



nicva



Community Health and Development Network

The Northern Ireland Economy

15 May 2013

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Structure

- The Centre for Economic Empowerment (CEE)
- UK Economy overview
- NI Economy overview
- The NI Economic Strategy
- NICVA's response
- CEE ongoing and future work

The Centre for Economic Empowerment

Capacity building

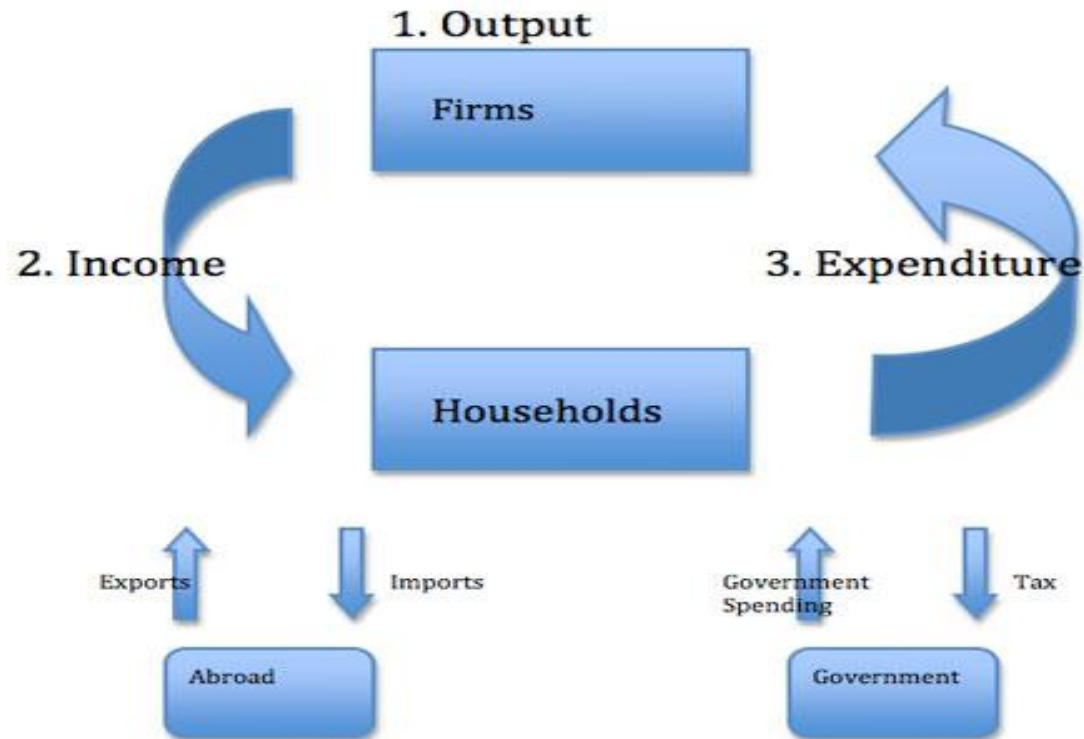
- Certificate in Practical Economics
- Masterclass series
- Annual conference

Research/observatory

- Commentary
- Research Programme

What do we understand by the Economy

Circular Flow Of Income



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The UK economy

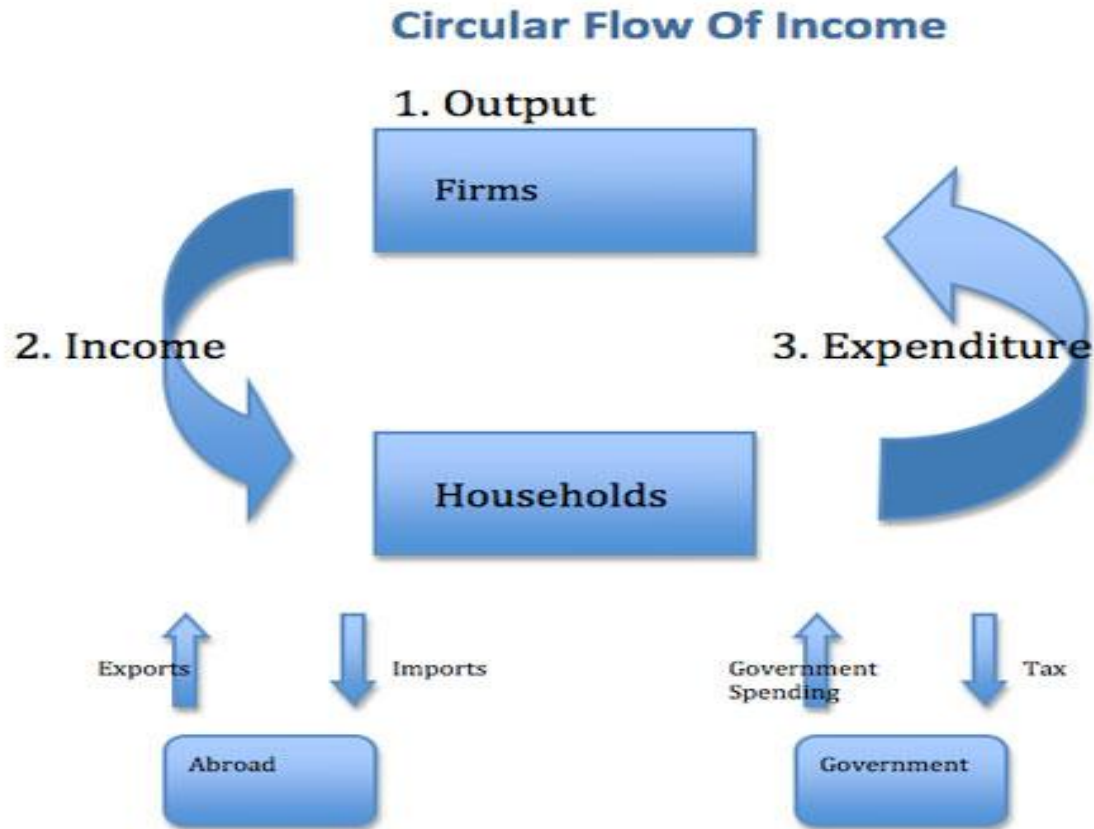
“Britain’s problem for the past four decades or more is that it has consumed too much and produced too little.”

Larry Elliott UK economy and the Eurozone crisis: Q&A session, Guardian Economic blog. Tuesday 1 November 2011

Balancing the UK economy

- **UK trade deficit**
 - The UK's deficit on seasonally adjusted trade in goods and services was £3.1 billion in March 2013 (ONS)
- **UK budget deficit**
 - Difference between what Government raises in taxes each month and what it spends on public services, etc.
 - The difference is made up of Government borrowing on financial markets – bonds, etc.
 - Public sector current budget deficit was £10.6 billion in March 2013; this is a £0.9 billion higher deficit than in March 2012, (ONS)
- **Overall Government debt**
 - £1.387 trillion

What do we understand by the economy



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UK Economic Strategy

- Coalition Government's response to this situation:
 - Cut public spending/borrowing(?)
 - Export led growth
 - Increase production and exports to the rest of the world; reducing UK trade deficit (Osborne £1trillion exports target by end of decade)
- **Is it working?**

The Northern Ireland economy

- **Diagnosis**

- We consume more than we produce
 - Weak exports, reliance on imports especially energy
- Small private sector
- Budget deficit - subvention from the Treasury - £10bn?
- Unique NI history
 - Low productivity/wages/standards of living
 - High economic inactivity

The Northern Ireland economy (Source – Crone 2011)

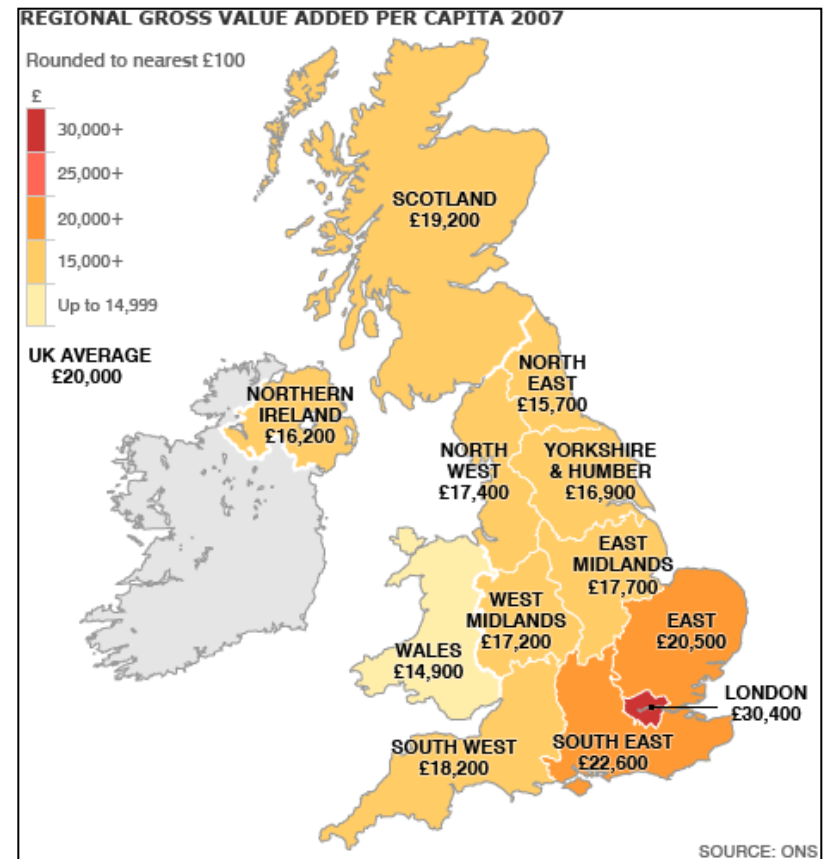
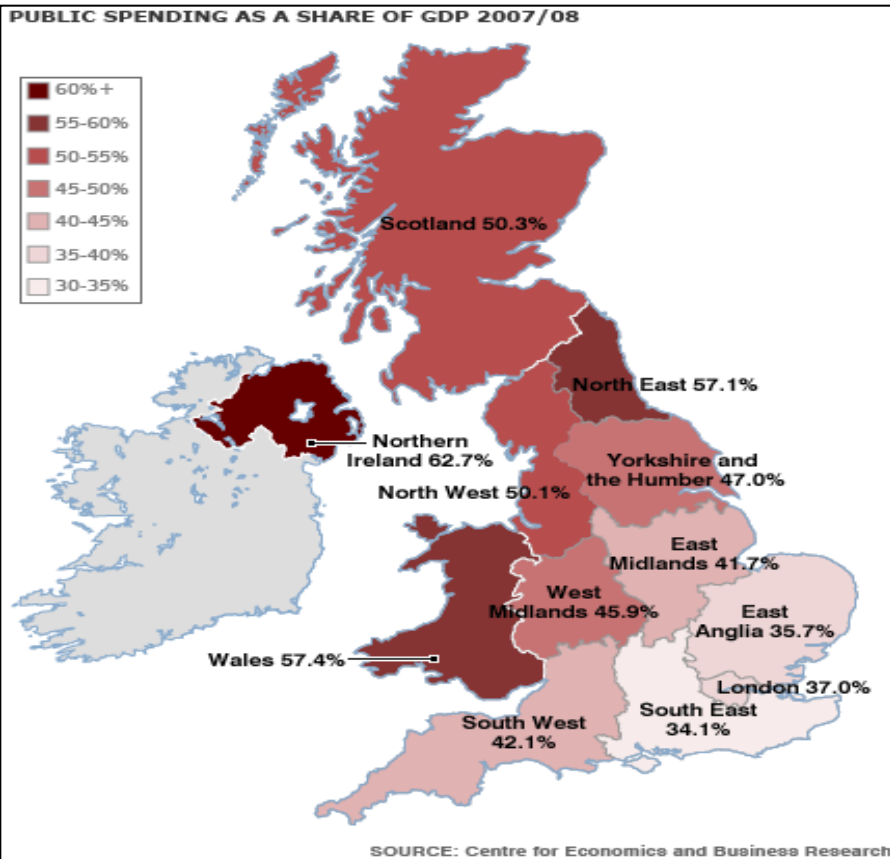


Table 3.1: Northern Ireland Spending Review Allocation from HM Treasury

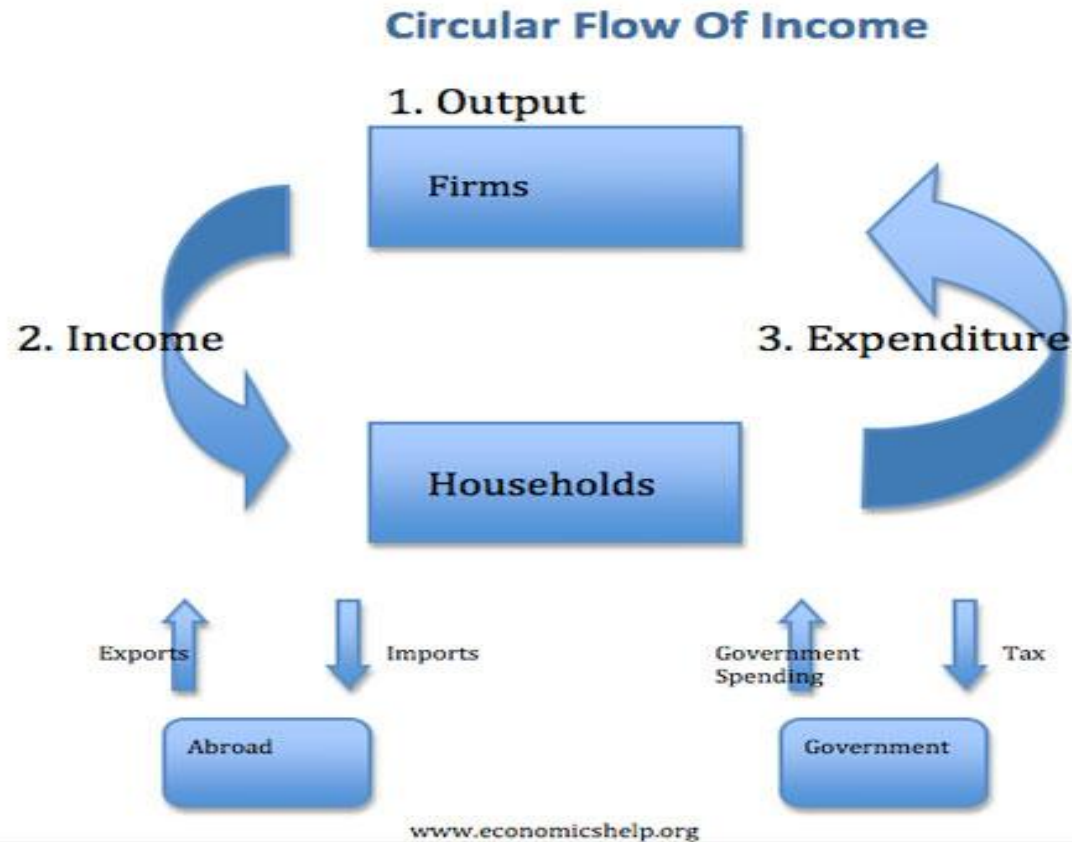
	£ million				
	2010-11	2011-12	2012-13	2013-14	2014-15
Current DEL (NI Spending Review Settlement)	9,886.7	9,836.7	9,858.9	9,927.1	9,985.4
Real terms % decrease on 2010-11		-2.4%	-4.3%	-6.1%	-8.0%
Capital DEL (NI Spending Review Settlement)	1,222.9	903.4	858.9	780.6	803.8
Real terms % decrease on 2010-11		-27.5%	-32.6%	-40.3%	-40.1%

¹ does not equate to NI departmental spend i.e. excludes rates, borrowing etc

² includes Policing and Justice

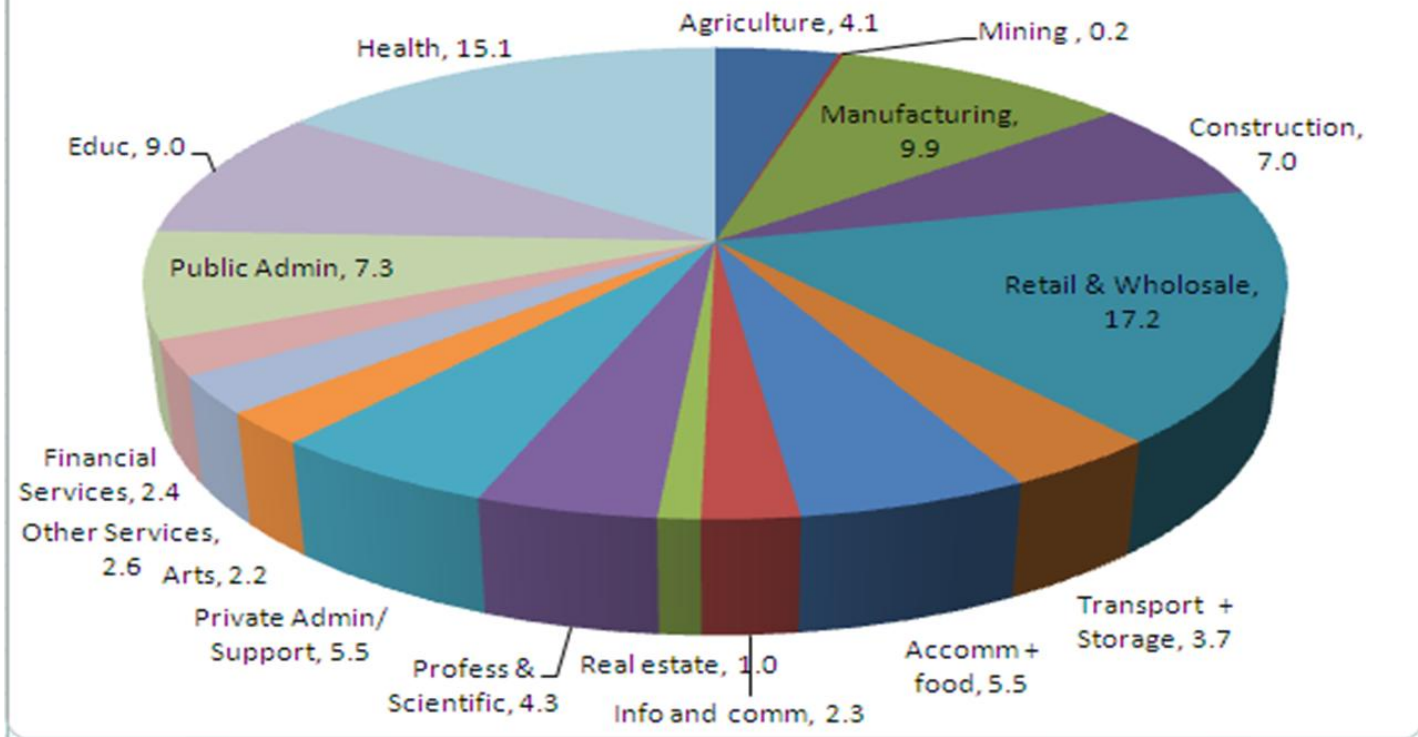
³ real terms figures are based on GDP deflators at the time of the Spending Review

What do we understand by the economy



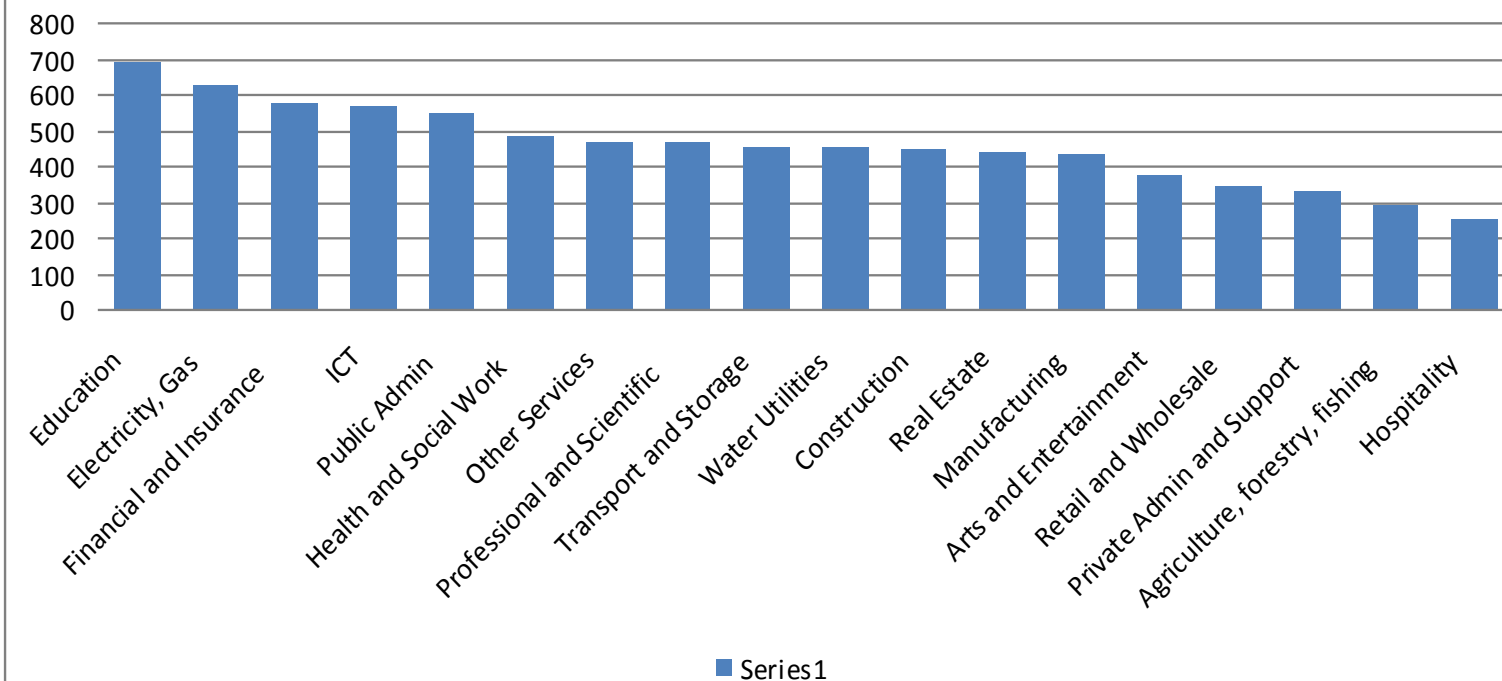
Sector (2010)	Employment (000s)	Gross Value Added (£millions)
Agriculture, forestry and fishing	1,182	32
Mining and quarrying	1,951	80
Manufacturing	79,081	4,593
Electricity, gas	2,511	230
Construction	49,443	2261
Wholesale and retail	143,485	4785
Transport and storage	27,270	1,380
Accommodation, food and services	45,871	620
Information and communication	16,026	740
Real estate	10,180	537
Professional, scientific, technical activities	27,632	1,124
Administrative support and services	41,609	1,031
Others (education, human health and social work, arts entertainment, voluntary and community sector)	87,835	1,153

Employees by sector, Northern Ireland 2012



Source : Angela McGowan, Danske Bank.

NI Median Gross Weekly Pay, April 2011 (£)



Source: Angela McGowan – Danske Bank

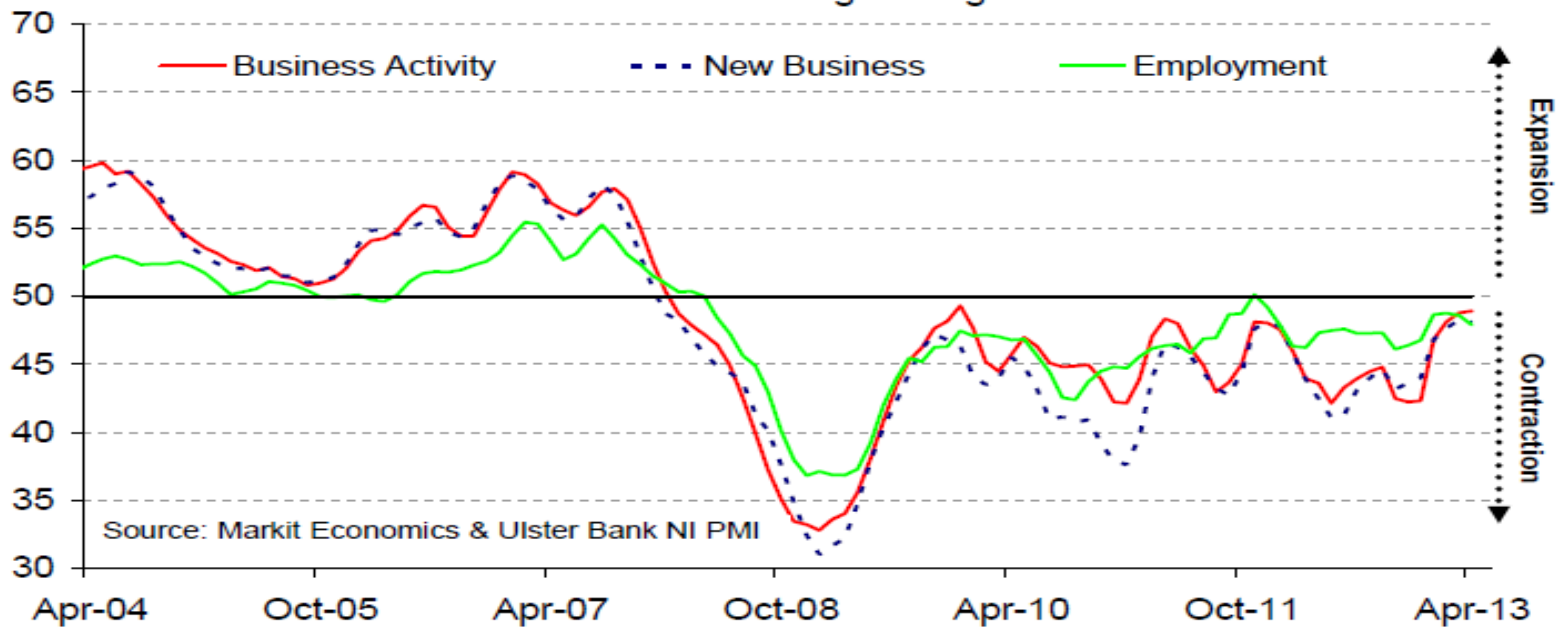
NI Economic Performance

	Period	Levels	NI Rate	UK average Rate
Employment	Dec – Feb 2013	790,000	66.4%	71.4%
Unemployment	Dec – Feb 2013	72,000	8.4%	7.9%
Economically inactive	Dec – Feb 2013	562,000	27.4%	22.2%
Youth Unemployment	Dec – Feb 2013	24,000	23.8%	18.8%

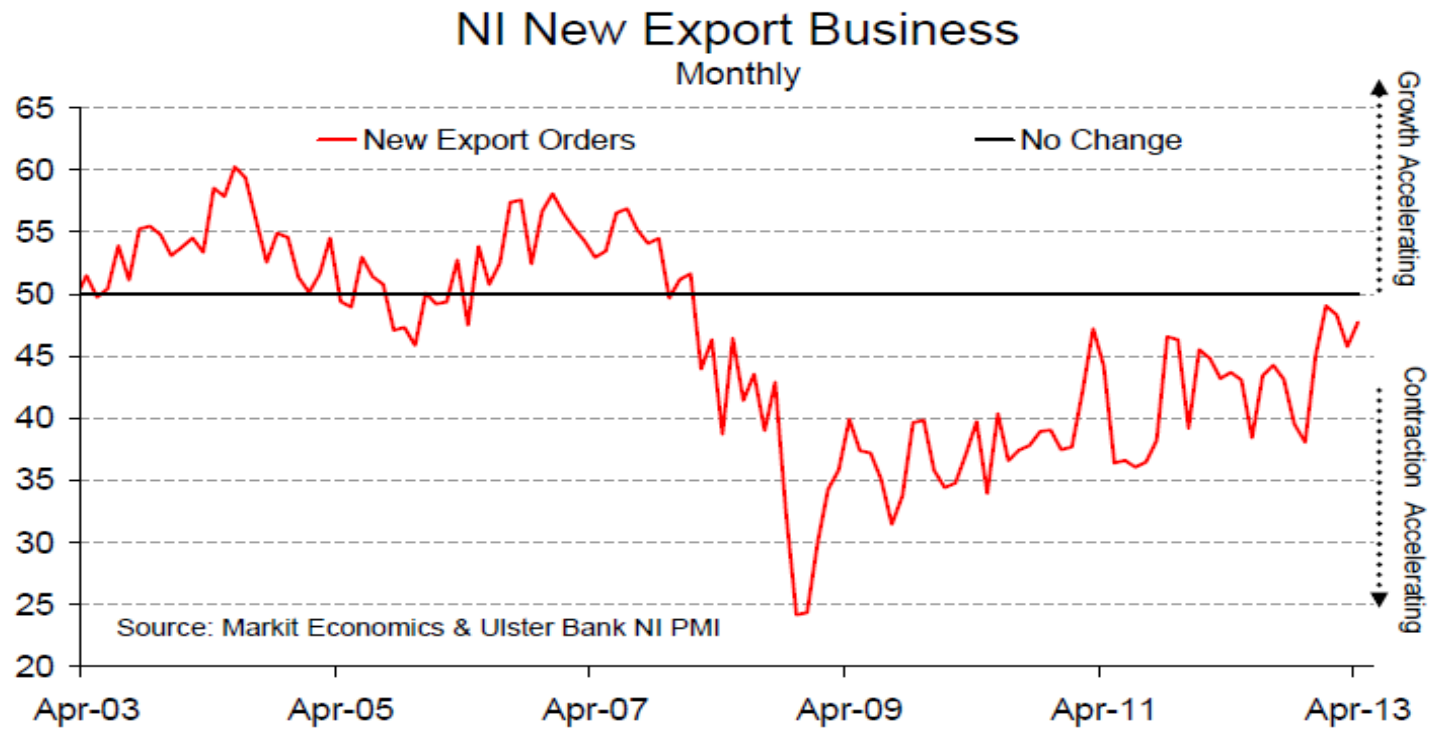
Source: NISRA, Labour Force Survey April 2013.

NI Economic Performance

NI Private Sector Activity 3 month moving average



NI Economic Performance



The Northern Ireland Economic Strategy

Vision:

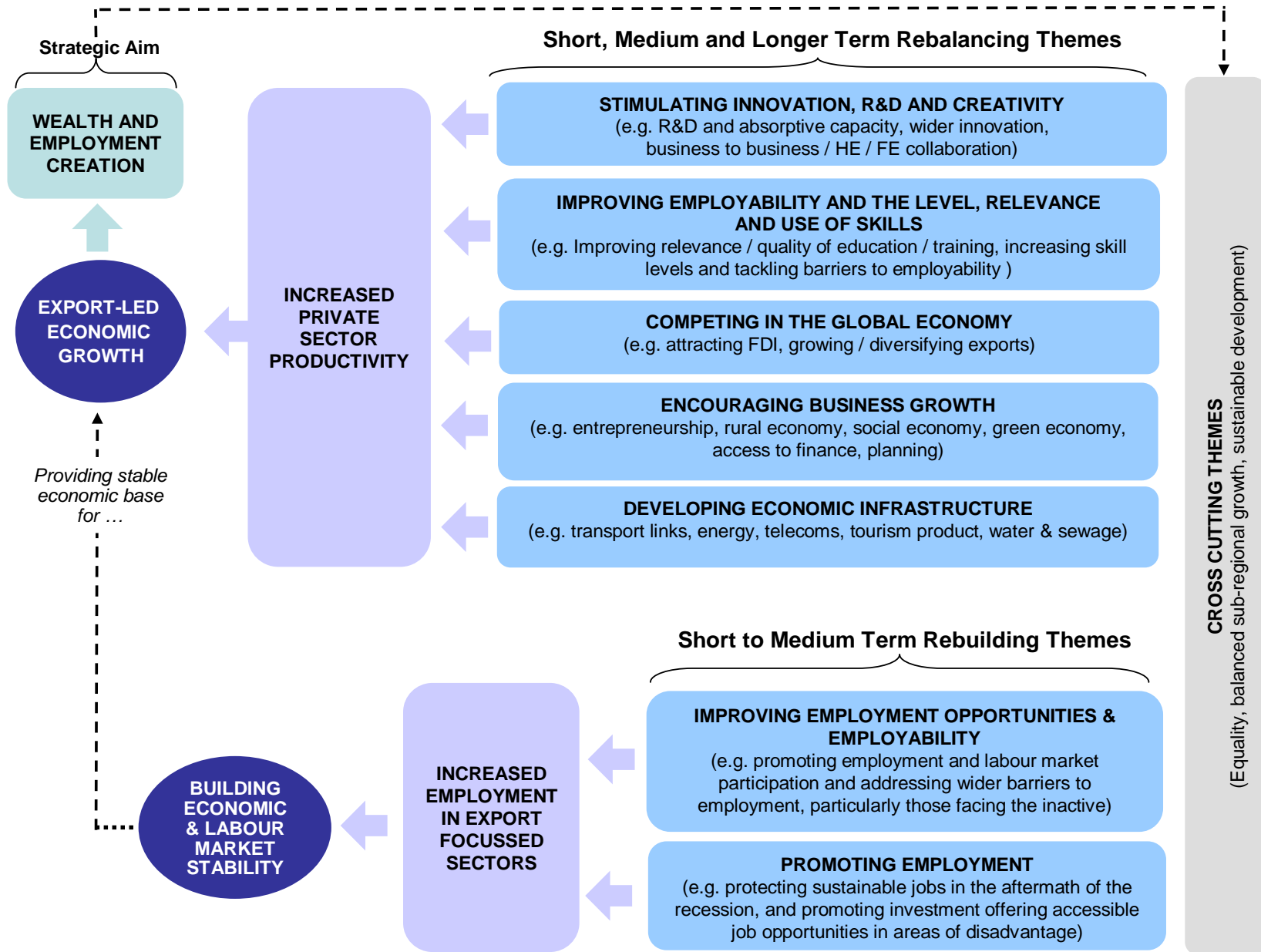
‘An economy characterised by a sustainable and growing private sector, where a greater number of firms compete in global markets and there is growing employment and prosperity.’ (p9)

The Northern Ireland Economic Strategy

- The Economic Strategy also states: *‘the ultimate aim of this strategy is to improve the economic competitiveness of the Northern Ireland economy as this remains the international benchmark against which developed economies continue to be developed’.*

The Northern Ireland Economic Strategy

Primarily the priorities for rebalancing seek to make the Northern Ireland economy more competitive, innovative, outward looking and integrated into the global economy. The NI Executive aims to do this by increasing skill levels, investing in research and development, boosting exports and foreign direct investment and increasing the number of better paid jobs.



The Northern Ireland Economic Strategy

Cross cutting principles:

'We are determined that the wealth and prosperity we are seeking will be used to help reduce poverty, promote equality and tackle existing patterns of disadvantage and division. We are also committed to building an economy that provides opportunities for the present without compromising the ability of future generations to meet their own needs.' (p14)

The Northern Ireland Economic Strategy

Cross cutting principles:

- ***‘Balanced sub-regional growth’***: we will ensure that all sub-regions are able to grow and prosper, whilst recognising the importance of Belfast and Derry/Londonderry as key drivers of regional economic growth;
- ***Equality***: we will ensure that no section of the community is left behind; and
- ***Sustainability***: we will ensure that we provide prosperity and opportunities for both the present and future generations’.

NICVA's response to Economic Strategy

Concerns with vision and priorities

- **Permanent exclusion from the labour market:**
 - Educational underachievement
 - Childcare provision
 - Jobs (more direct action – Green New Deal)
 - Welfare reform

NICVA's response to Economic Strategy

- **Growth in inequality**
 - Higher value added jobs – return to education
 - Changing labour market – part-time work
 - Working poor – jobs that pay
 - Welfare reform

NICVA's response to Economic Strategy

- **Lack of genuine sustainability**
 - Lack of Green New Deal
 - Limited environmental and renewable goals

What are the options?

1. Socialise the private sector

- Social enterprises/cooperatives?
- Corporate social responsibility?
- Integrating business into communities?

2. Policies to promote employment

- Green New Deal?
- Capital spend?

What are the options?

3.Policies to reduce inequality and exclusion

- Educational achievement?
- Work that pays?
- Shared future?
- Devolving more fiscal and economic powers?

CEE' Research Projects

Current

- Payday lending – a discussion paper
- Maximising Social Value – Implementing Social Clauses in Northern Ireland
- Review of regional economic data
- Review of NI fiscal powers
- Economic Impact of welfare reform in NI



CEE'S Research Projects

In development

- Budget analysis
- Economic attitudinal survey
- Skills
- Policy costing



The economy and wellbeing

1. What is the economy for?
2. What is the economy like where you live and/or work?
3. What employment opportunities exist and for whom?
4. How will the economic strategy affect your community?

Contact

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