

Different Crisis, Different Recoveries?

The Island of Ireland in Three Regions

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Research for new economic policies

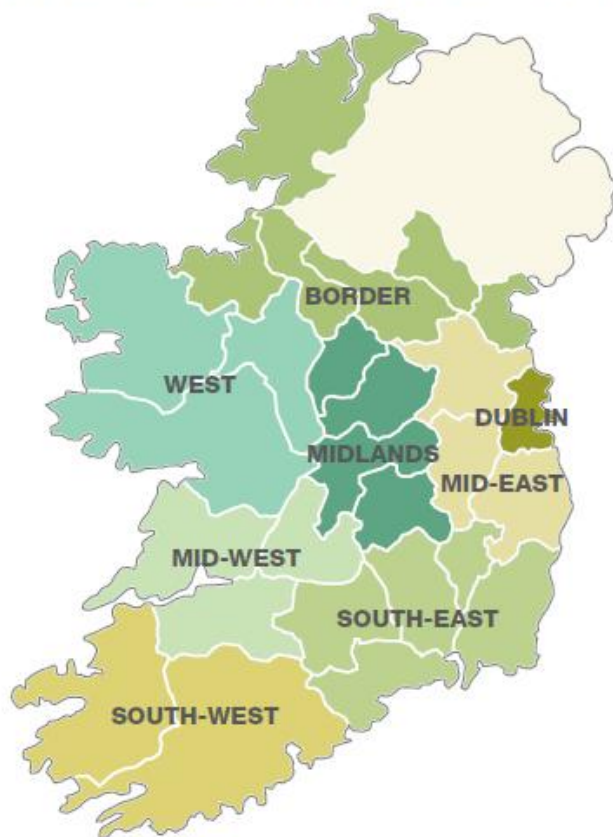
Outline

- 1. Regions & Context**
- 2. Data**
- 3. Different Crisis**
- 4. Different Recoveries**
- 5. Implications for Regional Policy**

1. Regions & Context

- Three regions at NUTS2 level on the Island of Ireland
 - ROI:
 - BMW
 - S&E
 - Northern Ireland

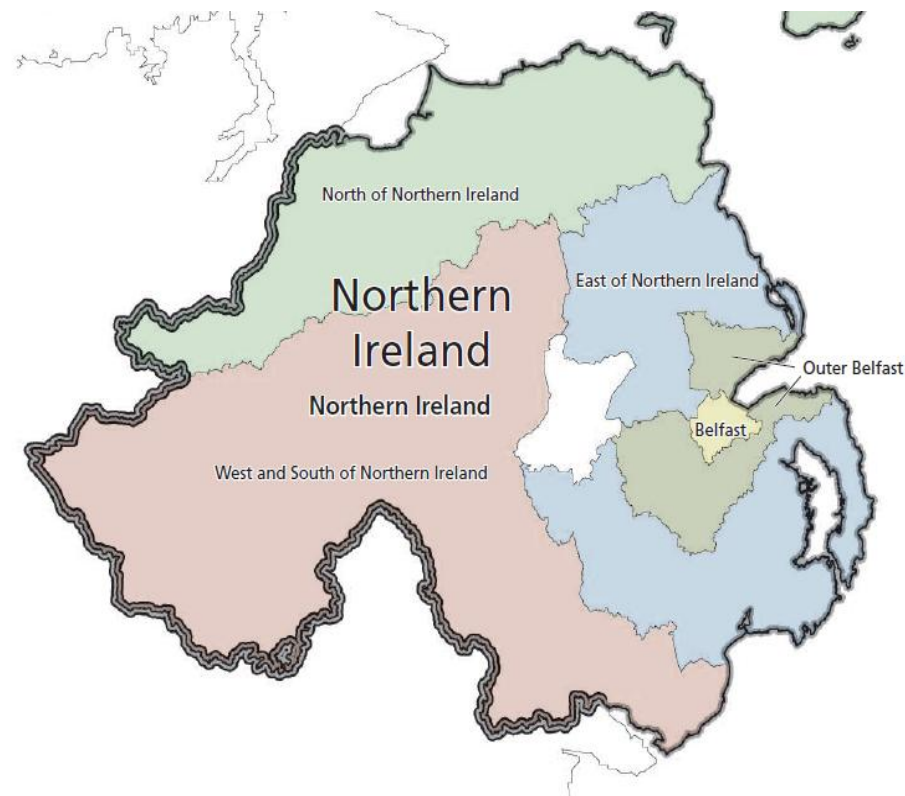
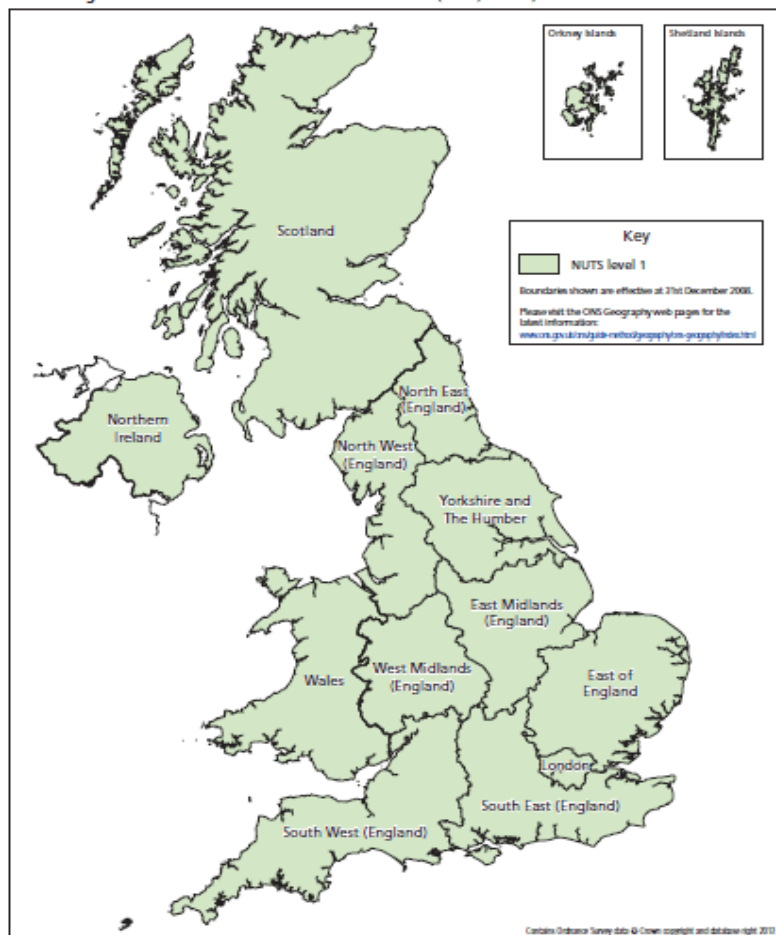
Regional Authorities - NUTS III Regions



Regional Assemblies - NUTS II Regions



United Kingdom: Nomenclature of Units for Territorial Statistics (NUTS) Level 1, 2011



- Since 2008: Both jurisdictions experience similar economic crisis
- Combined fiscal, banking, property collapse
- For Rep. Ireland = International rescue: ‘Troika’
- For Northern Ireland = UK spending review
- Outcome for both economies = Imposed austerity
- Living standards decline for most households
- Some signs of recovery...but mixed across the three regions

- **Paper & Research project:**

- Exploring the experience of the crisis across and between regions
- Focus on household experience
- Income as a proxy; allows both household and regional examination

- Different crisis imply different plateaus to build recovery
- Different recoveries imply re-emergence/growth of previous regional divides

2. Data

Income Data - NI

- Office for National Statistics & National Centre for Social Research
- Households Below Average Income
- Subset of Family Resources Survey
- Microdata
 - 5 years: 2006/07, 2007/08, 2008/9, 2009/10, 2010/11
 - Each 1800 - 1900 households
 - Approx. 2200 individuals
 - Corrected for sample bias...

Income Data - ROI

- Central Statistics Office
- Survey on Income and Living Conditions (SILC)
- Part of European Living Standards surveys (Lisbon)
- Microdata
 - 5 years: 2007, 2008, 2009, 2010, 2011
 - Each 5,000-6,000 households
 - Approx. 12,000 individuals
 - Corrected for sample bias...
 - neither sources are perfect...

Income Concepts

- **Gross Household Income**
 - direct or market income + transfers
- **Net Income**
 - same as disposable income
 - gross income minus taxes
- **Equivalised income**
 - adjusted for household size and composition using OECD modified scale
- **+ Deprivation**
 - mixed availability of data and comparability issues...but levels and trends of note

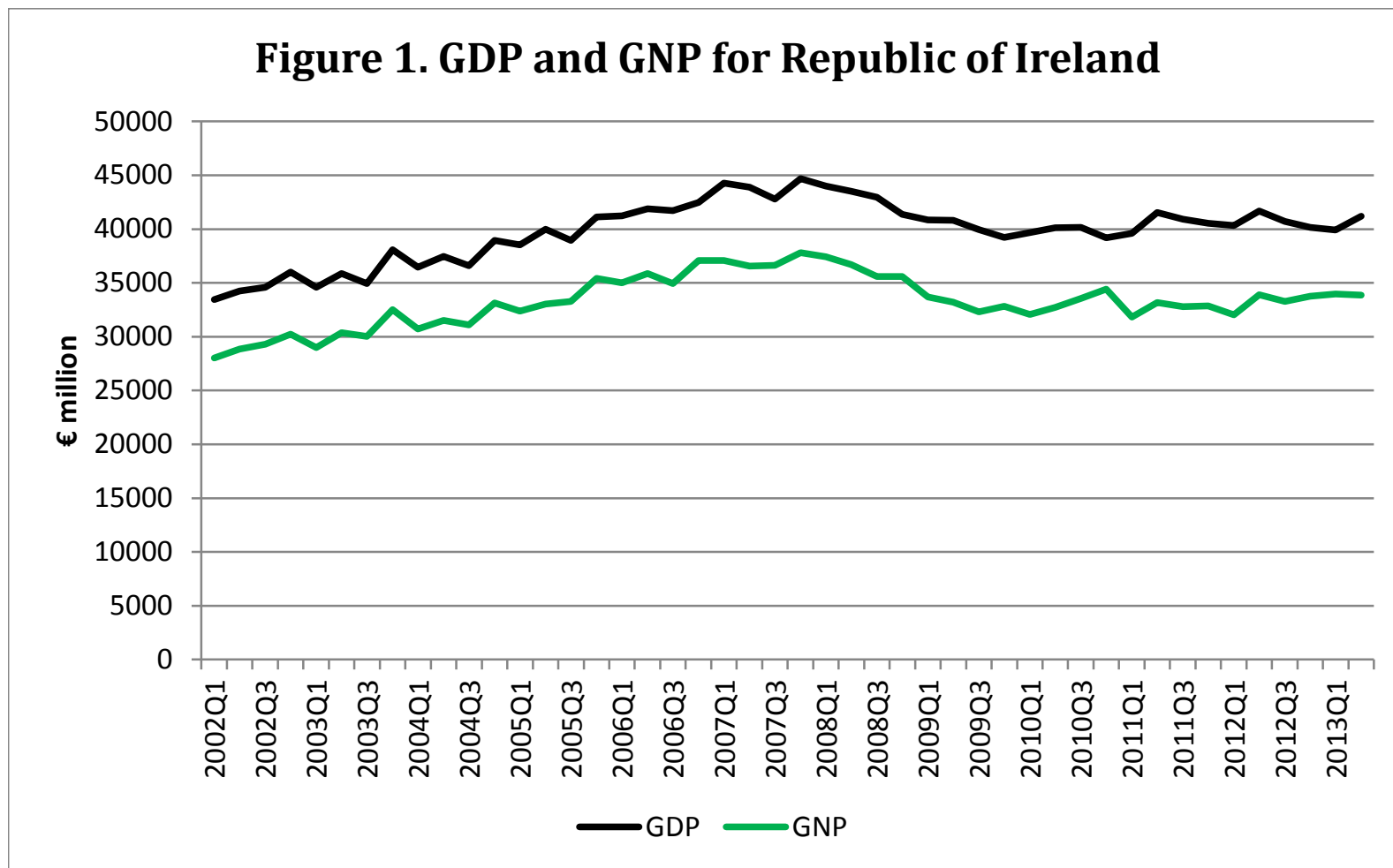
3. Different Crisis

- **ROI**

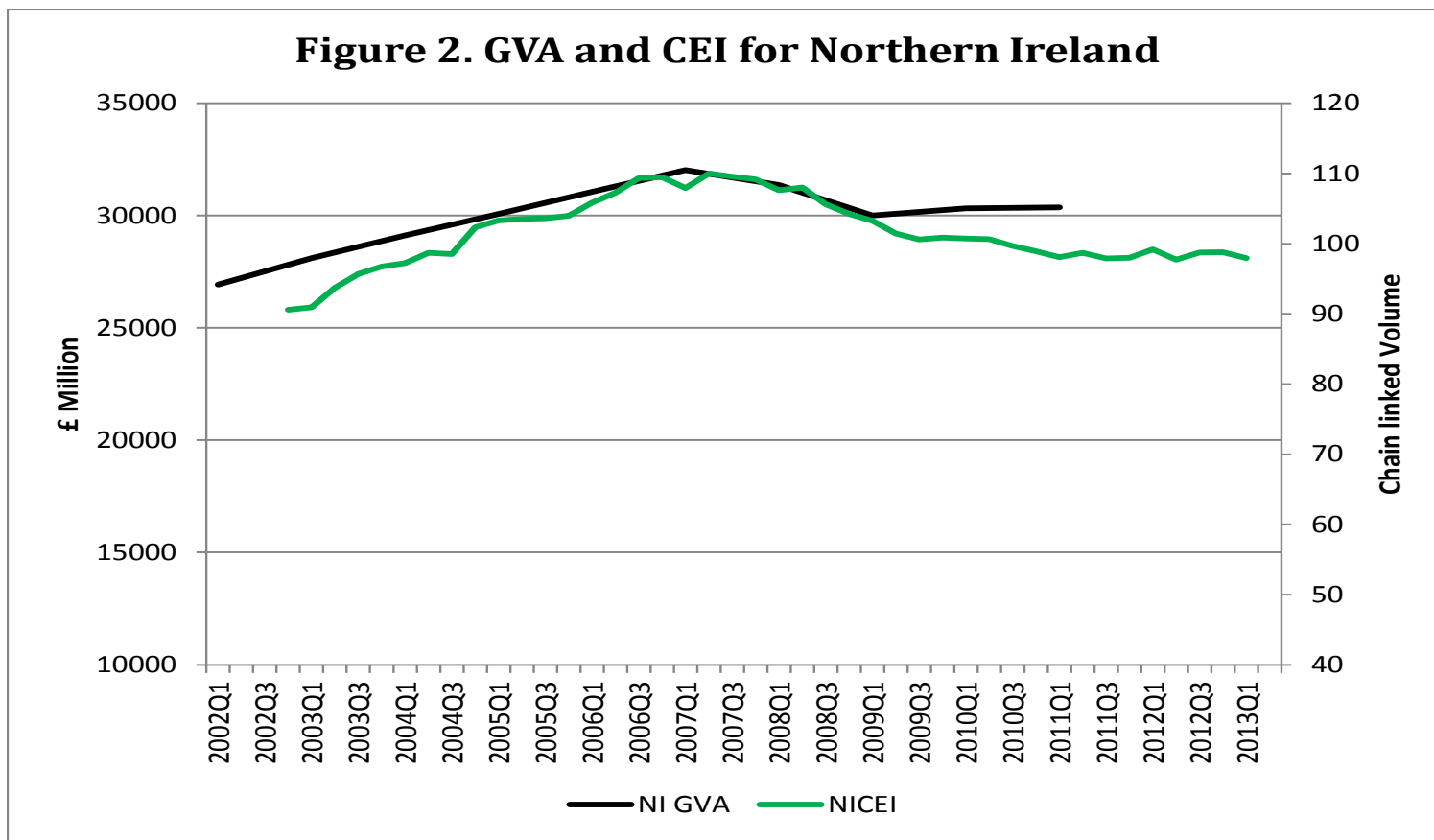
- Austerity measures = -18% GDP (2008-2014)
- Living standards fell for all
- Unemployment ↑
- LT Unemployment emerged (55% of unemployed)...

- **NI**

- ↓ public spending via block grant reductions only in the region of -4% of GVA (2008-14) UK ~ -6%
- Some, but limited unemployment impact

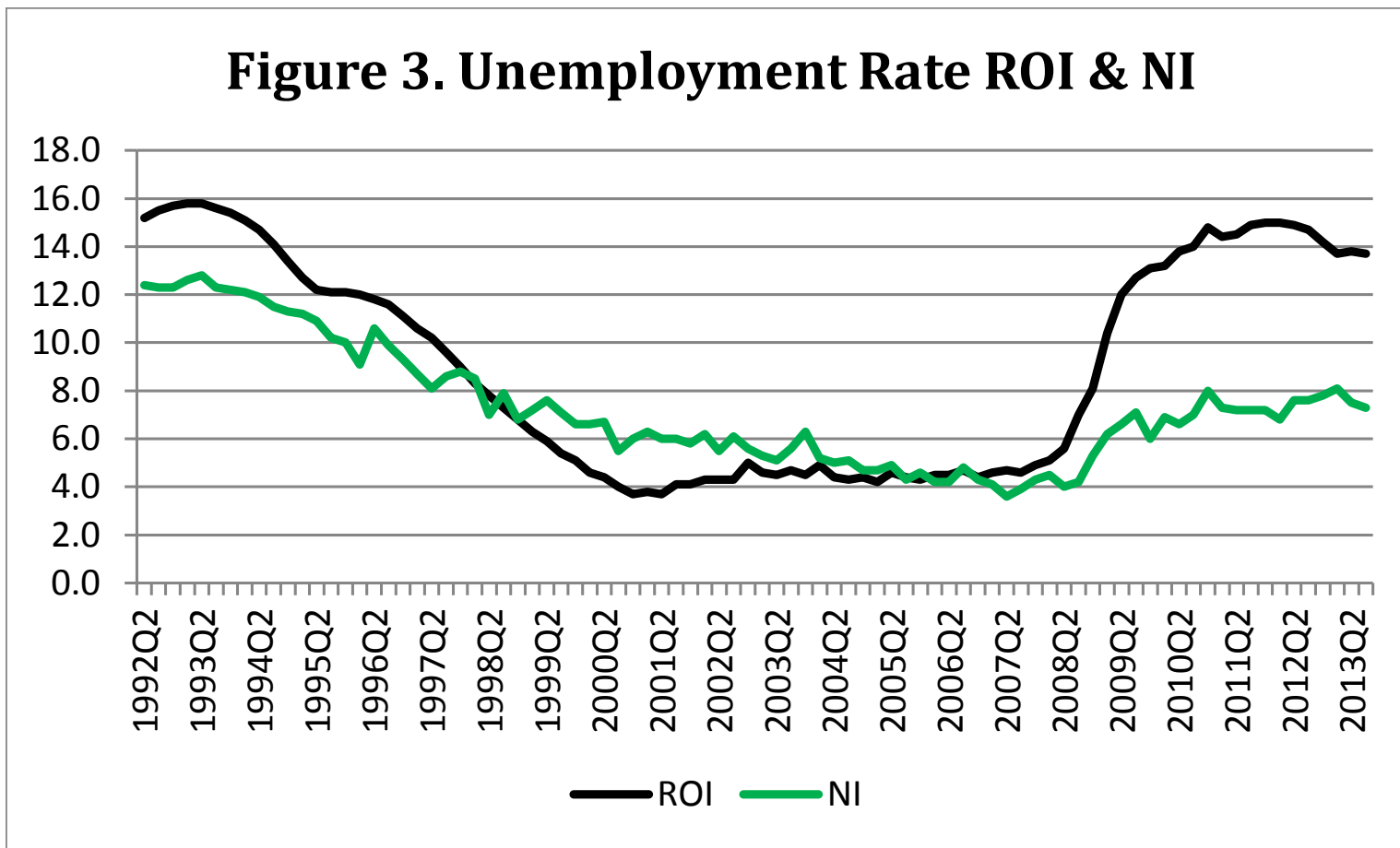


Source: CSO Quarterly National Accounts Online database



Source: Office for National Statistics: Regional Gross Value Added (Income Approach), Northern Ireland Statistics Research Agency: Northern Ireland Composite Economic Index

Figure 3. Unemployment Rate ROI & NI



Source: CSO Quarterly National Household Survey NISRA Labour Force Survey

Chart 1: Trends in Household Net Income on the island of Ireland, 2006-2011

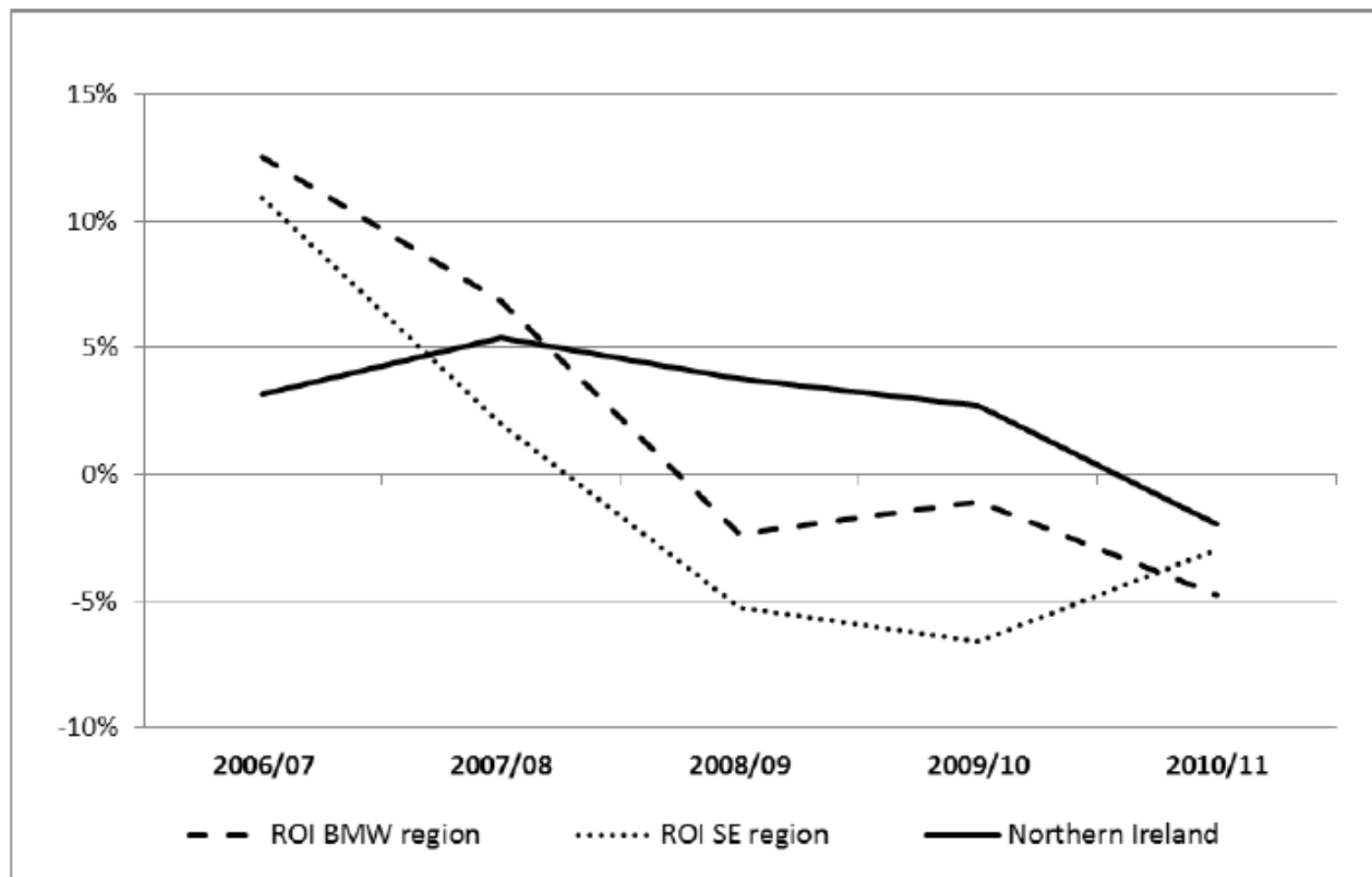


Table 1: Comparison of income changes on the island of Ireland, 2006-2011

	2006/07	2007/08	2008/09	2009/10	2010/11
Hh. gross Income					
ROI (all)	+8.6%	+1.3%	-6.7%	-4.2%	-2.2%
ROI BMW region	+9.7%	+6.6%	-7.2%	+0.5%	-3.8%
ROI SE region	+8.4%	+0.0%	-6.4%	-5.6%	-1.6%
Northern Ireland	-1.8%	+7.8%	+4.1%	+0.3%	-3.2%
Hh. net Income					
ROI (all)	+11.1%	+3.0%	-4.5%	-5.3%	-3.4%
ROI BMW region	+12.5%	+6.8%	-2.4%	-1.1%	-4.8%
ROI SE region	+10.9%	+2.0%	-5.3%	-6.6%	-3.0%
Northern Ireland	+3.2%	+5.4%	+3.7%	+2.7%	-2.0%

Source: Calculated from SILC and FRS microdata.

Notes: Hh=household; Net income is the same as the disposable income – the term normally used for ROI data – and is equivalised data using the OECD modified equivalence scale.
BMW= Boarder, Midlands and West region. SE = Southern and Eastern region.

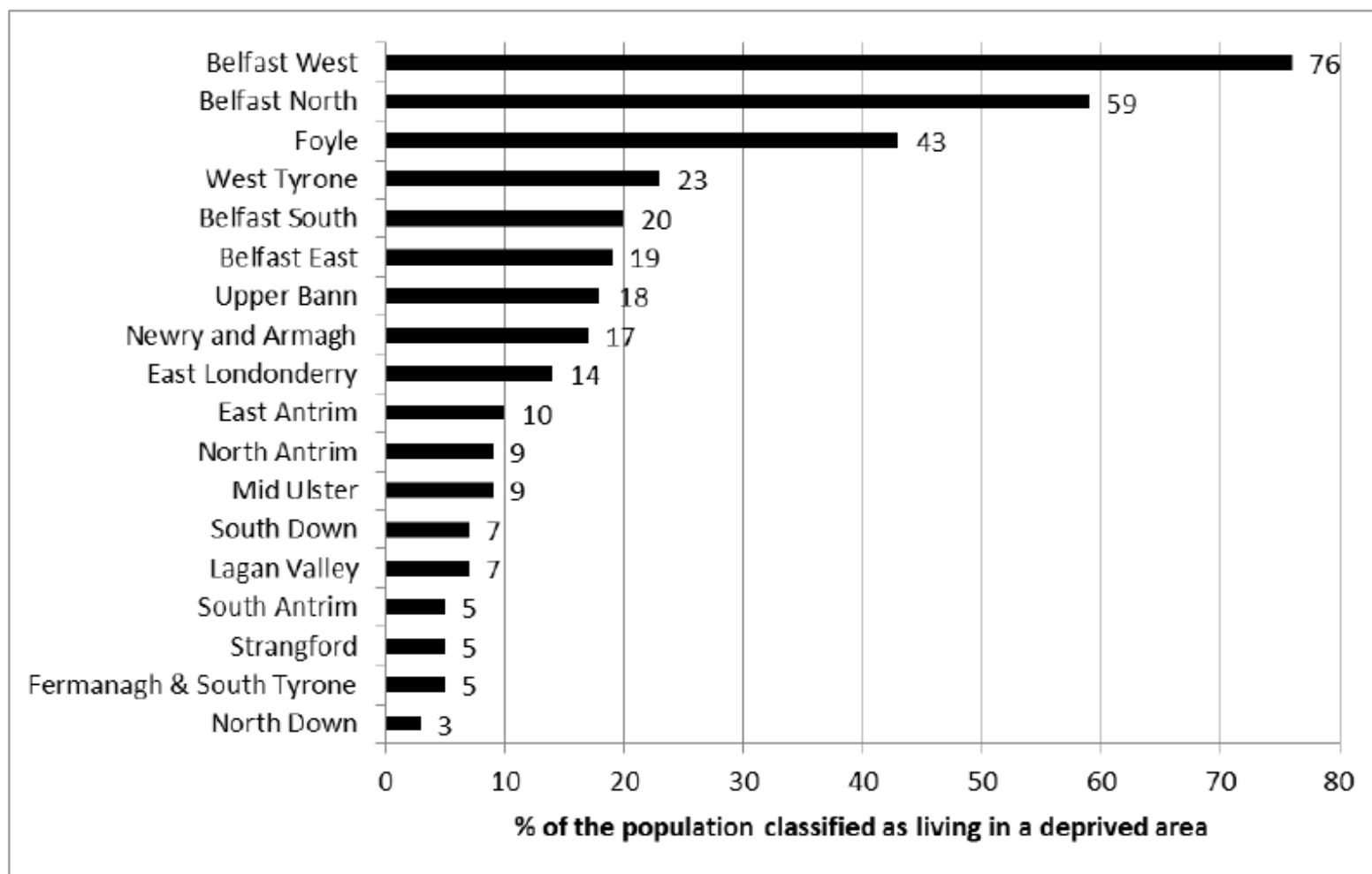
Table 2: Trends in Deprivation in the Republic of Ireland's regions, 2009-2011

	2009	2010	2011
ROI (all)	17.1	22.6	24.5
ROI BMW region	18.9	27.3	26.7
ROI SE region	16.7	20.9	23.7

Source: Calculated from SILC microdata

Note: Deprivation is calculated as the percentage of the population experiencing enforced deprivation of two or more of 11 basic items. See details in CSO (2013: 18-19)

Chart 2: Percentage of Population Classified as Living in a Deprived Area, by Northern Ireland Electoral Constituency (2010)



4. Different Recoveries

- **Emerging signs of recovery in overall ROI**
 - but regionally divided
 - earnings have been falling (nominal and real terms)
 - job creation has been spatially skewed
 - consumption recovery = concentrated regionally
 - overall a weak domestic economy; but recovery is uneven to date
 - recovery skewed towards larger and better-off S&E region and city areas within this (greater Dublin)

- **Mixed picture in NI**
 - Limited growth but significantly behind UK
 - Falling nominal and real wages
 - Increased employment, but realignment of industries away from construction toward lower value added services
 - New employment confined to Greater Belfast Area
 - Productivity gap with rest of UK widening
 - In contrast to ROI, public spending will tighten in period-2018/19

5. Implications for Regional Policy

Recovery on the Island of Ireland

- Recovery in one of three regions on the island
- Possibility of recovery further fuelling inter-regional divides is large:
 - within the ROI
 - on the island
 - and with NI in a UK context
- Proactive measure required – see paper
- Danger of sitting back and letting old divides re-emerge and grow

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