



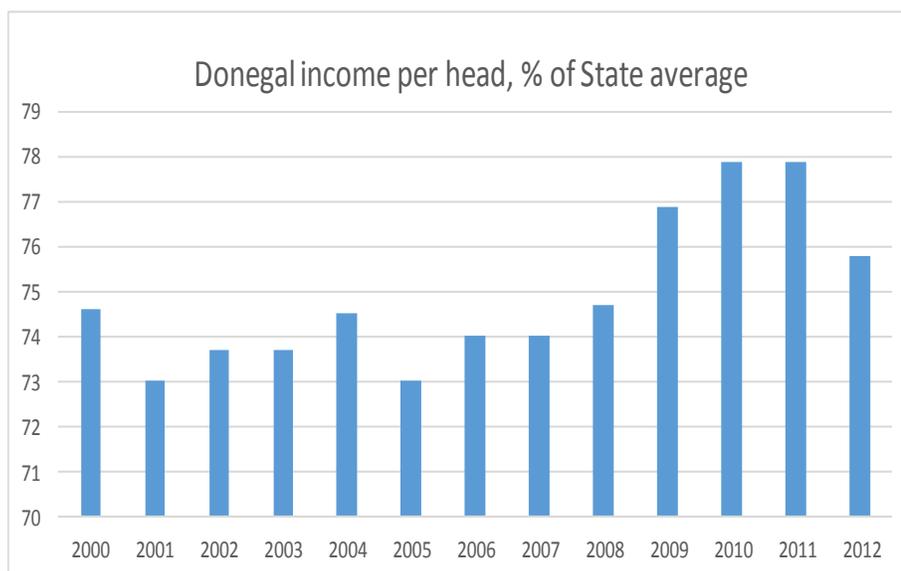
Economic Research

Income in Donegal

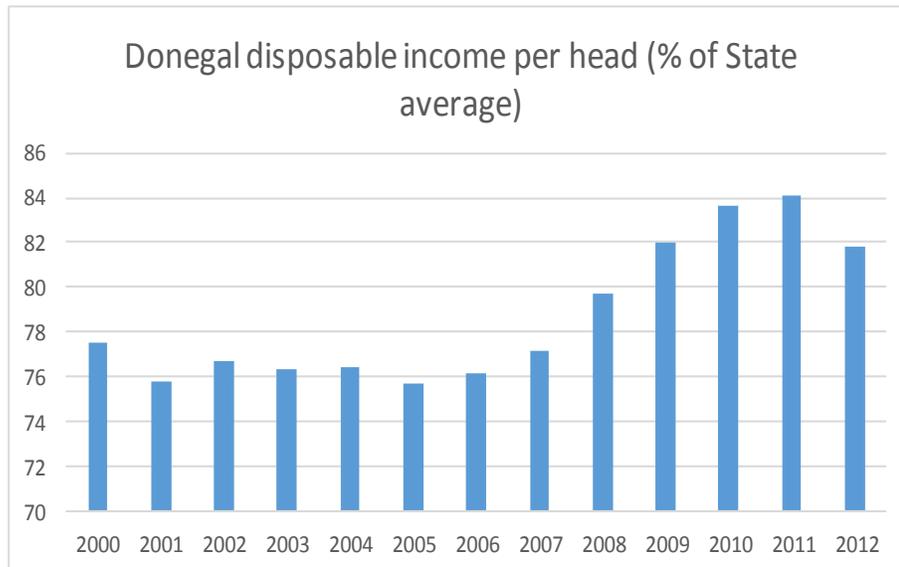
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Donegal as the forgotten county is a familiar enough refrain, but how far does its geographical isolation from the rest of the country extend to its economic performance— is it forgotten also in terms of income relative to the other counties in the Republic.? The perception that Donegal is one of the poorest if not the poorest county in Ireland is widely shared and we now have some hard evidence to support that view, courtesy of the CSO, which has recently published figures on county incomes per head. The data only extends to 2012 but by tracing the trends since 2000 we can place average incomes in the County in an objective frame as well as monitoring how Donegal has fared in the boom and the recession. The results may surprise in part, although confirming that Donegal is indeed poor in an Irish context, although now no longer at the bottom of the county league table, and that only some of the gains in real living standards since 2000 are still intact.

The CSO calculates income per head for each county, made up of wages, the earnings of the self-employed, rents, dividends and interest. On that definition Donegal was clearly the poorest county in Ireland in 2000, with income per head under 75% of the State average. This hardly changed through the boom years but surprisingly perhaps, income in the County did not fall as fast during the recession as it did elsewhere, and by 2012 was around 76% of the State figure, but again still leaving Donegal at the foot of the income table, and indeed still in last place if we use the average income figure over the full thirteen years.



That low income share for Donegal should be reflected in lower taxes paid on income as well as higher social transfers from the State and so we would expect the picture to change a little when we use disposable income as our economic measure. That is indeed the case; disposable income per head in Donegal is a little higher relative to the State average during the boom, rising from 77.5% in 2000 to 79.7% in 2008. Moreover, relative disposable income in the County rose further during the recession, finishing 2012 at 81.8%. In other words Donegal's disposable income per head also did not fall as fast during the recession as it did on average across the State, with the commuting counties around Dublin particularly badly hit.. The net result is that the County is no longer the poorest on that definition of income (that prize now falls to Monaghan) although Donegal is in 25th place



Donegal's relative position is one thing but for most people it is their actual disposable income that matters. On that note Donegal, like the rest of the State, saw a huge rise in real incomes up to 2008 but the recession has had a huge impact on living standards. The average disposable income per head in Donegal in 2000 was €10434 and by 2008 this had grown to €18,093. an increase of 73% or by 29% when we take account of higher prices. Disposable income fell in the four years to 2012, to €15021, a 12 % decline, and a similar percentage when adjusted for inflation. So Donegal's real disposable income per head is still around 15% higher than it was in 2000 but has now fallen back to the level existing in 2003. The fact that the County's relative income position has improved a little since the millennium may be of small comfort given the scale of the decline in living standards since the peak of the boom.