, seem to have performed well in terms of living standards and employment, despite a higher tax burden.

Second, several major issues seem to be entirely ignored. In regard to the question of incidence, for example, if the estimates of Hughes (1984) are at all near the mark, then the impact of reductions in PRSI on labour costs would be much less than is generally anticipated. It also seems to be taken for granted by some that the public services, cuts in which are advocated to make room for tax reductions, have zero value to the general body of workers - surely a very extreme assumption.

Third, it is implausible to expect that the Government current deficit can be closed in the foreseeable future while at the same time reducing taxes as a percentage of GNP. On the contrary, we believe that it will involve some rise in the overall tax ratio. In the longer term, once the public finance imbalances have been corrected, the scope for reducing the overall tax burden

is related to the rate of progress in output and employment in the market sector, which will be considered further below.

Fourth, while the overall burden will remain high, there is scope for moderating possible disincentive effects by widening the tax base and restructuring tax rates. As regards the latter, the disincentive/wage push effects of any given tax will tend to be greater the higher is the ratio of the marginal to the average tax rate. However, we would expect the scope here to be less dramatic than is often claimed, if only because equity considerations restrict the degree to which tax rates can be restructured. Much dissatisfaction about the tax burden among PAYE workers arises because of a perception that other groups are not paying a share commensurate with their income and wealth. Implementation of the necessary measures to widen the tax base would help to moderate this dissatisfaction, and would be important to the success of any incomes policy designed to improve competitiveness.

Incomes Policy

While none of the three documents regard wage restraint as a sufficient condition for sustained employment expansion, all three regard it as a necessary condition, though with varying degrees of emphasis. The basic motivation for general pay restraint is to maintain or improve profitability in the price-taking traded goods sector, the underlying model being akin to Lindbeck (1979). The ESRI study takes the view that pay restraint could best be achieved through a broadly-based negotiated incomes policy, and the National Planning Board also favour incomes policy by consent, though not ruling out temporary compulsion. The Government National Plan simply sets guidelines (the same as recommended by the National Planning Board), but is not forthcoming about how they are to be achieved.

Both the ESRI and the Government National Plan also favour a break in the uniformity of the labour market - to use Lindbeck's term - through a relative reduction in public sector pay. The *quid pro quo* in the ESRI case would be a relaxation of the present public sector employment cuts. In the Government National Plan, the pay cuts form a major part of the reduction in the current budget deficit, with the implied penalty that, since the cash limits are to be treated as fixed, pay increases above those specified would result in still greater public sector employment cuts.

While few economists would dispute that general and relative pay moderation of the kind contemplated in these documents is desirable in the interests of employment, there is no assurance that it can be brought about. Because of the state of the public finances, none of the three documents is able to offer much by way of trade-off for pay restraint in the form of real tax cuts - at least not in the years immediately ahead. This would require a more drastic pruning of public expenditure. Apart from other objections, it would almost certainly be unacceptable to the unions (whose consent is needed for a voluntary incomes policy) if, as is likely, the cuts embraced socially sensitive expenditures or public sector jobs. It may well be, as some would argue, that in the present depressed state of activity, pay restraint can be better secured in the private sector by decentralised bargaining. But the difficulty of coping with the public sector remains. Moreover, activity will, hopefully, not remain depressed indefinitely, and there could then be an explosion of pay increases emanating first from the buoyant sectors. A satisfactory incomes policy cannot then be conjured out of the air to deal with such a situation, since it depends on a

sustained development of trust and co-operation.

If as I believe, a negotiated incomes policy holds out the best prospect for long-run pay moderation, then there is a major implication for the way a government should go about planning. It should *not* announce its full intentions in the form of a plan, leaving the incomes portion to be determined later. The reason is not just that those whose consent is being sought feel they have not been consulted, but, more important, that the government is then left with few bargaining counters. As is well known, eaten bread is soon forgotten.

Employment Implications

Probably the single issue which, in the public mind, most distinguishes the ESRI study from the other two is its insistence that, even in the longer term, the regular market sectors would not generate enough jobs to match the growth in labour force, and that public sector job creation of one form or another would be needed. Before giving the reasons for this viewpoint, I would like to make a few clarifying comments. *First*, public sector job creation did not have an initiating role in the ESRI strategy. Rather, it was seen as contingent on success of other measures. In the short run, it was recommended only if financed by agreed relative cuts in public sector pay. In the long-run, it was seen as possible only with expansion in the traded goods sectors.

Second, the essence of the contention related not to public sector employment *per se*, but rather to the need for tax-funded employment in non-traded goods and services.¹ It is true that such goods and services are largely supplied by public sector employees in all countries, and we believe that this will be the most common arrangement for the future. But a variety of other supply arrangements are possible - third sector activities, more subcontracting to private firms, or even the issue of vouchers for education, health, housing etc., leaving the choice of supplier with the user. The choice of method of supply should depend on which gives best value for money.

Third, it is not at all clear that the other two documents dissent from the ESRI viewpoint. Neither tries to look beyond 1987, but in the period up to then both accept the need for state employment creation schemes. Indeed, in the Government National Plan, almost half of the envisaged net increase in total employment of 45,000 is seen as coming from such schemes. Nonetheless, it is fair to say that the impression left by both documents is that such arrangements are temporary - until the market can absorb the surplus.

Why then did the ESRI take a different view - assuming that it *is* a different view? The following were the major considerations:

1. Formally, the idea has an affinity to the view of the "role of government as an employer of last resort or a residual purchaser of non-traded goods" developed in the modified Scandinavian model by Söderström and Viotti (1979).

(a) Even given an optimistic view of the success of the development, income etc. policies, the growth of output in traded goods will be constrained by a number of factors - notably the sluggish demand in export markets and CAP restrictions. If, for example, instead of the Government White Paper (1984) target growth rate of 7 per cent in manufacturing output accompanied by an employment growth rate of 2-3 per cent, we could realistically contemplate a Korean-type expansion (15½ per cent output growth rate and 8 per cent employment growth rate during the 1970s), then of course the problem would not arise. The ESRI is not alone, however, in doubting that a Korean-type expansion of manufacturing will be achieved. Another way of coping with the problem would be to develop policies to turn more of our non-traded services (education, training, health etc.) into important export earners, and the ESRI study considered that there were some possibilities in that regard. Curiously, neither of the other two documents has much to say on the subject of marketed services, despite their belief that most of the jobs will arise there!

(b) Productivity growth in traded goods is expected to remain high. No one doubts that agricultural productivity growth will continue to exceed output growth. In manufacturing, some believe that changes in the relative price of labour and capital could substantially reduce productivity growth relative to output growth, involving a better employment performance for any given output performance. Against this, however, the following points should be noted. The estimate of the elasticity of substitution between labour and capital in the ESRI medium-

term model (MTM) is low - about 0.3. Also, the evidence of Denison (1967) and Kendrick (1981) suggests that other influences apart from capital intensity - such as improved allocation of resources, economies of scale and the reduction of the lag in the application of knowledge - were most important in explaining the much higher growth in output and productivity in Europe than in the US in the quarter century after World War II. Because of its lower state of development, these influences are likely to continue to generate high productivity growth in Irish industry for quite some time into the future.

If (a) and (b) hold, then the direct employment impact in the traded goods sector will amount only to a fraction of the growth needed to match labour force growth. I do not think this conclusion has been seriously contested. The objective of the Government White Paper (1984) on industrial policy is to achieve an increase in manufacturing employment over the next decade of between 3,000 and 6,000 jobs a year. Taken in conjunction with the expected drop of 3,000 a year in agriculture, this would mean a combined net increase in the two main traded goods sectors of between 0 and 3,000 a year.

(c) Where disagreement really arises is on the scale of the indirect effects in the rest of the market sector, particularly in services. Expansion of output and incomes in the traded goods sector will of course automatically generate jobs in other market sectors - either through purchases of producer goods as inputs, or through consumer purchases out of higher incomes. But there are a number of factors also which will limit the extent of such induced employment effects: the high import leakages, the fact

that there is overmanning already in some important market services (e.g. transport and communications), while in other services (e.g. banking) labour-saving technological changes are in process of application. Simulations with the MTM are not unduly encouraging in regard to induced employment effects: a 10 per cent sustained rise in real world demand leads to a sustained rise of 2,000 in industrial employment, but only a further 1,000 in market services. Likewise the input-output results are not encouraging either - see O'Riordan (1984). The possibility now being aired that, in the face of sustained unemployment, people will drift in large numbers into low-paid service occupations, seems implausible without drastic changes in social benefits. And the outcome of such drastic changes might well be a considerable acceleration in the growth of what is already in the last decade one of the fastest growing areas of public sector employment, namely defence and security!

In regard to international experience, the remarkable growth of public sector employment in OECD countries in the last 20 years, shown in Table 1, deserves more analytical attention in the context of employment policy than it has received so far. In particular, the contention in the Söderström and Viotti (1979) model that the expansion of the public sector arises not just as a consequence of preferences between private and public consumption but is also associated with political commitment to full employment in an open economy, is an important issue for further theoretical and empirical research.

But will more public employment of whatever form not simply add to inefficiency and the retention of outmoded public services? This is a possible outcome, but not an inevitable one. Restructuring is something that should go on all the time, regardless of whether the overall level is expanding or contracting. In practice, it is not at all clear that restructuring is done any more effectively when the overall level is being reduced. No one would deny the need to improve the effectiveness of public services, but such improvements offer the possibility, if the society so desires, to have more and better public services.

A further doubt in some minds is whether there are in fact additional public services on which more people could usefully be employed. Obviously what constitutes useful work in this context is

Table 1: Average Annual Growth Rates of Public Sector and Private Sector Employment, OECD countries, Various Sub-periods, 1960-1982

	1960-65		1965-70		1970-73		1973-82	
	Public	Private	Public	Private	Public	Private	Public	Private
	%							
Ireland	1.8	0.1	3.2	-0.6	5.3	0.2	4.1	0.5
Australia	2.6	n.a.	3.6	2.1	2.8	2.1	2.2	0.8
Austria	2.0	-0.4	2.5	-1.2	4.5	0.6	2.7	-0.1
Belgium	2.5	0.7	1.8	0.5	2.4	0.5	2.7	-0.8
Canada	n.a.	n.a.	4.8	1.6	3.8	3.2	2.1	2.1
Denmark	n.a.	n.a.	6.7	-0.5	7.1	-0.5	4.5	-1.4
Finland	4.1	0.3	5.0	-0.4	4.8	0.2	4.4	-0.8
France	-0.5	0.7	2.2	0.7	2.7	0.4	1.4	-0.2
Germany	4.6	0.1	2.5	-0.5	4.2	-0.1	1.9	-0.9
Italy	2.8	-1.3	2.4	-0.3	4.5	-0.8	2.2	0.5
Japan	n.a.	n.a.	n.a.	n.a.	3.1	1.0	1.7	0.8
Netherlands	1.0	1.5	1.9	0.7	2.3	-0.4	2.1	-0.5
Norway	3.5	0.7	4.2	0.3	4.5	-0.3	3.6	0.6
Switzerland	3.5	2.1	3.9	0.5	3.6	0.6	1.6	-0.8
Sweden	4.5	0.2	6.9	-0.5	5.2	-1.2	4.5	-0.4
U.K.	-0.1	1.0	2.5	-0.9	3.1	-0.3	0.9	-1.1
U.S.	2.9	1.5	3.9	1.9	0.5	2.4	1.3	2.0

Sources: OECD *Employment in the Public Sector*, Paris, 1982. Updated figures, and some revisions in the earlier figures, have been kindly supplied to the author by the OECD Secretariat. The Irish figures are taken from Conniffe and Kennedy (1984) and relate to the periods 1961-66, 1966-71, 1971-75 and 1975-81. Public sector employment covers public administration and defence, health and education services, and non-commercial semi-state bodies. Private sector employment is measured as total employment less public sector employment.

a matter for social decision, rather than of market test. I believe that there is an almost unlimited amount of activities where there would be a broad consensus that the work was socially useful. The problem lies not in finding enough such activities, but in finding resources to finance even a fraction of them, in determining the order of priority among them, and in managing them effectively.

Conclusion

Both the market and the non-market sectors have a vital role to play in seeking a solution to the employment problem, and *neither* on its own is likely to be successful. Both have weaknesses that need to be corrected, but both also have strengths that can be built upon. A more general recognition of the profound interdependencies between *all* sectors of the Irish economy would in itself be an important step towards a satisfactory resolution of the unemployment problem.

Employment policy has a central role in the larger issue of income distribution and redistribution. To the extent that the market system can provide enough jobs for all who are willing and able to work, then this will go a long way towards widely distributing the fruits of economic progress. In that case, the State's redistribution activities could be confined to measures for moderating disparities in after-tax incomes, helping those with many dependants and taking care of those who are unable to work. When, however, the market system, even when given maximum feasible encouragement by the State, still leaves a large and

growing minority of unemployed, the State is now confronted with a more acute income redistribution problem. Realistically, the State can either go on paying unemployment compensation, or it can create or fund jobs. The latter requires more tax revenue than the former, but can add to the supply of useful goods and services.

I believe that the latter course is not only more humane, but in the long-run more efficient - even if it does require maintenance of tax rates at a high level. Given the prospective situation in the world economy, nobody has yet been able to establish convincingly that the market sector in Ireland, no matter how much primed by incentives, grants etc., will itself provide enough jobs to bring down unemployment. In such circumstances it would scarcely be sensible to go on paying people to be idle when there are so many social and environmental needs they could supply. Moreover, the social consensus needed to maintain satisfactory incomes, industrial and other policies, that are essential to the creation of wealth, is unlikely to survive in the face of prolonged unemployment.

Finally, while much attention has been devoted to rigidities that can develop in full employment conditions, not enough attention has been devoted to the resistances to adaptation and the application of technological progress that are likely to arise when there is a prolonged scarcity of jobs. In this connection it is well to recall that Europe up to the early 1970s managed to sustain an unprecedentedly high rate of productivity

growth in conditions of full employment. Europe's performance on both counts far outstripped that of the United States - notwithstanding the much vaunted flexibility of labour markets in the US. And if Europe's performance now is inferior in several respects to that of the US, the explanation in my opinion lies less in structural deficiencies than in the unwillingness and/or inability of European governments to devise coordinated-reflationary measures.

REFERENCES

- CONNIFFE, D. and K. A. KENNEDY 1984. (eds.) *Employment and Unemployment Policy for Ireland*, Dublin: The Economic and Social Research Institute.
- DENISON, E. F. 1967. *Why Growth Rates Differ: Postwar Experience in Nine Western Countries*, Washington, D.C.: The Brookings Institution.
- GOVERNMENT NATIONAL PLAN 1984. *Building on Reality 1985-87*, Dublin: Stationery Office.
- GOVERNMENT WHITE PAPER 1984. *Industrial Policy*, Dublin: Stationery Office.
- HUGHES, G. 1984. "Payroll Tax Incidence and the Burden of Direct Taxation in Ireland", Dublin: The Economic and Social Research Institute, Seminar Paper, February.
- KENDRICK, J. W. 1981. "International Comparisons of Recent Productivity Trends" in W. Fellner (ed.) *Essays in Contemporary Economic Problems: Demand, Productivity and Population*, Washington, D.C.: American Enterprise Institute for Public Policy Research.
- KENNEDY, K. A. 1982. "The Design of a New Industrial Strategy" contributed to Symposium on Industrial Development, *Journal of the Statistical and Social Inquiry Society of Ireland*, Vol. XXIV, Part V, forthcoming.
- LINDBECK, A. 1979. "Imported and structural inflation and aggregate demand: The Scandinavian model reconstructed", in A. Lindbeck (ed.) *Inflation and Employment in Open Economies*, Amsterdam: North Holland.
- NATIONAL PLANNING BOARD 1984. *Proposals for Plan 1984-87*, Dublin.
- O'RIORDAN, W. K. 1984. "Induced Employment in the Marketed Services Sectors in Ireland 1975", *Journal of the Statistical and Social Inquiry Society of Ireland*, Vol. XXV, Part II, forthcoming.
- RUANE, F. 1984. "Manufacturing Industry" in J. W. O'Hagan (ed.) *The Economy of Ireland: Policy and Performance*, Fourth Edition, Dublin: Irish Management Institute.
- SÖDERSTRÖM, H. T. and S. VIOTTI 1979. "Money wage disturbances and the endogeneity of the public sector in an open economy" in A. Lindbeck (ed.) *Inflation and Employment in Open Economies*, Amsterdam: North Holland.
- TELESIS CONSULTANCY GROUP (1982) *Review of Industrial Policy*, Dublin: National Economic and Social Council, Report No. 64.
- WESTCOTT, R. F. 1983. "U.S. Approaches to Industrial Policy" in F. G. Adams and L. R. Klein (eds.) *Industrial Policies for Growth and Competitiveness: An Economic Perspective*, The Wharton Econometric Studies Series, Lexington, Mass: D. C. Heath & Co.