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Women's Coalition:

Economic Briefing paper

Introduction

The Women's Coalition was established to make a contribution to reshaping the politics of Northern Ireland. For too long, political debate here has been largely monopolised by nationalism and unionism. The inability of each to even fully comprehend the other has not created the best conditions for a political settlement. The Women's Coalition helps overcome that impasse:

- by demonstrating that a key section of Northern Ireland society is capable of *compromise and collaboration* despite the divergent cultures and politics of its members;
- and, by putting forward a *new agenda about contemporary concerns* to prevent political debate being locked into its traditional narrow focus.

This second strand imposes an obligation on the Coalition to comment broadly on all matters affecting the citizens of the region. Here, we set out our approach to the economy as part of our general manifesto for change.

However, economic success does not depend on economic factors alone. The general political environment is a key determinant of how an economy functions. A major obstacle to economic progress is *political uncertainty* which inhibits the ability of firms to plan for the longer term and set down long-lasting roots in any particular place - *Political risk can be expected to have a particular influence on the size of the tradeable goods sector. this sector has an alternative to invest elsewhere, and, for a given rate of return, will seek out a lower risk environment.*[1]

In Northern Ireland political uncertainty is compounded by violence. The end of the IRA cease fire, the tensions following Drumcree and the lack of progress in political talks have all contributed negatively to the development of the economy. During the period of the cease fire, the Northern Ireland economy significantly outperformed that of the UK. 1996 saw a slow down and while all the gains were not lost, the momentum has been dramatically reduced. Accordingly, a key political condition for economic progress is a renewed cease fire and the opening of inclusive political dialogue about a long-term settlement. If these conditions were to be achieved, almost anything is possible.

The Coalition's approach to economic development is based on three principles:

- first, **efficiency** - we want an efficient, competitive region and endorse the Northern Ireland Growth Challenge goal of the 'fastest growing region in Europe'.
- second, **equity** - we want all groups in Northern Ireland society treated fairly with respect to employment and all public services while we also seek a more equitable distribution of income and resources;
- finally, **accountability** - decisions which affect people's lives should be made accountable to those people.

The primary purpose of this briefing is to outline the processes that could turn these principles in reality. However, it also sets out the economic context by reviewing the strengths and weaknesses of the local economy, reviews the incidence of poverty and low incomes - the reduction of which should be a central economic, as well as social goal - and explores our economic relationships with Europe and the Irish Republic. it concludes by setting out a basic programme for change.

The Northern Ireland Economy: Strengths and Weaknesses

Recent assessments of the performance of the Northern Ireland economy up until 1996 have been very up-beat. Since 1990, gross domestic product has increased by almost two per cent per year faster than in Britain. Manufacturing output has risen by 14 per cent more and unemployment has fallen by nearly nine per cent despite an overall rise in the rest of the UK. Further, manufacturing productivity increased by 2.5 per cent each year compared to two per cent in Britain. Finally, the number of employees in

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[1] Barnett, R. (April 1995), 'Comment' in Northern Ireland Economic Council, *Through Peace to Prosperity*, Belfast, p.49.

employment increased by 6.5 per cent compared to a fall of 3.5 per cent in the UK as a whole.[2]

The level of unemployment has always been the key indicator of the condition of the regional economy. Yet in 1996, the short term unemployment rate was the same as in Britain while overall unemployment was at the European average. Moreover, the female unemployment rate (4.7% in December 1996) was one of the lowest in Europe.

The boom years were 1994 and 1995 coinciding largely with the period of the IRA cease fire. Coopers and Lybrand estimate that economic growth in 1996 was two per cent, just below the British average for the first time since 1990.[3] Nevertheless, the report explains much of the slow down in terms of sluggish growth in the main export markets. Indeed, 1996 is described as a year of 'consolidation' rather than decline.

Thus, in June 1996, employees in employment in Northern Ireland numbered 396,900 full-time and 176,190 part-time. This represented an increase of 100 employees over the previous year. It should be noted, however, that the overall increase represented a growth of 4,950 part-time jobs combined with a loss of 4,850 full-time jobs. If all jobs were converted to full-time equivalents, then there would have been a loss of 2,375 jobs between 1995 and 1996. Nevertheless, taking a longer period to include the rapid growth years of 1994 and 1995, the increase in full-time equivalent jobs since 1993 was almost 15,000.

These figures conceal very different participation rates in full and part-time employment between genders. In 1996, women occupied 39.6 per cent of full-time jobs and 74.4 per cent of part-time jobs. Women are thus still mainly consigned to the part-time sector where earnings tend to be lower with less job security. Ironically, the bulk of new opportunities in the labour market occur here - since 1993, 72 per cent of new part-time jobs generated in Northern Ireland have gone to women.

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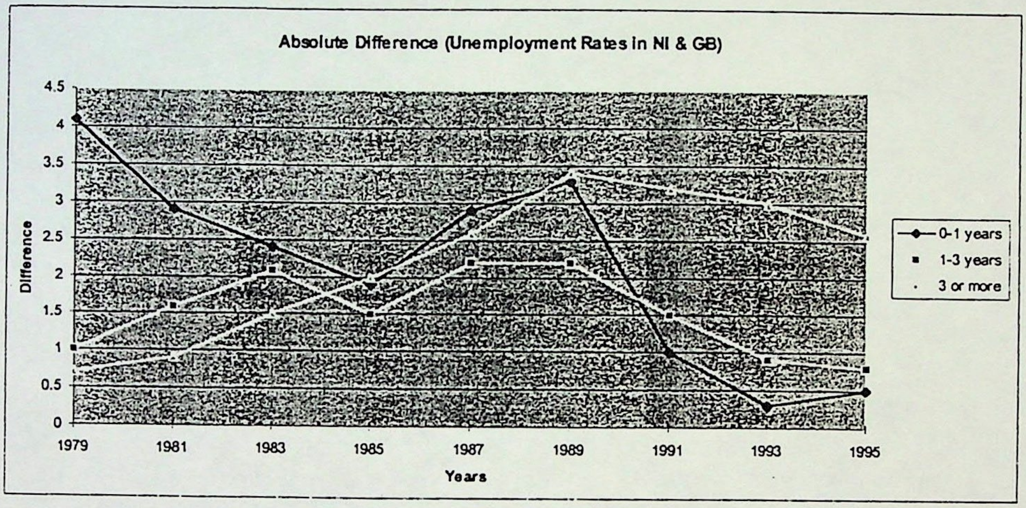
[2] All figures taken from DFEE and Cabinet Office (1996), *Occasional Paper, The Skills Audit*, London, Annex 3.

[3] Coopers & Lybrand, (Jan. 1997), *The Northern Ireland economy: review and Prospects*, Belfast.

However, the development picture is less rosy for the long-term unemployed. The rate for those unemployed more than a year is nearly three times the British rate and for those unemployed more than five years nearly five times. Northern Ireland has thus a problem of long-term, claimant unemployment which even greater than average growth seems powerless to shift.

The convergence of short-term, and the divergence of long-term, unemployment rates between Northern Ireland and Britain is depicted below.



On the claimant count, the majority of the unemployed, and the vast majority of the long-term unemployed, are men. There are a number of reasons why this should be so. First, although economic activity rates are increasing for women and decreasing for men, the latter still has the higher overall activity rate. Thus, many women are defined as economically inactive rather than unemployed. Second, the claimant count fails to include women who are not in receipt of benefits and, since many women are in households where the partner is the nominated claimant, they simply do not appear among the unemployed. Finally, the many new jobs (including 72% of part-time jobs) are going to women. With respect to the last factor, it would appear that the labour market is one where greater opportunities for work (though not necessarily quality employment) are becoming available to women.

The combination of these factors suggests that two distinct axes of disadvantage may be emerging in the Northern Ireland labour market. The first concerns men and relates to joblessness - either unemployment or indeed economic inactivity. The second relates either to dependency within households or to part-time, low paid employment and these positions are mainly occupied by women. This conclusion is reinforced by some recent research sponsored by the Equal Opportunities Commission. This found that even allowing for the different mixes of occupations and industries which are characteristic of male and female workers, there existed a wages gap of around 14 per cent - a 'discrimination' effect. Thus, while women's share of available jobs has been increasing, differences in earnings between men and women remain substantial and cannot be explained by differences in the kinds of jobs they do.

More generally, the persistence of unemployment within economies experiencing rapid growth has led to the 'jobless growth' proposition - that higher and higher rates of GDP growth are required to effect smaller and smaller reductions in unemployment.[4] Economic restructuring, the global disaggregation of production and the movement to 'Post-Fordist' production process have all had profound effects on labour markets. Stable permanent jobs have contracted so that job security has vanished for many millions in the developed world. Even economies regarded as models of organisation and growth find unemployment more and more difficult to tackle - in January 1997, there were four and a half million unemployed in Germany.

It is now estimated that growth rates of less than 2.5 per cent in the developed economies will have little impact on unemployment.[5] Between 1971 and 1990, the average annual growth rate for both Northern Ireland and the UK was 2.1 per cent. Between 1990 and 1995, Northern Ireland grew at 2.4 per cent per year compared to 0.9 per cent for the UK as a whole. Even Northern Ireland's period of rapid growth was just below the 2.5 per cent threshold. Rather, the biggest impact on the jobless figures have been changes in the unemployment count and increasingly stringent benefit conditions. The most recent expression of the latter has been the Job Seekers'

[4] For discussions on 'jobless growth, see International Labour Organisation (1996), *Unemployment 1996/97,* Geneva.
[5] European Commission (1996), *Employment in Europe, 1996,* Brussels.

Allowance which resulted in 9,300 leaving the register in the first two months of its operation.

Despite the good recent performance of the regional economy, there remain key structural weaknesses. In an article comparing the relative competitiveness of the standard UK regions, Gudgin described Northern Ireland thus:[6]

> *Its industrial base is small with little local competition in most sectors. Local suppliers or industrial services are limited in number and in the scope of products or services on offer. like most of the northern regions of the UK, Northern Ireland's clusters (in linen and standard clothing) were established long ago and in most cases face intense competition from competitors with much lower labour costs. Local consumer and industrial markets in Northern Ireland are at the low income end of the UK spectrum and are not in general either sophisticated or fast changing. although the upper third of the secondary education system is the best in the UK, the low level of local demand for highly educated manpower means that many well educated young people leave the region. This results in a labour force which is not particularly well educated even by the UK's low standard.*

Indeed ranked by underlying 'non-cost competitiveness factors', Northern Ireland came last in the UK. Nevertheless, growth in employment and GDP has historically matched that of the UK. The explanation lies in the fact that **deficiencies in non-cost competitiveness have been compensated for by low labour costs**. Low pay has thus been the crucial factor in sustaining regional development. Thus, a crucial issue for the future of the region is whether it will compete on the basis of low cost labour (with attendant social effects) or whether it seek to enhance non-cost competitiveness factors.

There are major dangers in relying on low cost as the primary factor in promoting regional development, particularly if other economies are able to market themselves on even lower costs. Certain key industries in Northern Ireland, notably clothing, are already beset with lower cost competitors. Eastern Europe is seeking closer links with the European Union and, in the future may offer the primary site for low cost production servicing European markets. The response of attempting to drive Northern Ireland labour costs down to these levels is hardly practical given the realities of exchange rate differentials. In addition, a regional strategy based on low labour costs also entails the constant driving down of real benefit levels to reduce the risk of a stagnant pool of long-term unemployed.

The alternative is to attempt to transform Northern Ireland into a region with high-value added, quality products that can be marketed internationally. Northern Ireland Growth Challenge have identified seven key goals in effecting such a transformation:

- building world-class firms and industrial clusters;
- creating networks of common interest;
- creating a 'best investment' environment;
- developing human assets for the 21st Century;
- building the region's infrastructure to support 21st century competition;
- Marketing northern Ireland to the world;
- Creating a community that values and benefits from enterprise.

The Economic Council's study on what makes regions successful also identified such factors as a high level of consensus and networking among key industrial actors, an appropriate institutional/governance framework and a high degree of social cohesion. From both, a vital message is that investment in people and the reduction of social exclusion are vital preconditions for successful regional development.

At the same time, the difficulties of realising such conditions should not be underestimated. Successful industrial clustering cannot be ordained by public policy. Government can put a premium on enterprise and innovation, but, in the final analysis, only business can deliver.

However, without a shift in the nature of economic development itself, Northern Ireland will remain a low-cost site with a significant proportion of its population condemned to low incomes.

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[6] Gudgin, G. (May 1996), 'Prosperity and growth in UK Regions', *Local Economy*, Pitman Publishing, p.19

Poverty and Low Incomes

In general, the 1980s saw substantial increases in relative poverty in the UK. The following summarises some of the key features of this development:

- 1979 - 6 per cent of the population were living **below** Supplementary Benefit level;
- 1992 - 8 per cent (4,740,000) were living **below** Income Support level;

- 1979 - 14 per cent of the population were living **on or below** Supplementary Benefit level;
- 1992 - 24 per cent (13,680,000) were living **on or below** Income Support level;

- 1979 - 9 per cent of the population were living **below 50% of average income** (after housing costs);
- 1992/93 - 25 per cent (14.1 million) were living **below 50% of average income;**

- 1979 - the top 20 per cent of households had incomes **four times** greater than bottom 20 per cent;
- 1992 - the top 20 per cent had incomes **six times** greater than the bottom 20 per cent.

Thus, over thirteen years, the proportions of the population living on or below the statutory basic income level and below the most widely accepted income measure of poverty dramatically increased. Simultaneously, the relative position of the better off sharply improved. In effect, much greater numbers of people became dependent on state support at a time when the relative value of that support was declining. Accordingly, poverty was being experienced by ever greater numbers while the UK was becoming a more unequal society.

At the level of service provision during the 1980s, Northern Ireland enjoyed a measure of protection from the worst of the public expenditure cuts affecting Britain. In addition, certain measures, like Poll Tax, failed to cross the Irish sea. To that degree, Northern Ireland was insulated from some of the policy changes which impacted so significantly on the British population. As a result, on a number of measures associated with deprivation, Northern Ireland has become more 'like' other declining regions (with the exception of unemployment rates) rather than beingranked at the bottom. This is demonstrated in the next table.

Relative Indicators for Northern Ireland (1994)			
	N.I.	**UK**	**Worst British Region**
Weekly Income (per person)	£118.2	£152.3	£118.1(Wales)
% of Households with Incomes <£125	25.2%	21.9%	28% (Wales
% of Income from Benefits	20%	13.5%	22.5% (Wales)
Weekly Expenditure (per person)	£101.6	£117.0	£96.4(Wales)
Unemployment Rate (1995)	11.4	8.2	10.6 (North)
Male Very L/T Unemployment	44.3%	22.5%	23% (North)
Average Male Weekly Earnings (1995)	£330.9	£373.4	£331.4 (Wales)
Average Female Weekly Earnings	£251.4	£269.3	£241.2(North)
GDP per Head	£8025	£9768	£8173 (Wales)
Age Adjusted Mortality Rate (1,000)	11.65	10.67	11.53 (North West)
Source: Regional Trends 31, (1996), Office for National Statistics, London			

Across a range of variables, Northern Ireland is significantly worse than the UK average. However, two other UK regions, Wales and the North of England share equally poor characteristics. The only clear exception, where Northern Ireland stands out relates to unemployment. Even on this comparison, sub regional areas of Britain, such as in Liverpool, demonstrate worse unemployment than Northern Ireland.[7]

None of this is cause for celebration -misery is simply being more equally shared!

However, this situation is not static. If public policy continues to be premised on curtailing services to liberate resources for direct tax cuts, Northern Ireland is doubly disadvantaged. Those dependent on services and benefits will experience a fall in

[7] It should be acknowledged that other studies continue to suggest that Northern Ireland fares worse than other high-poverty areas in Britain. For example, McKendrick, J. (1995) 'Poverty in the UK: the Celtic Divide', in Philo, C. (ed.) *Off the Map, the social geography of poverty in the UK*, CPAG, London. On 17 deprivation indicators for England, Wales, Scotland and Northern Ireland, the last is ranked worst on 10 and second on a further four.

standards while lower proportions of high tax payers mean that the region enjoys a disproportionately low return from cuts in direct taxation - in terms of individuals, only 3.7 per cent had incomes greater than £30,000 per year compared to 6.4 per cent in England and 5 per cent in Scotland in 1992/93.[8] Moreover, about 7.5 per cent of total income tax in the UK is raised within the 40% band. Only 5 per cent of Northern Ireland's total is similarly raised.[9]

Moreover, the internal distribution of income and resources within Northern Ireland is highly unequal. Twenty one of the 50 most deprived wards in Northern Ireland are in Belfast. Sixteen are in North and West Belfast. Some District Council areas, like North Down have none. Indeed, the most deprived ward in North Down (Conlig) is ranked 219th in Northern Ireland as a whole.[10] In this respect, as Borooah has demonstrated, a disproportionate share of region income is held by it's 'work-rich' households and this exacerbates the degree of poverty experienced by those who are 'work-poor'. Thus, inequality, particularly spatial inequality, is a dominant characteristic of the region.

Work rich households have three clear advantages over those which are work-poor. Most obviously, a high proportion of household members are in employment, **mainly full-time, relatively well-paid** employment. Second, a high proportion are in public sector employment and enjoy nationally determined wage levels (admittedly, the growth of decentralised wage bargaining is having an impact here), while cost of living estimates, for example by Regional Reward Surveys, suggest that Northern Ireland is one of the cheapest places to live. Finally, linked to the last, house prices are significantly lower than in other UK regions, suggesting that outstanding mortgages are also lower (although house prices have increased substantially since 1994). Since housing costs are generally the largest single item in household expenditure, this last factor is said to augment disposable household income. It has also been suggested that

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[8] CSO, (1995), *Regional Trends, 1995,* HMSO, London, Table 8.4.

[9] *Ibid,* Table 8.5

[10] Robson, B. Bradford, M. and Deas I, (1994), *Relative deprivation in Northern Ireland,* PPRU, Belfast. The ranking measure was 'degree' of deprivation.

this 'surplus' of household income is spend on leisure services and imported consumption goods, neither of which contribute to the region's economic growth.

Such inequality was not addressed by the 1996 Budget. Resulting from tax and benefit changes, the richest 10 per cent in Northern Ireland saw an increase in post tax income of £4.39 per week. The average for the entire community was 54 pence per week. However, the bottom 10 per cent experienced a net loss of 94 pence per week. Indeed the entire lower half of the Northern Ireland income distribution experienced net income falls. Thus, the difference between the incomes of the richest and poorest deciles increased by over £5 per week. In addition, when planned public expenditure (excluding the Special Support Programme for Peace & Reconciliation) is adjusted for inflation (using a GDP deflator), it can be seen that the total will fall by 1.6 per cent in 1997/98, 1.4 per cent in 1998/99 and 0.8 per cent in 1999/2000. Thus, those with lowest incomes and most dependent on public services will lose out again.

The overall pattern of public expenditure is described in the following table:

Share of Northern Ireland Public Expenditure by Programme, 1996/97

Programme	**% Share**
Law, Order & Protective Services	11.0
Agriculture	4.1
Industry, Trade & Employment	6.5
Roads & Transport	2.2
Housing	3.0
Environmental & Miscellaneous Services	3.2
Fire Service	0.5
Education	17.2
Health & Personal Social Services	19.6
Social Security	31.6
Other	1.1

Source: Northern Ireland Economic Council, Report 122, March 1997, Table 4.2

By far the biggest share goes to social security (and this excludes cyclical social security) which is expected to rise to 34.2 per cent by 1999-2000. Social security spending will have grown from a quarter to a third of the total between 1990/91 and the end of the decade. This more than anything emphasises the need to move from welfare to work.

External Relations: Europe and the Irish Republic

Within Northern Ireland, there has been substantial public debate about the relative costs and advantages of being part of the European Union. There have been doubts about the direct advantages of being the recipient of Objective 1 status since the programmes supported are already contained in the Northern Ireland expenditure bloc and may not be truly 'additional' in the sense intended by Europe. However, the British government has consistently claims that total expenditure is planned with European subsidy in mind and is thus greater than it might otherwise be. Nevertheless, the issue of the rebate with respect to the UK's financial contribution to Europe might create pressure to lower programme spending so as the maximise the size of the rebate. The can be little doubt that the Special Programme for Peace & Reconciliation has been truly additional to British government spending in Northern Ireland. There have also been fears that increasing European integration might threaten the identity of Northern Ireland and, indeed, blur the distinctions between the region and the Irish Republic. However, the political implications of economic integration are very difficult to predict.

In the longer term, there are two issues of concern about the relationship with Europe. The first concerns doubts about whether Northern Ireland's relatively favoured status will continue. The region's GDP per head is above the threshold to merit Objective 1 status (75% of the EU average) and there are fears that post 1999, this benefit will be removed. Equally, the Special Support Programme for Peace & Reconciliation was launched during a period of cease fire. If violence continues and political deadlock remains, then Europe might decide there is little point in throwing money at the problem. Coupled with effective cuts in the real levels of public expenditure here, such developments suggest that the days of high level funding are over.

The second issue concerns the overall development of the Union, whose overall performance has failed to match that of its competing economic blocs. The growth of output and productivity has been greater in Japan while the United States has managed to create 12 million jobs during the Clinton administration. In Europe, the member states annually spend 200 billion ecu on income maintenance programmes reflecting the high level of unemployment and the pressures this generates for welfare states.[11] Since we live in a truly global economy, the failure of Europe to match the performance of its major competitors will eventually rebound on one of its weaker regions.

In 1995, there were four million fewer people in employment in Europe than in 1991. Indeed, the latter year was the first since 1991 when the numbers in employment increased rather than decreased. However, the European employment rate (i.e. the proportion of the population aged between 15 and 64 in employment), at just over 60 per cent was below both Japan and the USA - 74 and 73 per cent respectively.[12] Moreover, the growth of part-time employment suggests that the full-time equivalent employment rate in Europe is lower still.

The European Union has only recently attempted to adopt a coherent strategy designed to tackle such problems. The first efforts were the white papers on *Growth, Competitiveness and Employment* and *Social Policy.* These rejected the US/UK solution of full deregulation of the economy and argued for a distinctively European approach based on an efficient, high value-added economy, a powerful set of civic and social rights and an active solidarity between the different groups of European citizens to eliminate social exclusion.

At the economic level, this approach may be summarised as:[13]

- maintain budgetary discipline in order to curb inflation and interest rates in order to encourage investment and non-inflationary growth;

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[11] Flynn, P. (March 1966), *European Social policy forum, Summary and Conclusions,* Brussels.

[12] European Commission (1997), *Employment in Europe, 1996,* Brussels, p.30.

[13] see Nicaise, Ides, (March 1996), *Which partnerships for employment? Social partners, NGOs and public authorities,* Forum Working on European Social Policy.

- restrain wages growth to boost the return on investment and foster the creation of new jobs;
- work to ensure a congruence between labour supply and demand by activating job search and increasing the effectiveness of 'active' employment measures;
- improve the quality of the supply side through education, training and on-the-job skilling;
- increase the employment intensity of growth both through encouraging the growth of labour intensive sectors and by reducing the non-wage costs of employment (forms of social insurance). The latter implies the need for alternative sources of revenue and the idea of a carbon tax is often proposed in this respect.

Such a strategy assumes that the possibility of conflict between its economic goals and other social objectives can be minimised. Hopefully, they can but, a number of issues arise in this respect. First, budgetary discipline requires real expenditure cuts since demographic and social change induce year on increases in spending - e.g. an ageing population requires more to be spent on health care simply to maintain the same standards. Such expenditure cuts are frequently hardest felt by the weakest members of the community, hence increasing social exclusion. Second, wage restraint tends to be exercised differentially and tends to be endured most at the bottom end of the labour market - e.g. if indexed by inflation, the gross wages of the bottom decile of male manual workers in Northern Ireland have scarcely increased during the 1990s. Third, activating job search frequently implies exercising coercion on the unemployed - see the proposal for a national workfare scheme in the British Conservative Party's election manifesto. Finally, even when an investment in skills does pay dividends, there is a time lag between the initial spending and the beneficial outcomes. Accordingly, there is at least a short-term need to increase expenditure without corresponding taxation returns. In a regime of intense fiscal restraint, it is difficult to see where the new resources will emerge. The British Labour Party is banking on a utilities windfall tax. It is not easy to see the equivalent at the European level. Certainly, a carbon tax makes profound ecological sense, but that would also increase the costs of production and lead to job loss in the short-term.

For some, the problem of Europe's decline in competitiveness relative to other major trading blocs, such as the Pacific Basin and the US, is really attributable to its **high social costs of production, punitive taxation, and inflexible labour markets**. Future prospects for job growth are seen rather to hinge on general de-regulation and a diminution of social spending.

Such difficulties suggest that rather than adopting a fully integrated economic/social strategy, Europe is really running with two horses which, rather than being tethered together, may in fact be running in opposite directions.

The first emphasises monetary stability and the control of inflation - essentially the convergence conditions for a single European currency. The impact of such policies is mainly deflationary and may lead to unemployment. For example, late in 1996, the European Commission paid rebates back to member states who were net contributors to the European budget. The principal reason was that the implementation of many projects was prevented by the lack of contributions from member states faced with the burden of the convergence conditions for European Monetary Union - maintaining low inflation, government borrowing and national debt as a percentage of Gross Domestic Product. Similarly, the Irish Republic with seven per cent growth and two per cent inflation is a primary candidate for inclusion in the single currency. Yet, it has one of the most serious unemployment problems in the Union.

The second approach in Europe emphasises development and thus focuses on education and training, on increasing demand and on inculcating a new social responsibility to participate fully in the economy. Integrating these general priorities into a coherent economic and social strategy is no easy task.

The development of Europe over the next decade will be a key context for the performance of the Northern Ireland economy. Of similar importance will be relationships with the Irish Republic. The two states in Ireland have tended to be economically as well as political separate. Indeed, when Ireland was a single country at the end of the 19th Century, its markedly uneven development between the northeast and the rest of the country limited the degree of economic interchange. Even then, each part of the country related more to the larger neighbour for trade and imports than the other. This pattern has continued in the 20th Century. On the threshold of the 21st Century, the Republic is more successful industrially with one report putting GDP per head now greater than in the UK and, although it receives significant net gain from its membership of the EU, this level of subsidy per head of population is a fraction of that received by Northern Ireland citizens from the British Exchequer.

Nevertheless, there are several advantages that could be gained from greater co-operation between both states on the island. Again, however, it is difficult to envisage how these could be fully realised in the absence of a political settlement. The Northern Ireland Economic Council argues that there is scope for significantly greater co-operation across the following areas:[14]

- infrastructure, e.g. transportation, energy, research and development activity;
- promotion of tourism, trade, inward investment, arts and agriculture;
- regulation of spillovers, e.g. pollution, fisheries, water management, environment;
- economic development; and
- new initiatives, e.g. the Belfast-Dublin economic corridor.

At the same time, however, the Council is sceptical of the highly ambitious claims about the level of job creation attendant upon such development, calculating a figure closer to 7,500 rather 75,000 new jobs. The latter figure was based on the calculation that since producers in the Republic only sell about one third per head to Northern Ireland consumers as they do in the home market and Northern Ireland producers only one sixth to consumers in the Republic, there is the potential to, at least, treble the level of trade to around £5 billion. However, the opportunities for trade expansion are undoubtedly more limited since non tariff barriers, other than political instability, would persist and it would be difficult to displace those producers currently satisfying demand in both economies particularly within the environment of a single European market.

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[14] Northern Ireland Economic Council (June 1995), *The Economic Implications of Peace and Political Stability For Northern Ireland,* Belfast, p.31.

Nevertheless, the efficiencies gained from marketing the island as a single entity for tourism and economic development remain important as do the advantages of collaborative management of natural resources including energy. The idea of the Belfast-Dublin corridor offers the possibility of a 21st Century transportation/communications infrastructure supporting clusters of leading edge companies capable of reaching the European market and beyond. For these reasons alone, considerable effort to develop collaborative relationships with the Irish Public is worth the investment.

Further Development of the Northern Ireland Economy

Within a context of declining public expenditure, it might appear that there is little scope for ambitious goals to enhance the performance of the local economy. However, as George Quigley urged, *we need to think ourselves into a higher destiny.*[15] In that respect, he identified five goals as the components of a vision for regional regeneration - **jobs growth, strong sub-regional economies, equitable economic activity and opportunity, a high standard of living and a good quality of life**.

Goals such as these require a multidimensional approach which, nevertheless, seeks to integrate a number of strategies.

- These include a serious look at an education system virtually bereft of pre-school provision and which caters well for the top third of the secondary sector and badly for the rest;
- It requires a critical review of training provision which has a large volume of throughput but without startling results;
- It requires an integrated focus on improving regional competitiveness with emphasis on research and development, product innovation, design improvement, improving management capacity and better marketing of Northern Ireland products.

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[15] Quigley, G. (April 1995), 'Opening Remarks' in Northern Ireland Economic Council, *Op. Cit.* p.3.

These strategies should also include offering decent remuneration for employment to move industry away from low cost competition and to ensure that people are fully recognised as the key economic resource. Any economic strategy must also involve reducing social exclusion.

The opportunity exists, with the strong probability of a new administration at Stormont, to press for a new, integrative strategy for the local economy. Certainly, the Labour Party has backed itself into a tight corner on taxation and spending so the possibility of a major new initiative, that is not neutral in public expenditure terms, is non existent. However, Labour is committed to the idea of an investment led recovery and to investing in quality training funded by the proposed windfall tax on the privatised utilities. Northern Ireland's share of such investment should be directly proportional to its share of young unemployment and long-term unemployment in the UK.

Moreover, while one must be extremely cautious about the intentions of the Republican Movement, there have been straws in the wind that a new government might be greeted with greater flexibility. A renewed period of peace would recreate the a peace dividend through the diversion of security expenditure.

In such circumstances, a new administration might commit itself to a policy framework which:

- builds on the efforts to promote competitiveness which have been in place since the early 1990s perhaps by enhancing the concept of 'building on winners' to creating winners;
- fully operationalise the TSN and PAFT requirements in the public sector - there is still a long way to go here as the recent scathing NICVA report demonstrated;
- recognises that people are the fundamental resource of the Northern Ireland economy and therefore maximises efforts to improve the quality of its human resources;
- targets social inclusion together with economic development as the twin most important priorities of public policy;

- and tackles social exclusion by a set of integrated strategies designed to move the unemployed in general, and long-term unemployed in particular, into work.