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Local Government Finance and County Incomes

by

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## Local Government Finance and County Incomes

## FOREWORD

This is the third Institute paper dealing directly or indirectly with Local Government finance, the others being the author's Paper No. 5 and the county incomes paper by E. A. Attwood and R. C. Geary, Paper No. 16. The present paper, which is based on Local Authority finances in 1959/60, was virtually completed before the author left the Institute (in March 1963) to become Professor of Economics in the University of Exeter. Consequently no account is taken in the paper of developments in the intervening years, which have important implications. A staff member of the Institute has, however, in preparation further papers on the present topic which will incidentally bring Professor Walker's analyses up-to-date.

R. C. GEARY,  
*Director.*

# Local Government Finance and County Incomes

by DAVID WALKER\*

In a section of a previous publication<sup>1</sup> the following tentative conclusions relating to the broad distribution of Local Authority expenditure and revenue in 1959/60 were reached:—

1. The level of Local Government services provided varied widely across the State.
2. The burden of local taxation also varied across the State when looked at in connection with rateable value.
3. There seemed to be some evidence that the burden of local taxation (in the above sense) was often higher in those areas where the level of services was lower.
4. As measured by *per capita* rateable values the level of wealth varied considerably in the State from one Local Authority area to another.
5. There was no evidence that the grants from the Central Government particularly helped the poorer areas (as indicated by low *per capita* rateable values) more than the richer areas.

Though these conclusions were reached after a consideration of the available statistical material and in the light of general arguments relating to Local Authority financial matters,<sup>2</sup> it was pointed out with some emphasis that “the basic material was hardly strong enough to support any very firm conclusions”. In particular it was argued that conclusions involving statements relating to the relative income or wealth<sup>3</sup> of the various Local Authority areas (for example, points 4 and 5) were

\*The author of this paper was a Senior Research Officer of The Economic Research Institute. The paper has been accepted for publication by the Institute. The author is responsible for the contents of the paper including the views expressed therein.

<sup>1</sup>Part IV (Patterns of Revenue and Expenditure) of “*Local Government Finance in Ireland: A Preliminary Survey*”, ERI Paper No. 5, May 1962.

<sup>2</sup>For example, that contained in Part I (Some General Arguments and Assumptions) of the paper.

<sup>3</sup>In this paper the words “income” and “wealth” are used synonymously—and perhaps loosely—as shorthand expressions in place of the phrases “*per capita* income arising” or “*per capita* personal income”. In the present context, therefore, “income” refers to the total income arising in or the personal income accruing to the residents of a particular county and not to the revenue of a particular Local Authority. And the word “wealth” does not have any particular capital connotations.

particularly suspect as no satisfactory indicators of the wealth of the various authorities were available. Indeed it was stated in the paper<sup>4</sup> that the Institute was proposing to carry out an investigation so as to obtain some better indications of the relative income and wealth position of the Irish counties so that a more satisfactory approach to those issues could be made. This work has now been completed and the present paper is concerned with applying some of the results of that work to some of the problems of Local Government finance.

Table 1 sets out in summary form the results of the Institute’s researches into county incomes. Full details as to how the statistics were obtained have been set out in another Institute paper.<sup>5</sup>

The net factor income calculations purport to measure the incomes arising in the various counties due to productive activity. The personal income calculations measure the total incomes—both from productive activity and those arising in other ways, for example, through social welfare payments, interest and dividend payments, remittances from abroad, etc—accruing to persons resident in the various counties. The latter statistics are probably a better indicator of a county’s ability or capacity to bear various forms of taxation. Unfortunately, however, it was not possible to allocate personal income as between the agricultural and non-agricultural sectors and in making comparisons which require such a division the income arising calculations have to be used.

It would not be claimed that either of the two calculations are *ideally* suitable for the purposes for which they are used in the present paper. What is claimed, however, is that they provide the best estimate that is currently available of the relative income position of the various counties.

One special difficulty arises in using the calculations for purposes of considering aspects of Local Government finance. The information that is available is with respect to counties and *not*

<sup>4</sup>See footnote 29 and the Conclusions on pages 38 and 39.

<sup>5</sup>“*Irish County Incomes in 1960*” by E. A. Attwood and R. C. Geary. ERI Paper No. 16, September 1963, hereinafter referred to as the “county incomes paper”.

TABLE I: COUNTY INCOMES, 1960, AGGREGATE AND PER HEAD OF POPULATION, DISTINGUISHING AGRICULTURE ETC AND THE REST OF THE ECONOMY.

County	Net factor income arising						Personal income	
	Aggregate			Per head of population			Aggregate	Per head of population
	Agriculture, forestry, fishing	Other	Total	Agriculture, forestry, fishing	Other	Total		
1	2	3	4	5	6	7	8	9
	£000	£000	£000	£	£	£	£000	£
Carlow .. ..	2,373	3,370	5,743	167	175	172	7,185	215
Dublin .. ..	3,528	181,806	185,334	174	262	259	164,631	231
Kildare .. ..	4,448	8,006	12,454	196	191	193	14,703	227
Kilkenny .. ..	5,248	5,729	10,977	179	174	177	13,585	219
Laoighis .. ..	3,458	4,011	7,469	164	164	164	9,280	204
Longford .. ..	1,663	1,958	3,621	100	136	116	5,297	170
Louth .. ..	2,040	10,519	12,559	145	196	186	12,156	180
Meath .. ..	6,418	4,964	11,382	201	148	174	14,512	222
Offaly .. ..	3,062	5,378	8,440	135	186	163	10,320	200
Westmeath .. ..	3,001	5,150	8,151	144	160	154	10,842	204
Wexford .. ..	5,703	6,757	12,460	156	142	148	15,282	185
Wicklow .. ..	2,718	6,542	9,260	155	159	158	11,921	203
LEINSTER .. ..	43,660	244,190	287,850	163	230	216	290,014	218
Clare .. ..	5,187	4,436	9,623	128	130	129	12,435	167
Cork .. ..	17,692	43,204	60,896	180	185	184	65,901	199
Kerry .. ..	8,407	7,520	15,927	146	125	135	20,510	174
Limerick .. ..	7,869	15,225	23,094	183	167	172	27,395	204
Tipperary .. ..	10,045	11,157	21,202	187	156	170	26,424	212
Waterford .. ..	4,120	9,336	13,456	206	180	187	15,696	218
MUNSTER .. ..	53,320	90,878	144,198	171	168	169	168,361	197
Galway .. ..	9,167	11,300	20,467	103	181	136	26,950	178
Leitrim .. ..	2,113	1,993	4,106	87	202	120	5,709	107
Mayo .. ..	6,756	7,372	14,128	83	168	113	19,201	153
Roscommon .. ..	4,220	3,453	7,673	108	165	128	10,223	170
Sligo .. ..	3,118	4,426	7,544	116	161	139	9,461	174
CONNACHT .. ..	25,374	28,544	53,918	97	174	127	71,544	168
Cavan .. ..	3,478	3,921	7,399	105	161	128	9,459	164
Donegal .. ..	5,199	8,503	13,702	97	137	119	17,626	153
Monaghan .. ..	2,569	3,864	6,433	99	174	134	8,396	175
ULSTER (part) .. ..	11,246	16,288	27,534	100	150	124	35,481	160
TOTAL .. ..	133,600	379,900	513,500	140	202	181	565,400	200

NOTES ON TABLE I

Figures in all columns except 5 and 6 derived from ERI Paper No. 16. Tables 1 and 12. To derive the per capita figures in columns 5 and 6 it was necessary to estimate the county population figures into (a) agriculture etc and (b) other. From *Census of Population 1951*, Volume III, Part I, Table 7A were derived the agricultural population (including dependents) in each county in 1951. To each of these figures were applied the ratio of males engaged in farm work 1960 to 1951 to give the estimated agricultural population in each county in 1960. The differences between these figures and the estimated total population for 1960 (estimated by interpolation from *Census of Population* Volume I, figures for 1951 and 1961) gave the non-agricultural county populations. Some of the averages in column 6 seem somewhat aberrant and it might be well to await the results of the 1961 *Census of Population* before drawing too firm inferences from this column. The figures in Table 12, columns 8-9 of the county incomes paper, with somewhat similar intention but less wide scope, are more firmly based, population-wise.

with respect to Local Authority areas. It has not, therefore, been possible to make a direct comparison between the incomes arising in or accruing to the residents of a particular Authority area. All we have been able to do is to make an overall comparison between the totals relating to all the Local Authorities in a county and the relevant county income figures. This has meant that we have had to amalgamate the statistics relating to Local Authorities in an area, i.e., the County Councils, Urban District Councils, County

Boroughs, etc, which means that one cannot immediately conclude from the points made in the paper that a particular Authority is in a particular situation. It is believed, however, that in most instances no serious problem arises with this approach.

One final introductory point. In the *Preliminary Survey* the statistics used related to 1959/60. The income calculations that the Institute has made relate to the calendar year 1960. Because of this and in order to maintain comparability with the

earlier paper, the Local Authority statistics that have been used in the present paper relate to 1959/60.<sup>6</sup> It is hoped that at a later stage an attempt can be made to bring both the income figures and the Local Authority figures more up to date.

Table 1 shows that there are considerable differences in the level of *per capita* incomes from one county to another. The degree of inequality shown is much greater with the income arising than with the personal income statistics, the latter, of course, being much influenced by Social Welfare payments and emigrants' remittances. Even if we use the (more equal) personal income figures there are substantial differences between the two extreme counties, the average income of Dublin, for example, being at £231, some £78 per head, or over 50% greater than Mayo at £153.

It will be noted that on the whole there is broad agreement between the two series. The only major difference concerns Louth, which is ranked fifteenth on the personal income scale and second on the income arising scale. There is also a (much smaller) discrepancy as regards Cork, which is ranked twelfth on the personal income scale and fifth on the income arising scale. But in the main the two series tell the same story as to which are the relatively well-off and which the relatively poor counties. It is fairly obvious that all the Ulster and Connacht counties should be regarded as less well-off and also Kerry and Clare from Munster. In Leinster it would seem that Longford and probably—if we take both sets of figures into account—Wexford should be singled out from the rest of the Province as being less well-off. In many ways Wexford can be regarded—on the figures—as the county dividing the better-off from the less well-off counties; counties with *per capita* incomes in excess of Wexford being regarded as better-off and those with lower *per capita* incomes as less well-off. The personal income calculations indicate that Wexford has a *per capita* income of £185 in comparison with the national average of £200 and Connacht and Ulster averages of £168 and £160 respectively. The income arising calculations suggest that Wexford has a *per capita* income of

<sup>6</sup>It is important, however, to remember that an important change was introduced in the 1962 Budget which affected the amount and allocation of the Agricultural Grant which had the effect of reducing the amount of the net rates payable by farmers. The Primary Allowance was increased to a remission of 70% on the first £20 of the land valuation, instead of a remission of three-fifths of the rates. In addition a supplementary Allowance of one quarter of the rates was introduced on the portion of the valuation of land over £20. As a result of these changes the total Grant has increased from £5,839,000 in 1961/2 to £8,530,000 in 1962/3 and total rate remission on all agricultural land has increased from 42% to 57%. It is, therefore, important when reading the Paper to appreciate that in certain spheres the present position has, to a considerable extent, moved away from that discussed in the Paper.

£148 in comparison with the national average of £181 and Connacht and Ulster figures of £127 and £124.<sup>7</sup>

There is little doubt that the figures deployed in Table 1 support the point (part of proposition 4 in the *Preliminary Survey*) that the level of wealth varies considerably throughout the State. The argument in the *Preliminary Survey* was based on an examination of rateable value *per capita* as this was the only estimate of county "wealth" that was then available. It is interesting, now that better figures of the wealth of counties are available, to compare the relationship between rateable values and the income figures we have just set out. This is done in Table 2.

It will be clear that though there is a substantial difference in rateable value *per capita* from one county to another the figures do not tell exactly the same story as the income figures which we have just been examining. Comparing average rateable values with personal income *per capita* it will be noted that on the whole personal incomes are about 39 times rateable values. There are, however, some very big differences in the ratio at the county level. In the case of Meath, for example, personal incomes are only 24 times the rateable values. The ratio is also low in Monaghan, Westmeath, Longford and Cavan. On the other hand there are very high ratios of personal income to rateable value in the case of Kerry (54), Donegal (48) and Mayo (48). Two points seem important with respect to these different ratios. In the first place—and this is important with respect to the points made in the *Preliminary Survey*—figures of rateable value *per capita* can give a very misleading impression of the relative wealth of Irish counties. Judged on a rateable value *per capita* basis, Meath—to take the most striking example—is by a long way the wealthiest county in the State, whereas on income figures her position is by no means outstanding. Or again, on the personal income figures Cavan and Monaghan are well below the average for the State as a whole and yet on rateable value *per capita* figures Cavan is roughly in line with the State average and Monaghan a good deal above. Similarly with Clare and Kerry. On income figures the two counties are roughly in line and yet using rateable value *per capita* statistics Clare appears very much better off than Kerry. Or again, whereas the income of Longford is well below the average for the State as a whole, her rateable value *per capita* is about average. There are a large number of discrepancies of this type; on them I will be quite dogmatic. There is every reason to believe that the income

<sup>7</sup>In Paper No. 16 the authors give cogent reasons for suggesting that their estimates of personal income in Louth and Wexford may be too low.

TABLE 2: RATEABLE VALUE AND INCOMES

County	Rateable value total	Rateable value per capita	Income arising ÷ rateable value	Personal income ÷ rateable value
1	2	3	4	5
	£000	£		
Carlow	188·1	5·6	30·5	38·2
Dublin	4,138·7	5·8	44·8	39·8
Kildare	360·4	5·6	34·6	40·8
Kilkenny	388·5	6·2	28·3	35·0
Laoighis	260·6	5·7	28·7	35·6
Longford	162·1	5·2	22·3	32·7
Louth	320·6	4·7	39·2	37·9
Meath	585·5	8·9	19·4	24·8
Offaly	271·2	5·3	31·1	38·1
Westmeath	346·0	6·5	23·6	31·3
Wexford	429·2	5·1	29·0	36·3
Wicklow	339·9	5·8	27·2	35·1
LEINSTER	7,790·8	5·8	36·9	37·2
Clare	365·5	4·9	26·3	34·0
Cork	1,615·2	4·9	37·7	40·8
Kerry	377·4	3·2	42·2	54·3
Limerick	671·2	5·0	34·4	40·8
Tipperary	742·2	5·9	28·6	35·6
Waterford	401·1	5·6	33·5	39·1
MUNSTER	4,172·6	4·9	34·6	40·3
Galway	606·8	4·0	33·7	44·4
Leitrim	147·8	4·3	27·8	38·6
Mayo	398·3	3·2	35·5	48·2
Roscommon	323·0	5·4	23·8	31·7
Sligo	245·0	4·5	30·8	38·6
CONNACHT	1,720·9	4·1	31·3	41·6
Cavan	295·3	5·1	25·1	32·0
Donegal	368·7	3·2	37·2	47·8
Monaghan	287·1	6·0	22·4	29·2
ULSTER (part)	951·1	4·3	28·9	37·3
TOTAL	14,635·4	5·2	35·1	38·6

Source: Irish County Incomes in 1960. Returns of Local Taxation, 1959/60.

figures as set out in Table 1 are a good deal more reliable than rateable value calculations based on a valuation carried out over a hundred years ago—and that imperfectly.<sup>8</sup> (It is readily admitted that some errors of detail crept into the *Preliminary Survey* through my accepting too readily rateable value *per capita* figures as useful indicators of the relative wealth of the counties.)

But in the context of Local Government finance what is particularly important is this. If the rateable value figures are misleading as a measure of the area's ability to pay, then the rate poundages are also misleading. A low rate poundage in Meath, for example, does not *necessarily* mean that the rate payers of Meath are being treated particularly

<sup>8</sup>Some of the information deployed in Table 12 of ERI Paper 16 is very relevant in this connection. Col. 11 of that Table shows that income in agriculture per £ valuation in many of the poorer counties is well above average; Kerry, Mayo, Galway, Cork and Donegal having the highest ratios of income in agriculture per £ valuation in the State.

generously for—as we have seen—rateable values in Meath are very high in comparison to incomes and a relatively low rate poundage *may* mean a relatively high burden with respect to incomes. Similarly, in the case of those counties which have a high ratio of income to rateable value, a high rate poundage does not *necessarily* mean that the rate payers in those areas are being treated harshly and are being asked to bear a heavier burden than rate payers in areas where the rate poundage is particularly low. This applies particularly to the case of counties such as Kerry, Donegal and Mayo—and to a lesser extent to Galway. It is not sufficient—because of the fact that they have this high ratio of incomes to rateable values, i.e., their rateable values are very low in proportion to their “wealth”—to point to their high rate poundages; this is not in itself evidence of a high rate burden. To assess the burden of rates it is necessary—even in a comparison purporting to be a broad and overall one—to link rate payments to incomes and not only to rateable values. It is also necessary to take into account the expenditure benefits that are being derived from the rate payments. This type of comparison will be attempted later in the paper.

Before proceeding to look in a little detail at comparisons of rate payments with respect to incomes, it is desirable to indicate the levels of expenditures obtaining in the various counties. (Following the practice of the *Preliminary Survey*, differences in *per capita* expenditure will be taken as indicating, in a very broad way, differences in the quantity and quality of the services available to the inhabitants of the various counties.<sup>9</sup>)

Table 3 sets out on the general basis used in this paper<sup>10</sup> the expenditures of Local Authorities in the various counties. The table illustrates the claim that was made in the *Preliminary Survey* to the effect that “the level of Local Government services provided varies widely across the State”.<sup>11</sup> The differences between counties are substantial. This may be illustrated as follows. In order to bring the level of expenditure in Mayo—the county with the lowest *per capita* expenditure—up to the average for the State as a whole the amount of rates collected—if all the money was to come from this

<sup>9</sup>*Preliminary Survey*, page 28.

<sup>10</sup>i.e., the statistics for all the Local Authorities in the various counties are grouped.

<sup>11</sup>I am here making the same assumption as was made in *Preliminary Survey* (p. 28) that Statistics of *per capita* expenditure may be taken as a reasonably satisfactory indicator of the level and quality of the Services provided. It has also to be recognised that average figures for counties may conceal substantial differences as between particular Services and as between particular parts of a county; this latter point is of special importance for, as stated in the Text, the county areas we are here considering include in a substantial number of cases many more than one Local Authority area.



TABLE 3: LOCAL AUTHORITY EXPENDITURE AND COUNTY INCOMES

County	Total Local Authority expenditure	Expenditure <i>per capita</i>	Expenditure as % of income arising	Expenditure as % of personal income
1	2	3	4	5
	£000	£		
Carlow	581	17.4	10.1	8.1
Dublin	14,785	20.7	8.0	9.0
Kildare	1,147	17.7	9.2	7.8
Kilkenny	1,183	19.0	10.8	8.7
Laoighis	824	18.1	11.0	8.9
Longford	632	20.3	17.5	11.9
Louth	1,263	18.7	10.1	10.4
Meath	1,262	19.3	11.1	8.7
Offaly	891	17.3	10.6	8.6
Westmeath	1,075	20.3	13.2	9.9
Wexford	1,302	15.5	10.4	8.4
Wicklow	1,108	18.9	12.0	9.3
LEINSTER	26,053	19.6	9.1	9.0
Clare	1,304	17.5	13.6	10.5
Cork	6,098	18.4	10.0	9.3
Kerry	1,727	14.7	10.8	8.4
Limerick	2,477	18.5	10.7	9.0
Tipperary	2,333	18.7	11.0	8.8
Waterford	1,483	20.6	11.0	9.4
MUNSTER	15,422	18.1	10.7	9.2
Galway	2,603	17.2	12.7	9.7
Leitrim	610	17.8	14.9	10.7
Mayo	1,642	13.1	11.6	8.6
Roscommon	1,146	19.1	14.9	11.2
Sligo	879	16.2	11.7	9.3
CONNACHT	6,880	16.2	12.8	9.6
Cavan	1,059	18.4	14.3	11.2
Donegal	1,723	14.9	12.6	9.8
Monaghan	910	18.9	14.1	10.8
ULSTER (part)	3,692	16.7	13.4	10.4
TOTAL	52,047	18.4	10.1	9.2

Source: As in Table 2.

source—would have to double, and in the cases of Kerry and Donegal there would have to be increases of about 70%. If, on the other hand, the additional revenue was to be provided by grants, there would be need for an increase of about 65% in the case of Mayo, 45% in the case of Kerry and about 39% in the case of Donegal.

In the *Preliminary Survey* it was suggested that low levels of *per capita* expenditure might well be associated with counties being poor. There does seem to be some evidence in support of this view but it is not *completely* conclusive. Table 3 shows that there are four counties with very low expenditure figures: Donegal, Mayo, Kerry and Wexford. All these four counties were in our group of relatively poor counties derived from Table 1, and Mayo and Donegal were amongst the very poorest. Moreover, the next four counties from the point of view of expenditure *per capita* also fall within the "relatively poor" group, i.e., Sligo, Galway,

Leitrim and Clare. The other four "poor" counties all have expenditure figures equal to the average or above. Of these, Cavan's position is about average and Monaghan, Roscommon and Longford are above. It will be noted also that there are three other counties with expenditure *per capita* figures below the average, namely Carlow, Kildare and Offaly and, of course, these counties have got income *per capita* figures above the average. It will be clear, therefore, that though no *exact* statement can be made relating *per capita* expenditure figures to *per capita* income figures, there is some indication that the poorer counties *do* have low expenditure figures and this is certainly the case with respect to the poorest counties.

The final columns of Table 3 show the relationship of expenditure in the various counties to income arising and personal income. On the whole it will be noted that the poorer counties tend to have a somewhat higher ratio of expenditure with respect to personal income than the State as a whole. Whereas the national average is 9.2, the average for the Ulster counties is 10.4 and for Connacht 9.6, and though Kerry and Wexford have ratios of 8.4, Clare has a ratio of 10.5 and Longford 11.9. There are, however, a number of relatively poor counties with low ratios, notably Mayo with 8.6 and Kerry and Wexford as already noted. On the other hand the ratios of Longford at 11.9 and Roscommon at 11.2 seem particularly high. It would be wrong to try and attempt an explanation of these differences at this stage before we have discussed the burden of rates with respect to income. But the following observations are relevant:

1. On the whole one would expect the ratio of expenditure to personal income to be higher in the poorer counties as political pressures would *tend* to make them wish to have the same sort of services as the better-off counties and this would tend to force up the ratio of expenditures to incomes. For the most part this seems to have happened and though levels of expenditure *per capita* have not reached those of the better-off counties it is clear that in many cases levels of expenditure with respect to incomes have. On the other hand, it is clear that Mayo, Kerry and Wexford have not had their expenditure levels pushed up to an extent sufficient to bring their ratios into line with the State average.
2. Longford and, to a lesser extent, Roscommon provide examples of the opposite effect happening. Though both are relatively poor counties their expenditure *per capita* has been pushed up above the average, thus producing a very

high ratio of expenditure to personal income—and, as we shall see, a high burden of taxation. Cavan and Monaghan are in a similar position.

3. In the *Preliminary Survey* there was a good deal of discussion concerning the importance of the relative wealth of the various Local Authority areas in connection with Local Authority finance and it was suggested that unless there were deliberate attempts by the Central Government by way of a system of equalisation grants “there would be a tendency for there to be a lower level of services in the poorer areas with the same level of taxation—or the same level of services with a higher level of taxation—or a combination of these two extremes, namely the existence in the poorer areas of both a somewhat lower level of services and a higher level of taxation than in the better-off areas.” We have noted in our discussion of Table 3 that there is some sign of this happening on the expenditure side. To get a complete picture we must examine the income side as well. To this we now turn.

In Table 4 an attempt is made to assess the burden of rates on the two main categories of rate payer in the various counties. The statistical material there set out is somewhat confusing and it is not easy at a glance to pick out the main points. It is believed, however, that the following general conclusions emerge.

Taking first the overall position set out in Table 4, it is clear that on the whole rates paid *per capita* are a good deal lower in the poorer counties than in the State as a whole, Longford being the only one of the twelve “relatively poor” counties with a *per capita* rate burden (in this sense) above the average for the State. The three poorest counties (on the personal income criterion), Mayo, Donegal and Leitrim, have low rate burdens *per capita* at £4.3, £5.1 and £4.8 respectively in comparison with the average for the State of £7.5. These burdens are in contrast to the *appearance* given by the rate poundage figures, these counties having rate poundages well in excess of the national average.

It has, however, already been made clear that any proper measure of the rate burden must be related to incomes; and before accepting the implications of the previous paragraph it is necessary to examine the relationship of county rate payments to county incomes. This is done in Table 4. The Table shows that the average rate burden with respect to personal incomes is 3.8%. In the Ulster counties it is 3.4%, in Connacht 3.2%, in Kerry 3.0%, in Clare 3.8%, in Wexford 3.3% and in Longford 4.6%. Of the twelve relatively poor

counties only Longford has a rate burden with respect to income in excess of the State average though both Clare and Roscommon have percentages equal or almost equal to the State average. The poorest counties of Donegal, Mayo and Leitrim are all below the average. Though it would be wrong to make too much of these lower ratios, for the differences are not substantial, the negative point may well be taken as established, i.e., that there is little evidence to suggest that, in the broad, the poorer counties pay a higher proportion of their incomes in rates. It is desired to emphasise this point because in the *Preliminary Survey* there was the suggestion that the opposite was the case.

When considering this conclusion it is important not to ignore the fact that the level of expenditure in some of the poorer counties is below the national average. The implication of this is that though the burden of rates with respect to income is broadly similar, the citizens in these counties may be obtaining—with this similar burden—services of a lower standard.<sup>12</sup> It also follows that if they were to obtain services of the same standard the burden of rates with respect to income would have to be higher and would then exceed that of the other counties in the State. This point is considered further below.

Table 4 also shows the payments of rates with respect to agricultural land and in relation to the agricultural population. It will be clear that rates paid *per capita* are below the State average in the poorer counties and that, for the most part, the rate burden expressed as a percentage of income arising in agriculture is a higher proportion of income in the richer than in the poorer counties, though it will be noted that Roscommon, Monaghan and—especially—Longford, have high rate burdens with respect to income. It will also be noted that Mayo and Kerry have particularly low burdens. It is believed that in very broad terms the same (negative) conclusion we reached concerning the overall position applies with respect to the burden of rates on agricultural land. It should perhaps be added that the figures tend to *underestimate* the burden on agriculture, for the rates falling on the buildings used by the agricultural population are not taken into account.<sup>13</sup> The rate figures given are those with respect to agricultural land valuations whereas the agricultural population figures and the agricultural income figures represent rather larger entities.

Table 4 also shows the burden of rates on the

<sup>12</sup>Again, it is assumed that levels of expenditure indicate the standard of Services being provided.

<sup>13</sup>It should also be remembered that (as pointed out on p.16 of the *Preliminary Survey*) what is really important in this connection is the aggregate tax position and not the position with respect to individual taxes.

TABLE 4: THE INCIDENCE OF RATES

County	Non-agricultural income & valuations				Agricultural income & valuation				Overall position					County
	Rates paid	Rates per capita	Rates paid ÷ rateable value	Rates paid as % of income arising	Rates paid	Rates per capita	Rates paid ÷ rateable value	Rates paid as % of income arising	Total rates paid	Rates per capita	Rates paid ÷ rateable value	Rates paid as % of income arising	Rates paid as % of personal income	
I	2	3	4	5	6	7	8	9	10	11	12	13	14	15
	£000	£			£000	£			£000	£				
Carlow ..	104.6	5.4	1.81	3.1	136.9	9.6	0.95	5.8	241.5	7.2	1.28	4.2	3.4	Carlow
Dublin ..	6,818.3	9.8	1.74	3.8	264.5	13.0	0.81	7.5	7,082.8	9.9	1.71	3.8	4.3	Dublin
Kildare ..	187.7	4.5	1.61	2.3	290.1	12.8	0.84	6.5	477.8	7.4	1.33	3.8	3.2	Kildare
Kilkenny ..	168.3	5.1	1.67	2.9	280.8	9.6	1.02	5.4	449.1	7.2	1.16	4.1	3.3	Kilkenny
Laoighis ..	108.6	4.4	1.72	2.7	207.4	9.8	0.95	6.0	316.0	6.9	1.21	4.2	3.4	Laoighis
Longford ..	85.2	5.9	2.20	4.4	157.3	9.4	0.78	9.5	242.5	7.8	1.50	6.7	4.6	Longford
Louth ..	332.7	6.2	1.93	3.2	167.7	11.9	0.88	8.2	500.4	7.4	1.56	4.0	4.1	Louth
Meath ..	135.8	4.0	1.26	2.7	420.7	13.2	1.14	6.6	556.5	8.5	0.95	4.9	3.8	Meath
Offaly ..	135.6	4.7	1.72	2.5	215.9	9.5	0.89	7.1	351.5	6.8	1.30	4.2	3.4	Offaly
Westmeath ..	153.5	4.8	1.71	3.0	300.0	14.4	0.85	10.0	453.5	8.5	1.31	5.6	4.2	Westmeath
Wexford ..	233.3	4.9	1.73	3.5	273.2	7.5	1.08	4.8	506.5	6.0	1.18	4.1	3.3	Wexford
Wicklow ..	262.3	6.4	1.63	4.0	210.0	12.0	0.85	7.7	472.3	8.0	1.39	5.1	4.0	Wicklow
LEINSTER	8,725.9	8.2	1.73	3.6	2,924.5	10.9	0.94	6.7	11,650.4	8.7	1.49	4.0	4.0	LEINSTER
Clare ..	178.9	5.3	1.84	4.0	293.3	7.3	0.91	5.7	472.2	6.3	1.29	4.9	3.8	Clare
Cork ..	1,662.1	7.1	1.98	3.8	948.0	9.7	0.82	5.4	2,610.1	7.9	1.62	4.3	4.0	Cork
Kerry ..	341.9	5.7	2.13	4.5	269.2	4.7	0.81	3.2	611.1	5.2	1.62	3.8	3.0	Kerry
Limerick ..	525.0	5.8	1.94	3.4	417.5	9.7	0.96	5.3	942.5	7.0	1.40	4.1	3.4	Limerick
Tipperary ..	349.8	4.9	1.65	3.1	597.3	11.1	0.89	5.9	947.1	7.6	1.28	4.5	3.6	Tipperary
Waterford ..	390.1	7.5	2.05	4.2	291.7	14.6	0.72	7.1	681.8	9.5	1.70	5.1	4.3	Waterford
MUNSTER	3,447.8	6.4	1.95	3.8	2,817.0	9.0	0.85	5.3	6,264.8	7.3	1.50	4.3	3.7	MUNSTER
Galway ..	475.4	7.6	2.02	4.2	425.2	4.8	0.87	4.6	900.6	6.0	1.48	4.4	3.3	Galway
Leitrim ..	61.9	6.3	1.89	3.1	102.1	4.2	1.13	4.8	164.0	4.8	1.11	4.0	2.9	Leitrim
Mayo ..	285.0	6.5	2.02	3.9	255.0	3.1	1.01	3.8	540.0	4.3	1.36	3.8	2.8	Mayo
Roscommon ..	114.1	5.4	1.77	3.3	260.9	6.7	0.99	6.2	375.0	6.2	1.16	4.9	3.7	Roscommon
Sligo ..	147.4	5.4	1.79	3.3	150.5	5.6	1.08	4.8	297.9	5.5	1.22	3.9	3.1	Sligo
CONNACHT	1,083.8	6.6	1.95	3.8	1,193.7	4.6	0.97	4.7	2,277.5	5.4	1.32	4.2	3.2	CONNACHT
Cavan ..	124.4	5.1	1.73	3.2	211.0	6.3	1.06	6.1	335.4	5.8	1.14	4.5	3.5	Cavan
Donegal ..	314.4	5.1	2.17	3.7	277.7	5.2	0.80	5.3	592.1	5.1	1.61	4.3	3.4	Donegal
Monaghan ..	112.8	5.1	1.36	2.9	176.4	6.8	1.16	6.9	289.2	6.0	1.01	4.5	3.4	Monaghan
ULSTER (part)	551.6	5.1	1.84	3.4	665.1	5.9	0.98	5.9	1,216.7	5.5	1.28	4.4	3.4	ULSTER (part)
TOTAL ..	13,809.1	7.4	1.80	3.6	7,600.3	8.0	0.92	5.7	21,411.7	7.5	1.46	4.2	3.8	TOTAL

## Notes on Table 4

1. Source : As in Table 2.
2. In order to determine the *per capita* figures in agriculture and the rest of the economy, the population figures had to be broken down as between these two sectors. This was done in the way outlined in the Notes on Table 1.
3. The valuation figures used for the calculations in column 8 were the rates paid with respect to agricultural land. The figures in column 4 are the rates paid on all hereditaments except agricultural land.

non-agricultural sector. It will be noted that though the *per capita* rate burdens of the poorer counties are below those of the average of the State the average itself is, in this case, somewhat misleading because the Dublin figure is so much higher than the rest. Column 5 indicates the rate burden in relation to the income arising in the non-agricultural sector. Though the average for the State is 3.6%, a number of the poorer counties have higher figures, e.g., Kerry with 4.5%, Galway 4.2%, Longford 4.4% and Mayo 3.9%. When it is appreciated that the level of expenditure in three of these counties is below that for the average of the State the figures suggest that, relatively, the non-agricultural rate payer is being taxed somewhat severely in these cases.

In the *Preliminary Survey* reference was made to the fact that the burden of rates with respect to income seemed to be a good deal higher in the agricultural than in the non-agricultural sector of the economy. A comparison of columns 5 and 9 of Table 4 illustrates this phenomenon county by county. It will be noted that for the State as a whole the burden of rates with respect to non-agricultural factor income was 3.6% whereas with respect to agricultural income it was 5.7%. There are very few counties in which this relationship does not hold, Kerry and Mayo being the only exceptions. And in the case of some counties the additional burden with respect to agricultural income seems very heavy indeed. In noting this situation it should be remembered that Table 1 indicated that average incomes in the agricultural sector are a good deal below incomes in the non-agricultural sector. This implies that (average) lower incomes are bearing a higher rate burden. (It should also be recalled that part of the agricultural income here included is subsistence non-monetary income and that if the rate payments were related to money income the percentages would be much higher.<sup>14</sup>) The statistics relating to rates paid on agriculture do, of course, take account of the agricultural grant; they are net payments. It follows that even with the large sums of money paid out by way of the agricultural grant amounting to over £5.5 million in 1959/60 that the rate burden on agriculture was still higher than that on non-agriculture with respect to income and—as we have seen—it does not serve either to bring about, generally, a lower burden of rates on agricultural income in the poorer counties, particularly if one takes into account the lower level of expenditure.

<sup>14</sup>It should be pointed out that all this analysis assumes is that the rate burden is in fact carried by the person who actually pays it, i.e., that the burden is not passed on to other members of the community in the form of higher prices, etc. In technical jargon we are concerned with the "formal" incidence and not the "effective" incidence of the rates.

On a number of occasions in this section of the paper it has been stated that in comparing the rate burden with respect to income it is important to take notice of the level of services which is provided from the revenue that is raised. Clearly, if two counties were both raising the same percentage of income in rates but one county had a much lower level of expenditure *per capita* than the other then that county could be said to have a higher rate burden. It is not possible to take account of the various factors at work in a completely satisfactory way but in Table 5 some calculations are set out to illustrate one aspect of the situation. The absolute figures in the table do not really mean anything: what is important is the comparison of one county ratio with another and with the average for the

TABLE 5: RATE BURDENS (WITH RESPECT TO INCOMES) AND LOCAL AUTHORITY EXPENDITURE BENEFITS

County	(Expenditure <i>per capita</i> ) ÷ (total rates as % of personal income)	(Expenditure <i>per capita</i> ) ÷ (rates paid on agricultural land as % of agricultural income arising)	(Expenditure <i>per capita</i> ) ÷ (other rates paid as % of "other" income arising)
1	2	3	4
Carlow	5.1	3.0	5.6
Dublin	4.8	2.8	5.4
Kildare	5.5	2.7	7.7
Kilkenny	5.8	3.5	6.6
Laoighis	5.3	3.0	6.7
Longford	4.4	2.1	4.6
Louth	4.6	2.3	5.8
Meath	5.1	2.9	7.1
Offaly	5.1	2.4	6.9
Westmeath	4.8	2.0	6.8
Wexford	4.7	3.2	4.4
Wicklow	4.7	2.5	4.7
LEINSTER	4.9	2.9	5.4
Clare	4.6	3.1	4.4
Cork	4.6	3.4	4.8
Kerry	4.9	4.6	3.3
Limerick	5.4	3.5	5.4
Tipperary	5.2	3.2	6.0
Waterford	4.8	2.9	4.9
MUNSTER	4.9	3.4	4.8
Galway	5.2	3.7	4.1
Leitrim	6.1	3.7	5.7
Mayo	4.7	3.4	3.4
Roscommon	5.2	3.1	5.8
Sligo	5.2	3.4	4.9
CONNACHT	5.1	3.4	4.3
Cavan	5.3	3.0	5.8
Donegal	4.4	2.8	4.0
Monaghan	5.6	2.7	6.5
ULSTER (part)	4.9	2.8	4.9
TOTAL	4.8	3.2	5.1

Source: Calculated from material in Tables 3 and 4.

State as a whole. It will be noted that relating *per capita* expenditure figures to the statistic rate payments as a percentage of personal income, the resulting ratio for the State as a whole is 4·8. Counties with higher ratios than this are deemed to have a less than average "burden" from a Local Government finance point of view and those with lower ratios are deemed to have a greater burden. The value of the calculation is that it takes into account both the expenditure and the taxation side of the picture. The comparison should not, however, be pressed too hard as it is not altogether justifiable to divide into one another two such unlike entities and then compare the resulting figures. What seems to emerge, however, is this :

1. *Column 2.* The ratio for the State is 4·8. On the whole the poorer counties have rather better ratios than this, e.g., Ulster and Kerry have ratios of 4·9 and Connacht 5·1. There are, however, several poorer counties with ratios below the State average and therefore with "worse" burdens, notably Donegal (4·4), Mayo (4·7), Clare (4·6), Wexford (4·7) and Longford (4·4). As an example of the meaning to be attached to these different ratios a word on the case of Mayo and Longford may be useful. It will be recalled that Mayo had both a very low *per capita* expenditure figure and a low figure of rates to personal income. The point of the present ratio is to indicate that when these two figures are brought together and compared with similar figures for the State as a whole Mayo's "burden" is above the average. In the case of Longford it will be recalled that that county had a high *per capita* expenditure figure and also a high ratio of rates collected with respect to incomes. Bringing these two figures together and comparing them with the average for the State it would seem that the "burden" in Longford is also somewhat above the average for the State as a whole. It will be clear that it is important to take note both of expenditure and the rate burden for the concentration of attention upon one and not the other will give a misleading impression of the situation. Concentrating just on the rate burden in the case of Mayo would give the impression that her Local Authority financial "burden" was low and in the case of Longford was very high. "Correcting" these figures for the level of expenditure (which the revenue goes to finance) gives a more true picture of the situation.

2. *Columns 3 and 4.* The horizontal comparison county by county of the two final columns

brings out very clearly the heavier burden of rates with respect to agricultural income as compared with the rest of the economy. Reading each column vertically, comparisons between the individual county figures and the average for the State has the same meaning as was given to similar comparison with respect to column 2. With respect to agricultural income, the Kerry "burden" seems extremely low whereas those of Longford and Westmeath seem high. The final column reflects the point we made earlier about the relatively high burden of rates on non-agricultural income in a number of the poorer counties. The low ratios (i.e., high burdens) with respect to non-agricultural rate payers in Kerry, Mayo, Galway and Donegal are particularly significant. On the other hand the non-agricultural rate payers in Meath, Offaly, Kildare and a number of the other Leinster counties seem to get good "value for money".

In the *Preliminary Survey* the view was put forward based on the material which was then under review that there was little evidence to suggest that the allocation or flow of Central Government grants was such as to aid particularly the poorer rather than the richer areas<sup>15</sup> and it was suggested<sup>16</sup> that earnest consideration should be given to the need for the introduction of some sort of equalisation grant structure which would be directed so as to provide greater support to the poorer counties. In this section these matters are considered again in the light of the income figures now available.

In Table 6 a good deal of information relating to grants and the relationship between the grants to particular counties and the incomes of those counties is set out. We shall follow the same method with Table 6 as was followed with Table 4, i.e., the parts will be considered one by one.

The aggregate position is by no means easy to interpret. To a substantial extent the low level of grants to Dublin tends to distort the appearance of the Table. In the broad, however, the table suggests that the poorer counties do receive greater support from the State than the relatively well-off ones. Whereas the average *per capita* grant for the State is £8·0—and for Dublin, by far the richest county, £5·4—the average for Ulster is £9·7 and for Connacht £9·5, and though Kerry only obtains £8·2 and Wexford £7·8, Clare and Longford each obtain £10·8. This position is reflected in the ratio total grants as a percentage of expenditure. Though the average for the State is

<sup>15</sup>*Preliminary Survey*, p. 29.

<sup>16</sup>*Ibid.*, p. 39.

TABLE 6: THE DISTRIBUTION OF GRANTS

County	Grants : the aggregate position					The agricultural grant				Grants other than the agricultural grant				
	Total	Per capita	Total as % of Local Authority expenditure	Total as % of income arising	Total as % of personal income	Total	Per capita	As % of income arising in agriculture	As % of net rates paid on agricultural land	Total	Per capita	As % of Local Authority	As % of "other" income arising	As % of personal income
I	2	3	4	5	6	7	8	9	10	11	12	13	14	15
	£000	£				£000	£			£000	£			
Carlow ..	274	8.2	47.2	4.8	3.8	81.5	5.7	3.4	59.5	192.5	5.8	3.3	3.4	2.7
Dublin ..	3,844	5.4	26.0	2.1	2.3	104.1	5.1	3.0	39.3	3,739.9	5.2	2.5	2.0	2.3
Kildare ..	590	9.1	51.4	4.7	4.0	137.1	6.0	3.1	47.2	452.9	7.0	3.9	3.6	3.1
Kilkenny ..	589	9.5	49.8	5.4	4.3	175.0	6.0	3.3	62.3	414.0	6.7	3.5	3.8	3.0
Laoighis ..	439	9.7	53.3	5.9	4.7	139.8	6.6	4.0	67.4	299.2	6.6	3.6	4.0	3.2
Longford ..	336	10.8	53.2	9.3	6.3	126.3	7.6	7.6	80.3	209.7	6.7	3.3	5.8	4.0
Louth ..	494	7.3	39.1	3.9	4.1	99.7	7.1	4.9	59.4	394.3	5.8	3.1	3.1	3.2
Meath ..	668	10.2	52.9	5.9	4.6	194.5	6.1	3.0	46.2	473.5	7.2	3.7	4.2	3.3
Offaly ..	436	8.4	48.9	5.2	4.2	147.0	6.5	4.8	68.1	289.0	5.6	3.2	3.4	2.8
Westmeath ..	492	9.3	45.8	6.0	4.5	148.5	7.1	4.9	49.5	343.5	6.5	3.2	4.2	3.2
Wexford ..	657	7.8	50.5	5.3	4.2	208.4	5.7	3.7	76.3	448.6	5.3	3.4	3.6	2.9
Wicklow ..	530	9.0	47.8	5.7	4.4	109.5	6.2	4.0	52.1	420.5	7.2	3.8	4.5	3.5
LEINSTER ..	9,349	7.0	35.9	3.2	3.2	1,671.4	6.2	3.8	57.1	7,677.6	5.8	2.9	2.7	2.6
Clare ..	802	10.8	61.5	8.3	6.4	239.8	5.9	4.6	81.7	562.2	7.6	4.3	5.8	4.5
Cork ..	2,740	8.3	44.9	4.5	4.2	637.2	6.5	3.6	67.2	2,102.8	6.3	3.4	3.5	3.2
Kerry ..	960	8.2	55.6	6.0	4.7	285.1	5.0	3.4	105.9	674.9	5.7	3.9	4.2	3.3
Limerick ..	1,003	7.5	40.5	4.3	3.7	248.4	5.8	3.2	59.5	754.6	5.6	3.0	3.3	2.8
Tipperary ..	1,111	8.9	47.6	5.2	4.2	352.5	6.6	3.5	59.0	758.5	6.1	3.2	3.6	2.9
Waterford ..	662	9.2	44.6	4.9	4.2	138.6	6.9	3.4	47.5	523.4	7.3	3.5	3.9	3.3
MUNSTER ..	7,278	8.5	47.2	5.0	4.3	1,901.6	6.1	3.6	67.5	5,376.4	6.3	3.5	3.7	3.2
Galway ..	1,420	9.4	54.6	6.9	5.3	455.6	5.1	5.0	107.1	964.4	6.4	3.7	4.7	3.6
Leitrim ..	411	12.0	67.4	10.0	7.2	131.7	5.4	6.2	129.0	279.3	8.2	4.6	6.8	4.9
Mayo ..	1,016	8.1	61.9	7.2	5.3	323.3	4.0	4.8	126.8	692.7	5.5	4.2	4.9	3.6
Roscommon ..	643	10.7	56.1	8.4	6.3	252.0	6.4	6.0	96.6	391.0	6.5	3.4	5.1	3.8
Sligo ..	524	9.7	59.6	6.9	5.5	160.1	6.0	5.1	106.4	363.9	6.7	4.1	4.8	3.8
CONNACHT	4,014	9.5	58.3	7.4	5.6	1,322.7	5.1	5.2	110.8	2,691.3	6.3	3.9	5.0	3.8
Cavan ..	630	10.9	59.5	8.5	6.7	224.8	6.8	6.5	106.5	405.2	7.0	3.8	5.5	4.3
Donegal ..	1,040	9.0	60.4	7.6	5.9	262.1	4.9	5.0	94.4	777.9	6.7	4.5	5.7	4.4
Monaghan ..	485	10.1	53.3	7.5	5.8	168.1	6.5	6.5	95.3	316.9	6.6	3.5	4.9	3.8
ULSTER (part)	2,155	9.7	58.4	7.8	6.1	655.0	5.8	5.8	98.5	1,500.0	6.8	4.1	5.4	4.2
TOTAL ..	22,796	8.0	43.8	4.4	4.0	5,550.7	5.8	4.2	73.0	17,245.3	6.1	3.3	3.4	3.1

43·8, Ulster and Connacht are able to finance around 58·4% of their expenditure by grants, Kerry 55·6, Clare 61·5, Wexford 50·5 and Longford 53·2. Similarly an examination of column 6 suggests that the ratio grants as a percentage of personal income tend to be higher in the poorer areas. On the other hand it is clear that there are a number of the poorest counties in the State not obtaining heavy grant support, notable cases being Mayo, Kerry and Wexford. The fact that they are able to finance a high proportion of their expenditure by grants but confirms the fact that their level of expenditure is low! And, similarly, though their ratio of grants to personal income is above the average this should be interpreted as a reflection of their low personal incomes and not of their high grants!

Columns 7 to 10 are concerned with the role of the agricultural grant. In the *Preliminary Survey* a good deal of attention was given to the agricultural grant and it was suggested that though it was often thought of as a device to assist the poorer farmers and the poorer parts of the State, it was by no means certain that it did operate in that way.<sup>17</sup> The figures set out in Table 6 to some extent support that judgment. Though it is true that the agricultural grant is a much higher percentage of the net rates paid in the poorer counties and is a higher percentage—on the whole—of agricultural income, nevertheless the *per capita* grant in the poorer counties is less than in the State as a whole and some of the poorest counties get very low *per capita* support. In terms of measuring the extent to which the agricultural grant particularly helps the poorer counties it is believed that the *per capita* figures are perhaps the most significant and in this connection the low *per capita* grants to such counties as Mayo, Donegal and Kerry are significant. It will be noted, however, that some of the poorer counties do receive fairly substantial help, notably Longford, Cavan, Roscommon and Monaghan.

Columns 11 to 15 set out the position with respect to "other grants", i.e., total grants minus the agricultural grant. The broad picture here is not dissimilar to the aggregate position we noted earlier. On the whole the poorer counties receive *per capita* grants greater than the average for the State as a whole; the grants finance a higher proportion of their expenditures; and the grants are a higher proportion of their incomes.

<sup>17</sup>It is appreciated that the Agricultural Grant is designed to assist the poorer farmers and the poorer parts of the State. There is no doubt that *within* a county area it does assist the poorer farmer—or at any rate those who have farms with lower valuations. What was disputed in the *Preliminary Survey* (and is also disputed in the present Paper) is the extent to which the very large sums of money paid out by way of the Agricultural Grant enables counties with large numbers of small farmers to support levels of expenditure which richer counties can afford.

The main point on grants is this. Though, as measured in a number of ways, the poorer counties seem to receive greater support from the State than the better-off ones, the fact remains that their level of expenditure is less than the better-off counties. The higher support from the State is not sufficient to enable them, without increasing their rate burdens, to obtain the same level of services. It might be argued that the figures reveal that there is an element of redistribution in the State grant system. This would be admitted. But it could not be argued that the flow of State grants goes any *substantial* way to offset the disparities in income/wealth indicated earlier in the paper.

This paper has been entirely concerned with applying to the Local Government finance scene some of the results of the Institute's research recorded in the county incomes paper. This research has enabled certain parts of the field discussed in the *Preliminary Survey* to be reviewed.<sup>18</sup> From time to time in the present paper instances where the new evidence has suggested changes in the interpretations which were given on the basis of the then existing evidence in the *Preliminary Survey* have been pointed out. These have not been serious and are with respect to points 3 and 5 mentioned on the first page of the paper.

Taking point 5 first, the new material has enabled a rather clearer picture to be presented. It is now suggested that some, though not all, of the poorer counties obtained (in 1959/60) in comparison with other (better-off) counties an inadequate amount of State support. There may be many reasons for this but the fact seems clear. It is doubtful if equity arguments could defend the range of grants made available to—say—Kerry, Mayo or Wexford, even though these grants were a high proportion of incomes and expenditure; for both incomes and expenditure were low in comparison to the State as a whole.

Concerning point 3, it is thought that it was too simple a way to put the matter. With the assistance of the income figure it is now possible to measure in a rough sort of way the average burden of rates on the two main sectors of the economy. What is now suggested is this. In some of the areas where the level of services is low the burden of the rates on the non-agricultural rate payer is higher than in areas where the level of services is better. To take the extreme cases, in Mayo, Kerry and Donegal—

<sup>18</sup>It should, perhaps, be emphasised that it is only certain parts—in particular the material covered on pp. 27-30—which have been re-examined. This is important. The writer wishes to emphasise that all the criticisms concerning the valuation system, the agricultural grant and the general imperfections of the local rate as a tax when it is used to raise large sums of money which were made in the *Preliminary Survey* still stand and are in no sense affected by the material in the present paper.

counties with low expenditures *per capita*—the percentage of rates paid with respect to “other” domestic income are all above or equal to the average for the State, being 3·9 in the case of Mayo, 4·5 in Kerry and 3·7 in Donegal, compared with a State average of 3·6.

On the whole the new material supports the relevant conclusions of the *Preliminary Survey*. There are considerable differences in the average income or wealth of the various counties and this—as argued in that paper—has important implications when Local Authorities are being asked to provide certain very important services by the State. Quite striking was the relationship between incomes and rateable values which were set out in Table 2. Clearly, rateable value *per capita* is not a particularly good indicator of the relative wealth of a county and this carries important implications for the meaning of rate poundage statistics. We noted that expenditure *per capita* varied considerably across the State and that on the whole those counties with poor *per capita* expenditure figures were the relatively poor counties. Concerning the burden of rates (and leaving on one side the point about the

burden on non-agricultural incomes to which we have just made reference) the point which requires emphasis is that though the burden with respect to personal incomes is roughly similar across the State, some of the poorer counties are getting a lower level of service for the same burden of taxation. We also noted that though there was some evidence that the poorer counties did receive—on the whole—rather more support from the State by way of grants from the better-off counties, there were a number of important exceptions to that generalisation.

The final point it is desired to emphasise is one that was given emphasis in the *Preliminary Survey*. Given the fact that wealth does vary throughout the State *and* that the Local Authorities are expected to provide important (national) services, it is believed that there is a strong argument for an alteration in the grant structure so as to provide special help for the areas which are relatively poor. Whether or not statistics of the type deployed in this paper relating to the wealth of counties could be used as a basis for such a grant is a difficult question to answer. In the absence of a revaluation of hereditaments, however, it is difficult to think of a more suitable alternative.





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