

Social Democratic and Labour Party

Co-ordinating Social And Economic Development in Ireland

Strand 2: Agenda Item 3

November 1997

Introduction

1. The case for a co-ordinated approach to socio-economic planning between both parts of Ireland is now widely acknowledged as essential if maximum benefit is to be obtained from the potential that now exists. In advancing this case it is recognised and accepted that social and economic development in Ireland, North and South, must also take account of several interrelated contexts, not just those contained within the island of Ireland itself. Such wider contexts are created by Ireland's relationships with Britain, with the European Union and, increasingly, by more global circumstances as evidenced by the influence of GATT. The task facing policy makers is to assess prospects and determine that both parts of the country effectively exploit the opportunities of these various contexts. This paper argues that social and economic planning must move on to a more **co-ordinated** all-island basis if maximum benefit is to be gained from all contexts.

Co-ordinating Social And Economic Development

2. Both Irish economies have their strengths and weaknesses. In the North, violence and political instability added greatly to the problems posed by the decline of traditional labour intensive industries. However, in recent years, industrial development has been displaying a renewed vigour and strength, a notable feature of which has been the successes of newly established indigenous enterprises. Since the cease-fires, the northern economy has begun to demonstrate a vigour and enterprise which have surprised many observers. Inward investment has begun flowing at increased rates compared to preceding years; indigenous private and community enterprises have responded positively while overall, a spirit of determination to make up for lost time is evident.
3. Over the same time period, the southern economy has been most noted for its success in attracting foreign investment, in reducing its dependency on the British market, in controlling inflation and in increasing levels of productivity.
4. In neither part of the island, however, has the major problem of unemployment and its attendant consequences of deprivation and poverty been solved. High levels of unemployment, deprivation and poverty are evident in many areas. Furthermore, both parts of the country remain highly dependent on external subventions to help develop public services and promote infrastructural modernisation, from London and Brussels in the case of the North, and from Brussels in the case of the South. In the case of the North, its peripheral location with respect to British markets and its separation from the rest of Ireland has inhibited many small and medium sized businesses from realising much of their potential. Indeed the same can be said of similar kinds of businesses in southern border counties whose northern hinterland was, until very recent times, less accessible than it should have been.
5. Looking to the immediate future, the most important economic question from an all-island perspective is how the full potential of both parts of Ireland can be exploited and developed to achieve benefits that each separately could never achieve. In this respect, the crucial issue is the extent to which the economies North

and South can be seen to be complementary and, therefore, amenable to *co-ordinated* development.

6. Co-operation at various levels and between many groups, enterprises and public authorities has already achieved a considerable amount and has revealed the considerable scope that exists for even further co-operation. Traditional sectors such as tourism, agriculture, transport and energy have pioneered co-operation in some very worthwhile ways. However, to date much North-South co-operation has been essentially voluntary and ad hoc. As such it has lacked overall co-ordination and has not been addressed on a strategic, medium to long-term basis. If allowed to continue in this manner, significant gaps will remain and maximum advantage will not be taken of the opportunities that exist in both parts of the country.
7. The need to move from co-operation on its own, to an approach which also requires co-ordination, has been increasingly recognised by representative groups from many sectors of the economy, North and South. In submissions to the *Forum for Peace and Reconciliation* such groups have argued that economic and social planning in both parts of the island must no longer proceed on a 'back to back' basis. In other words, the authorities and their officials, North and South, need to co-ordinate planning from the outset and no longer wait until separate plans have been drawn up to ask whether opportunities might exist for cross-border co-operation.
8. A welcome sign that such an approach is beneficial was seen in the joint North-South submission to the present round of EU Structural Funds and to the special EU fund for economic reconstruction. However, since in these instances joint approaches were required by the European Commission, the danger is that without clear political determination, co-ordination will not be adopted for more general and more extensive strategic planning purposes.
9. In practical terms there are hardly any socio-economic sectors where co-ordination is not likely to be beneficial. Virtually all major infrastructural development in the North has implications for northern border counties which, in turn, will have implications for their southern neighbours. Major distribution networks, whether in terms of roads, energy or water supply almost always involve cross-border consideration. So obvious are such considerations at times that it requires deliberate decisions *not* to take account of them. Other examples of sectors with clear North-South considerations include agriculture, forestry and environmental protection. In the crucial area of inward investment, mutual support could replace much current competition while co-ordinated plans to develop education, training and research facilities within an all-island context could ensure more efficient and more effective uses of scarce resources.
10. The potential for increased North-South trade, to take one very pertinent example, is widely recognised and one that demands attention within the context of North-South economic planning. Manufacturers from the South sell one-third as much per capita in the North as they do in the Republic; and manufacturer in the North sell only one-sixth as much per capita in the Republic as they do in the North. It is

widely accepted that in both directions trade could be significantly increased with consequent positive spin-offs for employment in both parts of the island. Ensuring that barriers to such an increase are removed must be in the interest of all. Some of the action required lies in the political domain which must create the environment favourable to increased trade.

11. In this context, the potential for single-island industries can also be identified. Already southern penetration of the northern agri-industry is significant, as it is of the construction industry and its associated enterprises. Many economists point to the enhanced prospects that now exist for creating all-Ireland industries, strategic alliances and other moves to establish integrated firm structures and networks on the island of Ireland. Such strengthened inter-firm structures will be, for the most part, in industries with considerable international potential making it essential to provide support from export trade agencies, North and South, again underlining the need for political intervention. Addressing this particular point, a leading economist has argued, "The experience of European integration contains important lessons which can usefully be applied when thinking about deeper economic integration between North and South. That experience shows that market integration of mixed economies, requires considerable policy integration and political co-ordination. Because of the numerous ways in which public policy impacts on mixed economies, economic integration requires far more than what is known as negative integration, i.e. the removal of obstacles to cross-border economic activity. In the context of mixed economies, economic integration requires a significant amount of policy co-ordination and harmonisation." Ensuring this co-ordination and harmonisation is precisely what would be required of a North-South body.
12. The need to move from operational forms of co-operation to strategic co-ordination clearly implies political intervention since it is at the political level that strategic planning takes place. As the authors of *The Social and Economic Consequence of Peace and Economic Reconstruction*, (Forum for Peace and Reconciliation, Consultancy Studies No.1), put it, "'North-proofing' and 'South-proofing' to ensure that policies do not inadvertently limit or overlook opportunities for contact and joint working, should be part of policy formulation." It is our submission that such formulation requires close North-South contact and would be best undertaken in a North-South body, consulting as appropriate with Belfast, Dublin, London and Brussels.
13. The considerable scope that exists for economic co-ordination is matched by a whole range of other possibilities in many other sectors. For example, in health, the co-ordination of specialist service provision is an obvious contender for attention; in education the provision of third-level education has an obvious all-Ireland, as well as an Irish-British dimension, evident, not least by the considerable movement of students to universities and colleges North and South, as well as to and from Britain; in environmental protection and many aspects of infrastructural development, many projects require that cross-border and all-island dimensions be taken into account.

14. The debate on how best to promote social and economic development throughout the whole island has come a long way in recent years. The broad parameters as to what is desirable and achievable are now becoming much clearer. What is required is the *political will* and the *political means* to ensure that the opportunities are exploited to the mutual benefit of all living on this island, and are no longer left neglected.