

ECONOMICAL AND REGIONAL DEVELOPMENT - IRISH STATE DEVELOPMENT EXAMPLE FOR PERIPHERAL EUROPEAN UNION STATES

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Abstract

In Baltic States, since the 90's of the last century, when was getting independent of state's, attention is increasingly paid to country's regional development and problematic of economical potential. Worldwide, in European Union and so in Latvia the features of ongoing socioeconomic crisis make draw attention to activization around decentralization and focus on questions of regional development more intensively, particularly on search of solutions for research and analysis of a more efficient economical potential and its use in regions and counties.

Economical development is the goal not only in Estonia, Latvia and Lithuania, but also worldwide, in particular, in peripheries, in ulterior territories of countries – in regions. Economic growth of regions and municipalities depends on several factors. One of the most important core factors is reasonable use of the economical potential, using the opportunities of increasing financial capital, attraction of investments to the administrative territory of the municipality or increased economical potential. Regions and counties economic potential mostly depends on actions and activities of the certain county, how well organized, strategically far-reaching and reasonable the available nature, infrastructure, financial, social and other resources are used. Example of state Ireland verifies that approximately during the past 25 years the state has carried out very proper macroeconomical policy, remarking also the fact that many countries had the favourable conditions, but not all of them were able to use them. State of Ireland can be mentioned as a positive state economical and regional development example, as it is also located in remote part of Europe, nevertheless with help of a proper macroeconomic policy and ability to create favourable economical relations with other countries (also outside EU), it is one of the most developed countries in EU. In Ireland's development period three main directions of economical policy can be marked: fiscal stabilization, open conditions of trade and investments, and industrial policy that also applies to attraction of foreign investments (especially in IT sphere). Irelands experience witnesses that participation in EU has given additional potentialities for economical and regional development. It ensured increase of investments and capital flow, new work places, greater stability and wherewith higher welfare. To great extent success of this state depended on the way it used the EU offered opportunities. Ireland is one of economically most developed, industrial and trade-oriented countries, which till now was able to use the EU structural funds resources most effective. The resources that were gained from EU support funds have considerably stimulated state's economical growth. The stress has to be made on the ability to pass the projects successfully and to make the National development plan successfully, which is the core document to gain funding. Baltic States could learn from Ireland's economical and regional development example how to develop its relations with other countries concerning economical issues.

The experience of EU countries has proved – the stronger the municipality and regions, the bigger the chance of regional development. Effective municipality reforms stimulate regional development, however, each regional development policy has at least two aspects – economic and social. Statement question of regional development policy is on the base of choice of regional development instruments. State's determined, chosen instruments outline and define the regional policy outlook of every certain state.

Keywords:

Regional development, regional policy, regions, economical potential.

Introduction

In Baltic States since the 90's of the last century, attention is increasingly paid to country's regional

development and problematic of counties' economical potential. Worldwide, in European Union and so in Baltic States too, the features of ongoing socioeconomic crisis make draw attention to activization around

decentralization and focus on questions of regional development more intensively, particularly on search of solutions for research and analysis of a more efficient economical potential and its use in regions and counties.

Economical development is the goal not only in Baltic States, but also worldwide, in particular, in peripheries, in ulterior territories of countries – in regions. State of Ireland can be mentioned as a positive state economical and regional development example, as it is also located in remote part of Europe, nevertheless with help of a proper macroeconomic policy and ability to create favourable economical relations with other countries (also outside EU), it is one of the most developed countries in EU. In Ireland's development period three main directions of economical policy can be marked: fiscal stabilization, open conditions of trade and investments, and industrial policy that also applies to attraction of foreign investments (especially in IT sphere). Ireland's experience witnesses that participation in EU has given additional potentialities for economical and regional development. It ensured increase of investments and capital flow, new work places, greater stability and wherewith higher welfare. To great extent success of this state depended on the way it used the EU offered opportunities.

Aim of the research:

To identify and make analyse of the economical potential of regions, counties, and to make states' comparison analysis: development of economical potential of regions and municipalities in Ireland and Latvia.

The aim has certain subordinate objectives:

- To identify the economical potential of regions and counties;
- To explore state of Ireland development example;
- To carry out comparison analysis of states of Ireland – Latvia for increase options of economical potential of regions and local governments

The research was created on base of Latvia's Republic laws, government's normative documentation, special literature, personal experience of the author in work of local governments, development of Ireland country and other materials.

Used research methods: monographic, methods of analysis and scientific induction and deduction

Definition of counties' economical potential

Economical development is aim not only in Baltic States, but also worldwide, especially in peripheries, in more distant territories. The creation of regions and counties, doubtless, is increasing the possibilities of concentration of financial means. Focusing the financial means creates an opportunity to attract qualified specialist, to increase the professionalism of employees, who can improve the work of municipality in their field, attract additional financial funds, investigations and

stimulate the overall development of the municipality. It also means that these specialists with their professional activity will attract more finances and investigations in favour of the municipality. For example, to prepare a good project application to some of the EU funds, it is necessary to be a quite proficient and good specialist, because there is a large competition in Latvia to attract the Europe's offered investigations. Municipality is the state level structure that is closer to the inhabitants. Every municipality needs to care for interests and welfare of inhabitants of its territory, in that way developing infrastructure of the municipality and increasing the opportunities for inhabitants to raise their welfare. Every municipality is responsible for national economy in its territory.

The economic growth of the municipality depends on several factors. One of the most important core factors is reasonable use of the financial potential, taking the opportunities of increasing the financial funds, attraction of investigations for administrative territory of the municipality or raise of economical potential.

The economical potential of counties is formed as a complex structure in all fields of county's activities and competences. Author of the work distinguishes the main alternatives of raising the economical potential:

- **Development of infrastructure** – the mentioned alternative includes development of technical infrastructure (improvement and development of roads, streets, public transportation, water, sewerage system etc. in accordance with present-day requirements and quality); development of municipalities social structure.
- **Development of entrepreneurship in field of innovation** – the mentioned alternative includes stimulation of the environment of entrepreneurship on regional or local municipalities level (creation of entrepreneurship centres, business incubators, technological parks, help to the entrepreneurs concerning prequalification or training of the employees, cooperation of businesses, high schools etc.); Stimulation of cooperation among other municipalities, non government organization's and structures both, in counties, regions and abroad (stress on cooperation of borderland municipalities, municipality with on average equivalent indexes of the particular municipality); Elaboration of field strategies for problem regions; Elaboration and implementation of cities (places') marketing conceptions.
- **Development of entrepreneurship environment in field of finances** – the mentioned alternative includes state and interstate organizations, fund subsidies and granting of credits to municipalities for creation and development of production, social and ecological infrastructure;

International organizations, investors, state and municipality funding and loans to private enterprises; Regionally differenced subsidies and loans to private enterprises to stimulate creation of new productions or expanding of production, development in the problem regions; rational use of nature resources; Appropriate tax policy for particular territories; Creation of free and special economical zones.

- **Raising the intellectual capacity** – the mentioned alternative includes dislocation of new and existing state (or state governed) enterprises and government agencies in problem regions; Development of culture. Help to develop innovative activities in problem regions (grants for scientific researches, for carrying out researches etc.)

As a result of the mentioned alternatives of increasing the economic potential, counties can develop faster, with a higher quality, attracting new financial and social resources, thereby improving the overall development of the county.

The main indexes of county's territory economic potential growth result are:

- Increased number of inhabitants;
- Growth of GDP;
- Increased tax income;
- Increased amount of active enterprises;
- Increased number of new working places;
- Integration of business and education;
- Investor contributions;
- Increased social level;
- Increased value of Immovable property tax.

It is important to define the directions and aims of territorial development, as well as to implement them purposefully, because the elaboration of the development plan is only a successful precondition of development, but it is not the development itself. Development of a county is implementation of "the development plan". Municipalities when establishing counties need to elaborate development strategies for newly established counties, and as much as possible – they need to implement them.

Essentially is for every county to raise attention and concentrate not only to the development and raise of economical potential of county's own territory, but it is also important to adapt oneself into regional and state processes, in that way building a harmonious, developed, economically and socially attractive state in general. Long-term development of the territory needs to be reviewed in connection with core statements and regional development, where the regional development is implemented accordingly mutually integrated planning documents.

The main development directions have to be defined on basis of social interests – what kind of municipality

do inhabitants want to see in the future? What are the primary problems that they spot and which of the fields, directions in the primary one that should be solved and developed? These questions need to be regarded while exploring, analyzing every county individually, and while looking into region's, county's development possibilities - in accessibility and practicability of economical potential instruments. Ireland politic Finnegan say: "Social interests are neither state interests, nor the simple sum of personal interests. (...) They are total field between the harmonized personal interests of citizens and state interests".

The economical potential of counties mostly depends on the work and activities of the region or county itself, how well organized, strategically far-reaching and reasonable the accessible nature, infrastructure, financial, social and other resources are used.

States' comparison analysis: development of economical potential of regions and municipalities in Ireland and Latvia

Ireland is one of the most centralized countries in Europe, sovereign, independent state. The republic has liberal democracy with parliamentary government system. It encloses approximately 80% of Island of Ireland and since 1973 it is European Union (EU) member state. The capital city of Ireland is Dublin, the territory reaches 70 300 square kilometres with 3.6 million inhabitants. The main natural resources are zinc, lead, natural gas, barites, copper, gypsum, limestone, dolomite, peat, and silver. *Bunreacht na hEireann* („Irish constitution”) of 1937 determines general principles, that build the ground of Irish legal framework. And the amendments in Constitution of 1999 confirmed the constitutional status of municipalities. The municipality system is in fact created in one level, still it is quite complicated. The main units of municipality system are 29 provincial (shire) councils and 5 city councils. Vanags and Vilka (2005) explain, than in Ireland in total are 5 municipality groups, as well as 5 district corporations, 49 provincial councils and 26 city deputies – together 114 local governments, where the municipalities of the three latter groups are not subjected to district boards. The regional issues have become outstanding in the 90's of the past century, when in Ireland in 1994 already officially 8 regional institutions were established (their members are deputies of district councils and city councils), where the main tasks of these institutions are coordination of public services on regional level and control of the use of EU structural funds. So the two biggest regional authorities were established in 1999, they are also called regional assemblies and their main task implementation of EU programs. As well on municipality level in the end of the 90's strategic policy committees were established, and they include not only deputies and representatives of

social partners, but also non-governmental organizations and other interest groups.

By the side of power of attorney of Latvia's municipalities, the municipalities of Ireland have low level of autonomy, where their main range of activities are physical planning; housing fund and civil engineering; road construction and maintenance; water supply and sewerage; territorial development; environmental protection; recreation. District councils and city councils are in response of the abovementioned functions, but the municipalities of the other groups – only of part of the functions. In contradiction to Ireland, Latvia municipalities' functions additionally include, for instance, ensuring of educational, cultural and social services, family court functions, that makes a remarkably larger level of authority and responsibility of municipalities. To compare with Latvia's situation, municipalities in Ireland are much larger, but they have less power than in Latvia. Analyzing economical development activities in Ireland, a conclusion can be made, that the Irish people have strengthened their local authorities especially for a better use of European Union help. Exactly for this purpose reform was made and all the municipalities were merged in eight regions. (Concerning the area and number of inhabitants very similarly to Latvia's planned five counties). Only task of regional authority is coordination of high scale projects in-between shires and Brussels - this work is managed by only three clerks and for maintenance of every region's new administration state spends from 70 up to 140 thousand lats in a year (budget of a small rural municipality in Latvia).

Ireland and Latvia have much in common and many differences too. Latvia could learn from Ireland's action and development experience how to recover from economical crisis and to gain benefit from EU, how to use the available resources more efficient and appropriate, as well as the economical potential, through developing it as much as possible and using with far-reaching development consequences in the future.

Ireland is a state that regained its independence from its neighbour country Great Britain only in the 20's of the last century. Only in a little bit more than 20 years the state reached its economical growth and its result of the last years shows, that it is EU state with the highest gross domestic product (GDP) increase in a year. In official Latvian Republic newspaper "Latvijas vestnesis" are found information than common with Latvia, also Ireland is located on margin of Europe, it is small, peripheral country, which 25 years ago was a backward remote part of Western Europe and its only economical engine was agriculture. In the country was a deep economical stagnation, mass emigration (especially of the youth) happened to other EU countries and United States of America (USA). In the EU countries'

community more poor were only Portugal and Greece. The main barriers of Ireland's economical development growth in different periods of time can be considered emigration of inhabitants able to work in the seventies, state's debt crisis in the eighties and lack of qualified staff in the nineties. Nevertheless at the moment since 1988, due to hard-line budget policy, the budget deficit has not exceeded 3% of GDP as set in Maastricht criteria, and since 1998 budget incomes exceed budget expenses. Currently state's debt is the smallest among EU countries, that's agreed Ireland politic and man of science Finnegan (2001).

In 1950's Ireland passed modernization process, which brought increase of industry and urbanization and smoothing of demographical models with Europe and USA. This process facilitated and helped also in ass communications sphere that favoured involvement in different international organizations and stimulated attraction of investments to the state. The process was supported by all political parties and different strata of society. The country's development proceeded step by step, and already in the 1960's government passed hard-lined policy that was oriented onwards – core idea – to attract foreign industry investments. In 1973 Ireland entered European Community (EC), now – EU. Since that moment trade links with continental Europe and with other countries started to increase substantially, at the same time they decreased with Great Britain, but with a tendency of improvement of relations in-between both countries, that's agreed Vaidere, Vanags e., Vanags I., and Vilka (2008). Wherewith the former dependence from Great Britain was replaced by a much wider trust on EU an other countries that are connected with Ireland's economical growth and policy.

General comparison, analysis of Ireland and Latvia are being carried out based oneconomical potential increase alternatives created by the author: general analysis of economical situation – common and common features and differences and counties' of Latvia state potentialities to develop some certain alternative, taking into consideration Ireland's action and development examples:

- **Development of infrastructure** – the road, street infrastructure in Ireland in the 80's of the last century was still in a very bad state – narrow, bumpy, crumbled roads, streets. Nonetheless as the leading official of Municipalities and environment protection ministry Kevin Callen says, 1,2 billions pounds of Ireland's and EU money or 852 million lats in five years (from 1994 until 1999) were invested in national Ireland's road program for renovation and reconstruction. If to evaluate the situation in Latvia, equivalent resources for road improvement are invested during 25 years. In the past years, road infrastructure in Ireland is being

improved and developed fast, especially highway infrastructure of state's national importance, increasingly new speed section highways are build, their construction is carried out in rapid speed. In the same way also in rural areas roads without asphalt cover are of a rare occurrence, even small roads that lead to the largest fields have asphalt cover. Nevertheless the width of the existing roads (new roads within limits are built wider) is and after their reconstruction stays the same, because the value of land (especially the one of agricultural land) is high enough, and as well it is almost not possible to widen them – there is no space free, because everywhere on both sides stretch endless pasturable fence piled of stones, or centenarian, thorny and picturesque hedges. Irish lifestyle culture manners and traditions need to be taken into consideration there, because the Irish even have proclaimed the hedges national wealth; therefore, for their maintenance in an exemplary order, owners even get paid small subsidies.

Irish municipalities do not have big authorities as it is in Latvia, for example, in internet site www.impro.lv about Ireland says: “Local authorities do not have equal power regarding public services, for example, public transportation issues, as well as regarding ensuring order and health protection. Municipalities maintain local roads, but central governance gives the money to do that. Municipalities in Latvia have more to do. For instance, they coordinate the traffic of route buses etc.” Ireland has a comprehensive state financed social care. Provider of the Health Service Executive (HSE) is a state institution, which is responsible for leading the whole Ireland's society health and social care. HSE is responsible for: hospitals, social health care, mental health care, old people care, Services for people with special needs, children and families health care, register of born, deceased and marriages in Registry Office, organization of marriage ceremonies, environment health services, review and delivery of allowances and for many other health and social services for private persons. Evidently, in Latvia municipalities or district councils carry out most part of the abovementioned. Ireland's HSE system is common all over the country and it has common rules in any municipality – in Latvia every municipality decides by itself about many of the abovementioned issues of social infrastructure – to implement them or not (if the law allows to choose), how and how many resources to allocate them from municipality's budget, what kind and what amount of allowances to grant, if to create old people care centres or not, etc.

▪ **Development of entrepreneurship environment in sphere of innovations** – Development of entrepreneurship environment in sphere of innovations is usually performed with help of regional assemblies and regional authorities. Practically every greater city has its own industrial, technology park, where development of entrepreneurship environment is being stimulated in regions (shires). Social and family affair department is responsible for workforce requalification or training issues. One of Ireland's leading forces that enable economical growth is with law created business environment, which stimulated inflow of foreign capital. “About 40% of all the employed in manufacturing industry work in enterprises owned by foreigners” – that said Vaidere, Vanags E., Vanags I., and Vilka (2008). Social partnership is also successfully developed – since 1987 all social partners – entrepreneurs, trade unions, farmers and government, are involved in economical planning process. On Ireland's municipalities' level in the end of the 90's strategical policy committees were created, their structure includes not only deputies and representatives of social partners but also non-governmental organizations and other interest groups, which shows the tight cooperation between municipality and non-governmental organizations, and interest groups. The influence of non-governmental organizations and interest groups to resolutions of municipalities is remarkable – their interests are being taken into consideration very seriously and a feedback is being carried out, cooperation in a variety of events, local level projects (Environmental activities, for instance, common park cleaning events. Salvation of the disabled problems, e.g., funding of the disabled associations' events, etc.), in salvation of problematic issues.

Since 1999 government's policy is directed on public private partnership. It means, that a part of public sector functions (projecting, planning, funding and building spheres) entrusted to the private sector. Houston (2004) think, that the main aims of public private partnership are to develop infrastructure more rapidly and to save resources. One of Ireland's rapid economics origins is also the fact that Ireland's government in the 80's of the past century started to invest high level investments into education and training, a large part of which is financed by EU structural funds. Because of a targeted policy, education level in Ireland in 2004 was higher than on average in EU. Vanags E., Vanags I., Vaidere I., and Vilka I. (2008) agree - high qualified work force provides contemporary manufacture structure and world level services.

Facilitation of entrepreneurship environment on local municipalities' level was performed also thanks active work of Ireland's capital city. Dublin turned into International Services Centre, which aims to perform such financial transactions as bank services, administration of other companies, deals with securities, insurance services and investments and action of investment funds outside territory of Ireland, and consequently it enabled an increase of information technologies export. Wherewith research and consultative enterprises were activated, and they operate not only in capital city, but also in regional municipalities.

Cooperation with foreign countries takes places mostly within EU – "In 2004 approximately 64% of total Ireland's export was export to EU participating countries" (Vaidere, Vanags E., Vanags I., Vilka, 2008). Remaining export is mostly to such countries as North Africa, Australia, the Middle East and the Far East. Participation in EU favoured diversification of Ireland's foreign trade partners. Latvia's situation in this sphere unfortunately is weak, a low developed export, undeveloped cooperation with foreign countries. Due to EU, cooperation with foreign countries, mostly with the closest neighbour countries (Estonia, Lithuania), is started, mostly with financing of EU funds, especially in culture and social sphere. As well with help of EU funds' support are created several entrepreneurship centres, business incubators, support to entrepreneurs is being provided concerning requalification or training of their employees, cooperation between enterprises and high schools, but still the results are weak. It can be explained with the common world, state economical crisis, lack of stimulation and development support for entrepreneurship, agriculture in regions and general politic disbalance in the country.

- **Development of entrepreneurship environment in financial sphere** – Ireland developed mainly due to efforts of central institutions in large infrastructure development projects: - for development of certain sphere state created special agencies that prepare projects to gain Brussels money. For instance, West region agency works successfully, it tries to create favourable conditions for attraction of entrepreneurs to state's most depressive region, as well as Information technologies agency, which cares specifically for support to computer business. Also in Latvia there are established regional (Latgale, Zemgale a.o.) development agencies, still the minimum funding for their maintenance, hiring of specialists causes feedback – the result is weak. It has to be mentioned that in Latvia these development

agencies are maintained not by state as it is in Ireland's example, but by local municipalities.

The main trump of Irish economics – it is its tax policy, it was modelled knowingly through changing the previous system radically, in that way to develop state's entrepreneurship environment. Wherewith a fast economical growth in Ireland started right after entering EU, due to Ireland government's courageous decision until 1981 to cancel profit tax for foreign entrepreneurs, and from 1981 until 2000 to set it very low – only 10 percent. The state decreased taxes as well to preserve salaries nominal increment, on the one hand helping the state become more competitive, and on the other hand – increasing the effective revenue of the employed. This budget foreseen tax decrease helped the government to harmonize the so-called Boom and justice program that brought the expected results. Ireland created favourable tax climate for both, development of entrepreneurship and favourable investments. General tax relief, as well as special ones – for development of high technologies in the country, compose an important part of the stimulant measures body that, which are available to national and foreign companies, state of Latvia lacks that all at the time. Tax policy was an excellent effect for attraction of foreign investments, which gave an opportunity to facilitate manufacture development without increase of state's external debt. In the end of the seventies and in the beginning of the eighties of the last century companies of more developed countries started to invest into countries with cheap labour force and low taxes. Ireland became a magnet for enterprises of USA, Canada and Japan. Ireland managed to attract approximately 40% American capital that was invested in foreign spheres of electronics. Arrival of first transnational companies get started an avalanche, and hundreds of competitors rushed to Ireland, as well as enterprises from associated spheres. When the first computer producers entered and gained success, soon after that many other computer producers, programmers, advertising companies, banks followed them. These were mostly USA companies, number of which at the time exceeds a thousand. Main reasons that caused interest in the companies were the low taxes, English speaking educated labour force, and closeness of European market. However, foreign companies did not create threats for national enterprises, but gave them opportunity to meet the demand in inner market. At the time, when the local entrepreneur got strong enough, Ireland's government was ready to give for privatization strategically important objects with an idea, that

the main role there will have the local capital. In its turn in Latvia everything happened as a “shock therapy” and so privatization of Latvia’s enterprises was made inefficiently and irrationally. The privatization of Ireland’s enterprises happened comparatively slowly and advisedly – effectively working state enterprise provided income to state budget, but less effective were sold, so giving additional income.

- **Increase of intellectual capacity** – a substantial factor of Ireland’s economics is knowledge based initiatives – this factor is largely stimulated by direct investments of foreign countries. In the past years state expenses for research and development have noticeably increased in Ireland, especially for research in the field of information and communication technologies. Concerning innovations it can be concluded, that the results would be greater if a deeper and wider approach would be used. The expansion and deepening of innovation approach would include strengthening of the link between research institutions and enterprises involved in economics, increase of investments for applied researches and ensuring of managerial measures in order to start higher level education.

Grants for scientific research and performance of researches are implemented through successful attraction of EU funds. In Latvia part of researches and grants for scientific research of course also are being implemented due to resources of ES structural funds, nevertheless Ireland’s experience shows, that a more successful resource attraction from EU depends on the performance of state institutions and state government’s involvement in maximum resource attraction, that is on a quite low level in Latvia at the time – the total amount of assigned finances of EU funds is one of the lowest among EU countries. By the side of Latvia’s action experience, Ireland the most investments for entrepreneurship, intellectual development, increase of capacity, development of innovation diverts to backward regions.

Carrying out a general analysis of Ireland’s economical and regional development example, there is a conclusion that in the past 25 years the mentioned country has chosen a right macro economical policy – many countries had favourable conditions, but not all of them used them. In Ireland’s development period three main directions of economical policy can be marked: fiscal stabilization, open conditions of trade and investments, and industrial policy that also applies to attraction of foreign investments (especially in IT sphere). Ireland’s experience witnesses that participation in EU has given additional potentialities for economical and regional development. It ensured

increase of investments and capital flow, new work places, greater stability and wherewith higher welfare. To great extent success of this state depended on the way it used the EU offered opportunities.

Ireland’s development is the most successful example among EU member states: at the moment of alignment in 1973 the level of its gross domestic product on one inhabitant reached only approximately 60% of the average EU level, in 1990 this rate increased to 75% and after another ten years it exceeded the average EU level for already 20%. It has to be taken into consideration that Ireland’s economics substantially depends on the global market fluctuations, and it is influenced also by situation in USA markets more than other European countries. Thereby Ireland was not able to avoid the decline of economical development rate. For example in the period of time from 2000 until 2005 there is a fall of Ireland’s GDP increase rate (view Table1) to observe. From Ireland’s Central Statistics data can be concluded, that in 2001 the increase of GDP compared to previous year was 12,2%, but in 2005 compared with 2004 this increase was only 1,9%. Nevertheless after 2004 positive changes can be observed – the rate of GDP increase started to grow again.

Table 1. Ireland’s GDP in period of time from 2000 until 2005

Year	GDP(mill.EUR)	GDP increase compared to previous year, %
2000	104379.0	-
2001	117114.1	12.2
2002	130515.4	11.4
2003	139097.0	6.6
2004	148556.5	6.8
2005	160322.0	7.9
2006	177286.0	10.6
2007	190603.0	7.5

Source: Ireland’s Central Statistics board data

To ensure increase of GDP the most important spheres are industry, commercial services and finances, trade, transportation and communication services. Important external component of Ireland’s success is participation in EU, which considerably enforced competition, expanded market spheres and stimulated increase of efficiency. And additionally Ireland has a privileged status in EU already for some while. In framework of the last programs Ireland after 1989 gained remarkable funds, this retained demand and facilitated adaptation process by an open competition. These additional funds stimulated development of state’s infrastructure and increased its attractiveness to foreign investors.

Baltic States could learn from Ireland’s economical

and regional development example how to develop its relations with other countries concerning economical issues. Although the Irish are trying to regain the place in economics that is held by foreign entrepreneurs, however mostly thanks to them the society was able to get out of decline. State of Latvia should control these processes harder and allow such kind of enterprises to enter our market, create Latvia as an attractive state for investors, at the same time developing agricultural sphere and industry, which would stimulate return and not outflow of labour force from the country (especially youth, that is also intellectual potential). Latvia also should start to export goods or services with a higher added value, not like it is, for example, for wood, to balance at least a little the deficit of current account.

Conclusions

The experience of EU countries has proved – the stronger the municipality and regions, the bigger the chance of regional development. Effective municipality reforms stimulate regional development, however, each regional development policy has at least two aspects – economic and social. Statement question of regional development policy is on the base of choice of regional development instruments. State's determined, chosen instruments outline and define the regional policy outlook of every certain state.

Common economical growth in Ireland, which appears as a tremendous increase of GDP, has formed from a sum of such factors as: stable macro economical environment, government's ability to decrease its expenses, decrease of unemployment, increase of export ability in sphere of high technologies and expanding of trade partners. Achievements in industry and agriculture also have to be accentuated, because they enabled Ireland to turn from agricultural state to developed export-oriented state.

Economic growth of regions and municipalities depends on several factors. One of the most important core factors is reasonable use of the economical potential, using the opportunities of increasing financial capital, attraction of investments to the administrative territory of the municipality or increased economical potential. Regions and counties economic potential mostly depends on actions and activities of the certain county, how well organized, strategically far-reaching and reasonable the available nature, infrastructure, financial, social and other resources are used.

The main conclusions, while exploring and evaluating the successful example of economical and regional development in state of Ireland:

- There are several factors that build the development of Ireland: persistent macroeconomical environment, radically decreased government's expenses, collective labour contracts that

increased the labour force growth in economics, considerable investments of foreign investors, rapid tax decrease, growth of export ability in IT sphere and expansion of trade partners, as well as reliance on new and trained labour force. Average age of labour force in Ireland is 30 years, by the side of the average labour force age in the rest of Europe that is over 40 years.

- The main impact on trade diversification has the marketing strategy of foreign businesses that was tended towards Europe and more distant states. Lately Ireland is strengthening trade ties with states of the Middle East and several underdeveloped countries, where mainly foodstuffs are exported to.
- Remarkable achievements are to observe in industry and agriculture, which has let Ireland turn from an agrarian into a developed and export-oriented state. As the core elements for such a development scenario programs and plans are created, as well as government's ability to implement a significant part of its plans.
- Ireland is one of economically most developed, industrial and trade-oriented countries, which till now was able to use the EU structural funds resources most effectively. The resources that were gained from EU support funds have considerably stimulated state's economical growth. The stress has to be made on the ability to pass the projects successfully and to make the National development plan successfully, which is the core document to gain funding.

Example of state Ireland verifies that approximately during the past 25 years the state has carried out very proper macroeconomical policy, remarking also the fact that many countries had the favourable conditions, but not all of them were able to use them. There are three directions of economical policy in Ireland in this period: fiscal stabilization, open regime of trade and investments, and industrial policy that applies to attraction of foreign investments, especially in sphere of information technologies.

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