Regionalisation and the Geography of Poverty

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There has been considerable debate on regionalisation since the Government's decision to divide the country into two regions to maximise EU structural aid and the subsequent EU decision to confer Objective 1 status on a revised 13-county region. A fundamental question is whether such regional division best serves the national interest. It is clear, however, that the new regionalisation bears little relation to the spatial pattern of poverty in Ireland.

The two proposed regions had been formed mainly by amalgamating the regional authority areas created in 1994 under the Local Government Act 1991. The basis for the regional division was the gross value added (GVA) per capita - a measure of the total value of goods and services per head of population. The State as a whole had a per capita GVA equal to 95% of the EU average in the period 1994-96. The 15 county region consisting of the Border, Midlands and West sub-regions together with counties Clare and Kerry, had a GVA just 73% of the average. As a result, this region (now minus Clare and Kerry), will continue to qualify for the highest level of structural fund aid as an Objective 1 region in the (2000 - 2006) round of funding. The remainder of the State will be an Objective 1 region in transition.(see map)

DIFFERENT PATTERN

GVA per capita is the measure laid down by the EU Commission. This indicator has many shortcomings as a measure of economic well-being, both at national and, especially, at regional level. It does not allow for:
* Outflows of profits (highly significant at national level and of varying importance among regions, according to the degree of dependence on foreign-owned manufacturing or services);

* Commuting of workers across regional boundaries, a particular problem for Ireland because the sub-regions do not correspond to labour market areas.

The GVA-indicated pattern of regional well-being does not correspond well with measures such as household incomes. Data from the 1995 Household Budget Survey suggests a significantly different pattern. of relative well-being. Two of the sub-regions within the Objective 1 region, the Midlands and the West, rank as third and fourth best off in terms of household income, while the South-East region, which is outside the Objective 1 area, is the worst off, with an average household disposable income some 12 per cent below the state average.

The 1998 study by Nolan, Whelan and Williams, *Where are Poor Households?*, gives us some indication of the regional pattern of poverty. While the proportion of households suffering poverty was considerably above the national average in the North-West (Sligo, Leitrim and Donegal) and considerably below the average in the West, (Mayo and Galway), there was little variation among the other regions, all of which had proportions close to the national average. Thus, with the exception of the regions above, the regional distribution of poor households is not markedly different from that of all households. This implies that the incidence of poverty is greatest in the most populous regions, with almost two-fifths of all poor households found in the East region (Dublin city and county plus the Mid-East region) and just over one-fifth in the area corresponding to the Midlands, Border and West sub-regions.

POVERTY PATTERNS

However, regional comparisons such as those above hide much more than they reveal in terms of the spatial pattern of poverty. The most marked contrasts are not between regions but between localities within regions. The same is true of the main structural causes of poverty. Thus, within the Dublin region, a number of unemployment blackspots have been identified in which unemployment levels are over three times the aggregate rate for the region as a whole and over 15 times the rate of areas with the lowest unemployment.

Nationally, the incidence of unemployment reflects again the distribution of population, so that the majority of the unemployed - and 74 out of 110 unemployment blackspots identified by the CSO from the 1996 census - are found outside the Objective 1 region.

The fact that the new regional division doesn't reflect the geography of poverty raises a number of issues, particularly about the question of general economic development and the area-based strategies developed to focus on disadvantaged areas.

POLICY IMPLICATIONS

One of the most significant policy implications concerns state aids to

Regions and Sub-Regions in Ireland
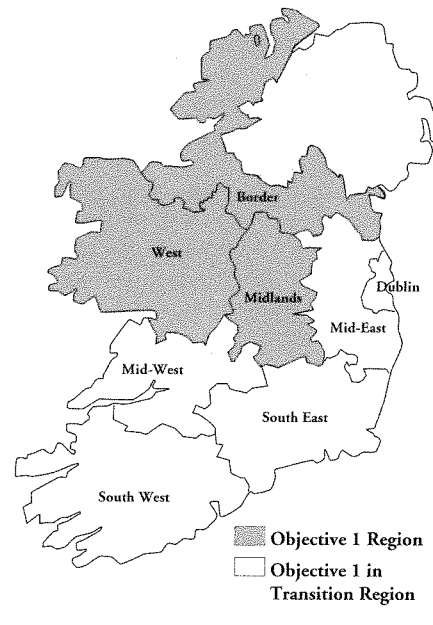
manufacturing and service activities. From the end of this year, enterprises locating in the Objective 1 region will be able to receive more than twice the level of grant aid elsewhere. It remains to be seen if this will influence the regional distribution of employment and help to moderate, if not reverse, recent trends towards the concentration of new investment in the larger centres of population - mainly outside the Objective 1 region.

For the non-Objective 1 region, the key issue is the extent to which the relative reduction in state aids will adversely affect efforts to tackle structural unemployment through the attraction of lower-skilled jobs to this region.

Regionalisation also holds implications for the area-based approach to combating exclusion. One of the most significant and innovative features of the current Community Support Framework (CSF) was the Operational Programme for Local Urban and Rural Development (OPLURD). It has been used as the major funding mechanism for partnership companies in disadvantaged areas. It seems inevitable that the level of EU funding to partnerships in non-Objective 1 areas (currently half of the 38 partnerships) would be reduced in the next funding period. Given the success of the partnership experiment to date, the Government should ensure that any shortfall in funding to these partnerships be made good out of national resources. ▪