

Commerce of Ireland

E. A. STONEMAN, Dept. of Geography, Indiana University

The location of Ireland and its economic dependence on Great Britain did not eliminate the nationalistic feeling of many of the Irish people, nor did it produce unity within Ireland so that eventually partition divided the island into two political units. Created as a diplomatic compromise in 1920 the Republic of Ireland-Northern Ireland boundary separated the six northeast counties of the historical province of Ulster from the remaining counties of Ireland that desired home rule.

Partition has been a subject of dispute since its establishment and political factions in the Republic have been insistent that the boundary be abolished and support their contention by pointing out that the industrial counties of the north would complement the agricultural counties of the south and thus strengthen the economy of the entire island. However, they have been unsuccessful in convincing the majority of the northern people as shown by the 1949 Northern Ireland parliamentary election which voted in favor of partition by a two to one majority.

The boundary has now been in operation for approximately 30 years so that significant trends are now apparent in the internal economy and foreign trade of the two countries. At the time of partition Northern Ireland was considerably more industrialized than the rest of Ireland, a position which she has maintained and increased with the establishment of 157 new industries between 1932 and 1948. Southern Ireland at the time of partition possessed a number of local industries mainly for food processing, while distilleries and breweries provided important exports. Now in an effort for self-sufficiency a number of new industries have been established in the Republic to supply consumer products for the home market. The slogan of "Irish goods for Irishmen," however, is limited by the availability of raw materials making unfeasible the production of many items unless protected by a high tariff, while at the same time technological and engineering skills are not developed to any great extent in several fields. Thus the Republic today remains dependent on imports for many manufactured goods from Great Britain whereas Northern Ireland exports a large amount of her manufactured products to foreign countries.

Although Northern Ireland is much more industrialized than the Republic, agriculture is the dominant occupation in both countries. Northern Ireland's agricultural production is usually at a maximum because of a large local market close at hand as approximately 50% of her population is urban and access to the British market is impeded only by a narrow body of water. During World War II crop acreage was increased to augment food supplies in the United Kingdom, made

necessary by the reduction of food imports. The intensification of agricultural production in Northern Ireland was possible due to availability of fertilizers, crop subsidies, and productive labor. A normal surplus of agricultural products over local consumption is shipped mainly to Great Britain which tends to diversify the exports of Northern Ireland. Much of the Republic's soil, depleted during the war by compulsory tillage with insufficient fertilizers, must be rebuilt in order to achieve a higher agricultural production. The shortage of feedstuffs during the war resulted in the reduction of livestock on the farms, but with imported foodstuffs again available their numbers are increasing.

At the end of World War II the Republic looked forward to increased agricultural production, which would make more goods available for export and the expansion of industry by utilizing the sterling balances accumulated during the war to obtain needed materials. Although there has been slight improvement in output and exports since 1945, the British economic crisis and world shortages have slowed progress along these lines. A program to drain or rehabilitate large areas of land suitable for crop production is now under way and should ultimately add considerably to export totals.

Most of the trade between the Republic and Northern Ireland crosses the land boundary, with usually less than 5% seaborne. All railway lines crossing the border are approved for the importation and exportation of merchandise while only sixteen roads of major importance or utility to serve a particular location are designated as approved to serve a border of 228 miles. Local trade across the boundary is apparently declining, although smuggling, the natural result of price differentials between two countries, has been especially prevalent during and since World War II.

Previous to the official establishment earlier this year of the Republic of Ireland, independent of Great Britain, goods entering Northern Ireland from the Republic were subject to the same customs duties as goods arriving from any part of the British Empire and were entitled to preferential treatment. Under the new British trade agreement certain items will retain special consideration and duty rates. Perishable goods from the Republic are not given, on entry into Northern Ireland, any special consideration not accorded similar goods imported from any other country.

Most of the trade between the Republic and Northern Ireland crosses the land boundary, and the peak year according to value for the movement of goods in both directions was in 1924 while from 1933 to 1937 during the Irish Free State-British economic war there was a general decline to almost one-third of the previous total. Imports into Northern Ireland from the Republic were at a high of £9,717,000 in 1924, gradually decreased to a low of £2,711,000 in 1933 followed by a general increase to £9,294,000 in 1947.¹ Likewise the goods entering the Republic were also at an all-time high in 1924 with values at £7,394,000.

¹ All statistics have been supplied by the Republic of Ireland and Northern Ireland governments.

From 1924 until 1943 these values took a downward trend, with variations, and then started to increase again until reaching £4,236,000 in 1947.

The flow of goods from the Republic to Northern Ireland is always greater than from Northern Ireland to the Republic, sometimes seven and eight times as great. This was especially true during the war years when exports to the Republic declined from the high of 11% of Northern Ireland's total export trade in 1924 to only 1% in 1943. However, since the end of the war these exports by 1947 had increased to 3% of the total export trade between the Republic and Northern Ireland. Likewise, imports from the Republic have declined from the high of 14% of the total import trade in 1924 to 7% in 1933 and although increasing in value from that year have actually decreased to 5% of Northern Ireland's total import trade in 1947. The Republic's imports from Northern Ireland amounted in 1947 to 1.7% of her total trade value; her export trade has increased from 10.6% in 1941 to 19.1% in 1947.

Livestock has consistently been one of the chief commodities sent from the Republic to Northern Ireland, generally amounting to about 50% of the entire total for that one item alone. Food, drink and tobacco formerly were major items but have recently declined considerably. Goods from Northern Ireland to the Republic consist mainly of articles wholly or mainly manufactured.

The value of Northern Ireland's total trade with the Republic although increasing from £10,744,000 in 1944 to £14,179,000 in 1947 has been consistently lower than direct trade with other countries, exclusive of Great Britain, which in the latter year received 86% of Northern Ireland's trade as compared to the Republic's receiving only 5%. Likewise, the Republic in 1947 imported 40% of her goods from Great Britain, a decrease of 30% from 1941, and exported 70% to that country, a decrease of 17% from 1941. The value of total trade in 1947 for Northern Ireland was £302,527,000, 57% greater than the Republic's.

Despite the economic differences in the two countries, both units are dependent upon Great Britain—Northern Ireland for industrial raw materials such as iron, steel and coal, and the Republic for agricultural markets. The value of goods imported by Northern Ireland from and through Great Britain has always been greater than that imported direct from all places outside the United Kingdom and has increased in recent years. Also Northern Ireland's goods exported to Great Britain and other countries via Great Britain are greater than those exported direct to all places outside the United Kingdom. In Northern Ireland the main group of exports were articles wholly or partially manufactured such as linen and rayon goods, cotton goods and machinery. The largest single class of imports into Northern Ireland consists of wholly or mainly manufactured articles, which in the order of their importance for 1946 were machinery, cotton goods, motor cars, woollen goods, papers, etc., amounting to 58% of all materials entering the country.

Except for the recent war period, the Republic's imports are generally much higher than exports, the import surplus being covered

by payments of interest on investments held abroad. Irish Sweepstakes receipts, emigrants' remittances, tourist expenditures, and pensions payable by the British government to persons living in the Republic. The Republic's economy is dependent on foreign trade, and the value of its commerce has increased considerably in recent years. Great Britain ordinarily takes over $\frac{4}{5}$ of the Republic's exports and supplies more than half of her imports. In the prewar decade the Republic purchased from the United Kingdom such items as coal, tobacco, textiles, and other manufactured goods. Recently the United States has supplied substantial amounts of coal and cereals which normally come from other sources although it is not expected that this will be more than temporary. It is also anticipated that when normal trade with Great Britain is resumed, amounts will be comparable to prewar figures.

Normally almost 70% of the Republic's imports are composed of raw materials and manufactured goods, and approximately 30% of live animals, food, drink and tobacco. The export of live animals in the Republic, except for the year 1941 when they were restricted because of the hoof and mouth disease, leads in total value—almost $\frac{3}{5}$ of the total exports of 1947 and slightly over half of those of 1939.

At the present time the removal of partition would probably not increase appreciably the total trade between the six counties and the rest of Ireland except in local areas and for a limited number of items. Without the use of protective tariffs for the whole island, which would increase the cost of the items, British and other foreign competition would be too keen. Some manufactured goods would enter the Republic from Northern Ireland but many products would still originate in Britain, and the market for all of Ireland would not support some types of heavy and machine tool industries. The Republic is dependent upon Great Britain for an agricultural market and lacks the diversification characteristic of Northern Ireland's exports. Both the Republic and Northern Ireland depend upon Great Britain for their coal while the latter must also obtain iron and steel supplies to maintain her large ship-building industries; therefore, the principal trade of both countries would still be oriented to Great Britain.

Thus irrespective of the Republic's attempt to become politically and economically independent, her economy and that of Northern Ireland are tied closely to that of Great Britain and apparently will remain so in the immediate predictable future.