Making policy in Northern Ireland:

A critique of *Strategy 2010*

by

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[1] Introductory remarks

Public debate in the political sphere arising out of a long history of violent conflict in Northern Ireland has had a tendency to crowd out discussion of more mundane policy areas of Northern governance, perhaps fostering the belief that when it comes to socio-economic development planning, there is wide agreement on diagnosis and prescription. For who could possibly quarrel with a vision statement for the Northern Ireland economy that sought to bring about:

a fast growing, competitive, innovative, knowledge-based economy where there are plentiful opportunities and a population equipped to grasp them (Strategy 2010, page 9).

*Strategy 2010: Report by the Economic Development Strategy Review Steering Group* was published in March this year by the Northern Ireland Department of Economic Development (DED) and offered by Minister of State Adam Ingram to the Assembly and the wider community for public discussion. The report was mandated in the *Belfast Agreement* in April, 1998, where it is stated that the British Government would make rapid progress with:

a new economic development strategy for Northern Ireland, for consideration in due course by the Assembly, which would provide for short and medium-term economic planning linked as appropriate to (a) regional development strategy.

*Strategy 2010* is an important document and comes at a crucial juncture in the development of political stability in Northern Ireland, with a real possibility of committed dialogue in the Northern Assembly on the socio-economic future of the region within the UK, Ireland and the EU. It is the desire of the British government that the report should act as the base from which debate and subsequent economic policy development in Northern Ireland will flow, so it is essential that it be critically evaluated and that its content be openly discussed.

As Northern Ireland begins to adjust to permanent peace, and if the new Assembly and Executive starts to function as a devolved regional government, debates on socio-economic issues will become the norm rather than the exception. *Strategy 2010* might be considered as an overture to this drama and is of interest both in terms of political context as well as economic content.
There are many ways in which one might examine *Strategy 2010*, and we propose to do so under two broad headings:

1) **Analysis and diagnosis** of the extent to which Northern Ireland’s economy departs from the desired state painted in *Strategy 2010*’s vision statement;

2) **Prescription** as to how public policy and private resources might be mobilized to move the Northern Ireland economy closer to the vision.

**[2] Analysis of the Northern Ireland economy**

When he launched *Strategy 2010*, Minister of State Adam Ingram described the Strategy Steering Group (SSG), who oversaw its preparation, as being “largely private sector”. However, only six of the thirteen person group currently work in the private sector and two of these were consultants from an area of the market services sector which, to a considerable extent, depends on the large Northern public sector. The Chair of the SSG was the Permanent Secretary of DED, two other members were Deputy Secretaries in DED, and two were respectively Chair and Chief Executive of the Industrial Development Board (IDB). The past performance and future remit of DED and the IDB were the main issues under scrutiny in the strategic review, which suggests that the balance of representation on the SSG may not have been conducive to rigorous self-critical re-appraisal. The nearest comparable review of economic policy in the Republic of Ireland – the *Culliton* report of 1992 – had a nine member group consisting of six from the private sector (of which one, Jim Culliton, was Chair), and three from the public sector, of which one (Dr Sean Barrett of Trinity College Dublin) was an academic with an established reputation for being (*inter alia*) a scourge of what he considered was public sector complacency and inefficiency. There was only one civil servant, who acted as Secretary to the group.

The Strategy Steering Group functioned as a co-ordinating mechanism for a range of other groups, consisting of government departments, sectoral working groups (in the areas of agri-food, construction, electronics, engineering, food processing, health technologies, software, telecoms, textiles, tourism and tradeable services), cross sectoral working groups (in the areas of culture, energy, exports, infrastructure, innovation, finance, and education), the publicly
funded Northern Ireland Growth Challenge, and a consultation panel consisting of some 36 organizations (including the CBI, IOD, NIEC, NIC of ICTU as well as the two Northern Ireland Universities). Such a wide-ranging process of consultation might appear to have offered a guarantee that all important aspects of the Northern economy were covered and all relevant points of view at least considered, if not taken on board. In practice, such an unwieldy organizational arrangement almost certainly resulted in DED itself, through its internal Strategy Review Unit, setting the agenda, initiating the drafts and making crucial judgement calls.

The analysis offered in *Strategy 2010* is shallow and fails to refer in a coherent fashion to the extensive research that has been published over the years on the Northern economy and government policy. Indeed, a serious omission is any reference to earlier strategy documents by the DED and the development agencies in the 1990s. To formulate policy in the absence of open policy evaluation is unlikely to lead to informed analysis and conclusions.

No published research appears to have been commissioned for *Strategy 2010* from outside experts, with the exception of a review of the structures of the DED “family” of agencies (IDB, LEDU, IRTU, etc.) carried out by Professor Peter McKie, Chair of DED’s Industrial Research and Technology Unit (IRTU). However, this does not appear to have been formally placed in the public domain. Although sporadic references to other research are made in *Strategy 2010*, there is no bibliography of sources appended to the report. Once again, one cannot but compare this situation with the execution of the Republic of Ireland’s *Culliton* report, where sixteen substantial research and consultancy studies on issues relevant to industrial policy were commissioned from outside independent experts, all of which were published with the main report.

*Strategy 2010* correctly identifies the rapid globalization of economic activity as the primary factor setting the future context for the Northern Ireland economy. The opportunities offered by globalization are obvious - with international trade often growing at over twice the rate of local GDP - but these benefits can only be realized if the local economy can obtain access to external markets through having a high degree of competitiveness, measured in the very widest sense.
Given the central role played by globalization and international competitiveness in the development of small regional economies, one might have expected *Strategy 2010* to have been based on solid research in the area. However, in his reply to a recent Parliamentary Question relating to Northern competitiveness, Minister Ingram stated that:

The Industrial Development Board for Northern Ireland (IDB), the arm of DED responsible for inward investment, examines among other issues Northern Ireland’s performance in the inward investment market relative to competitors. IDB has not directly purchased or commissioned any study into Northern Ireland’s competitive advantage in attracting inward investment. (written reply, December 16th, 1998)

An illustration of the limited and selective way *Strategy 2010* drew on available evidence is its failure to reference a recent report on competitiveness prepared for the Northern Ireland Economic Council (NIEC) by Dunning *et al* (1998). Written by a leading world expert on foreign direct investment and multinational enterprises, this report was balanced and measured in tone, but hard-hitting. Dunning pointed out that to the extent that Northern firms have any international competitive edge, it is based primarily on low wage costs and is not delivering improved living standards. He also commented that the concept of regional policy that permeates Northern thinking is focused more on the inter-regional distribution of UK central government largesse rather than on the creative use of local policy autonomy as a means of promoting self-sustaining wealth enhancement based on interaction with the global economy.

When *Strategy 2010* turns to the international context for the Northern economy, it quickly becomes apparent that it contains little or no new strategic thinking about the future relationship of the local economy with the external world. For a small regional economy like Northern Ireland (or indeed, the Republic of Ireland), any local perspective on the external economy has two distinct but complementary aspects:

(a) To understand how markets in the external world are likely to sustain a buoyant demand for exports from Northern Ireland;

(b) To gauge the likely prospects of a range of external regions as potential sources of foreign direct investment (FDI) into Northern Ireland.
In a short to medium-term perspective the list of dominant export destinations and the sources of inward FDI are unlikely to switch dramatically from the position today. That being so, the British market must continue to be of central concern for Northern Ireland since it is the destination of over half of external sales and the source of the bulk of inward investment.\footnote{See NIEC (1992) for background analysis of FDI in Northern Ireland, and IDB (1998) for the most up-to-date position. NIERC/DED/IDB (1998) gives a picture of recent exporting activity.} Given the likely continued medium-term dependence of the Northern economy on the British market, it is puzzling that \textit{Strategy 2010} treats the nature of, and relationship with, that market in so cursory a fashion.

The section of the report that deals with the UK economy (a mere four pages) contains a crucial assertion that colours and constrains the thrust of the entire analysis:

\begin{quote}
The main determinant of economic activity in Northern Ireland is the level of activity in the rest of the UK. An economic development strategy for Northern Ireland therefore needs to be set within, and be consistent with, the overall thrust of national economic policy (page 62).
\end{quote}

This, in a nut-shell, is Northern Ireland’s development dilemma. On the one hand it can stick closely to UK economic policy and institutional norms and jog along, sometimes above, other times below UK average growth performance, but with little prospect of rapid convergence to the UK average standard of living. On the other hand, it can seek out a politically acceptable degree of regional policy innovation that might offer some hope of growth in the Northern private sector faster than that of the UK as a whole.

The Republic of Ireland, making use of its limited but crucial policy autonomy, followed the latter course from the late 1950s. Far-seeing policy makers under Taoiseach Seán Lemass took a strategic decision that the dominance of the UK market (destination at that time of over 95 per cent of Irish exports) was unlikely to provide a suitable context for Irish development and modernization. Tax varying (or, more precisely, tax re-balancing) powers were a crucial element of this policy, especially with regard to the attraction of inward investment. The centre-piece of the industrial incentive system was initially a zero rate of corporation tax and,
in order to keep the public finances roughly in balance, this necessitated the maintenance of high rates of personal income tax and indirect taxes. Equally important were reforms in education, progressive improvement in infrastructure, evolution of social partnership arrangements, enthusiastic embracing of EU initiatives (EMS, the Single Market, the Social Chapter, EMU), and – after many false starts – the creation of fiscal stability.

The situation in Northern Ireland is very different. Any explanation of the recent aggregate performance of the Northern economy can be summarized as follows:

Northern Ireland and Britain share common fiscal, monetary and exchange rate policies; Britain is Northern Ireland’s main external market and the (British) Exchequer makes significant transfers to Northern Ireland to enable the region to maintain UK level of provision (page 69).

The huge size of the British Exchequer financing (the so called subvention) serves to influence and colour every corner of the Northern economy, a fact that is acknowledged only partially in Strategy 2010. The subvention directly supports jobs in the Northern public sector to the extent of about 33 per cent of total employment, compared with 22 per cent in the UK as a whole (about the same in the Republic of Ireland). The subvention also directly supports incomes of the unemployed, the retired and the sick, as well as providing a high level of public housing, health and education (over and above direct public employment aspects).

However, indirect impacts of Northern Ireland’s public sector activity on the structure and behavior of the local private sector are of equal, if not greater, importance relative to the above direct impacts. The subvention finance sucks in imports, and explains much of the buoyancy of the retail sector. Northern manufacturing is predominantly made up of small firms, oriented mainly to supplying the domestic market, which is in turn sustained to a great extent by direct and indirect demand arising from public sector activity. Comparisons between Northern Ireland and the UK (page 73) are distorted by the size and weight of non-market activity. For example, the fact that the Northern economy emerged relatively unscathed from the British recession of the early 1990s is due in the main to the size and cushioning effects of automatic and discretionary public expenditure stabilizers. Indeed, the buoyancy of activity in Northern manufacturing relative to Britain is probably due in large part to the much higher level of
subsidies and grants, and may have little to do with intrinsic local competitiveness. There is much more going on here than simply the provision of regional finance on the basis of regional need (according to the Barnett formula). Unless and until the pervasive nature of public finance in Northern Ireland is better understood, analysis will be misleading, diagnosis will be flawed, and policy prescription will be ineffectual.

“Peace” is identified in *Strategy 2010* as the first and most important “opportunity” for the Northern economy, although conditions of peace are likely to facilitate faster economic growth rather than guarantee it. Growth, if it comes, will need to be in the private sector and is likely to be accompanied by sectoral reallocation and a shrinking of elements of the public sector, leading to re-balancing and restructuring of the economy.

The report itemizes six other economic “opportunities”: favourable demographics; educational attainments; an attractive business environment; flexible labour markets; telecommunications infrastructure; and a green image. Most of these have been in place for many years, implying that the absence of peace has prevented them from being fully effective. However, such “opportunities” also have downsides. Favourable demographics involve high natural growth rates of population, making it harder to meet job creation and unemployment targets, even if labour supply problems are eased. Educational attainment success in Northern Ireland appears to be limited to a high level of participation in higher education, but is accompanied by failures at lower levels and in skill training. Attractive features of the business environment in terms of “quality of life” co-exist with a high degree of community locational polarization that is unlikely to be wound back in the short to medium-term. Flexibility of the labour market tends to mean low wages, high long-term unemployment, low skills and part-time working.

Perhaps the most serious failure of the Northern economy is the high proportion of long-term unemployment in the (declining) total rate of unemployment (about 45 per cent in the North, compared to 27 per cent in the UK as a whole). The report is tactful, but less than frank, in not pointing out that the bulk of the long-term unemployed are Catholic and that this has been an

2 Regional preferential assistance to industry in 1996/97 made up 5.0 per cent of manufacturing GDP in Northern Ireland, compared to 0.1 in England, 1.1 in Scotland and 1.8 in Wales (page 113). Given
enduring problem for decades (Murphy with Armstrong, 1994; Gudgin and Breen, 1996; Bradley, 1997). Other failures include the fact that Northern manufacturing is concentrated in low wage, low productivity sectors that do not have a bright future in the region; a high level of industrial grants which has not produced a commensurate degree of profitable activity; technical education and training which generally mirror British levels, and are often poor by EU standards; R&D expenditure which is low, as is the rate of uptake of new technologies; and the manner of electricity privatization which has left the region with very high energy costs.

Some of the economic failures identified in Strategy 2010 seem to reflect failures of nerve on the part of the SSG rather than any real failure in the economy. For example, the peripherality of the North is stressed, as is the low level of intra and extra-regional networking. Yet, nowhere does the report draw attention to or promote the pioneering work of the Joint Business Council of IBEC and the CBI(NI) – in particular, its Discussion Paper issued in October, 1998 – which has cultivated the building of North-South networks to mitigate the individual peripheral status of North and South by stressing the potential for mutual interchange and engagement across the border (IBEC/CBI, 1998).

Over the past two decades the Northern development agencies, and the IDB in particular, have been the focus of detailed analysis by bodies such as the NIEC, the Northern Ireland Audit Office and other researchers, with regard to their investment and job creation performance. Such studies show that the IDB has not realized its jobs and investment targets, whether it be through inward investment or indigenous industrial development. Moreover, they refer critically to the underdeveloped nature of performance measurement and assessment within the IDB and DED. The enduring poor performance of the IDB, even allowing for the difficult period through which it has had to operate, has been the key problem in economic development policy in Northern Ireland. In this regard, it is again instructive to note that the Culliton report

that labour and other costs in the North are relatively low (particularly in the low skilled area), and that Northern firms are price takers in local and external markets, this amounts to a large profit subsidy.

3 Bradley and Hamilton (1999) provide further material on the JBC proposals for North-South business and economic co-operation in the context of the North-South implementation bodies announced on December 18th, 1998.

4 See, for example, NIEC (1990, 1992, 1997); NIAO (1990, 1998); Sheehan (1993); Sheehan with Roper (1994); Roper (1993); and O'Hearn and Fisher (1999).
in the Republic of Ireland presented an analysis of the IDA, highlighting the unsuccessful nature of grant assistance to industry over many years (Culliton, 1992, pp. 59-66).

[3] Policy prescription for faster growth

Strategy 2010 sets out five key principles or broad targets that it seeks to achieve. We examine each of these in turn.

3.1 Equality and social cohesion

Equality and social cohesion are desirable aims in their own right and have an importance and urgency that are independent of economic matters. It has also come to be recognized that modern high technology economies simply cannot function at high levels of efficiency if workplace and wider social relations are not characterized by equality, respect and cohesion. What makes the situation in Northern Ireland unique is that some important socio-economic differentials (e.g., unemployment rates) have opened up between members of two different communities rather than simply between two socio-economic groups. Addressing such differentials will call for focused and determined policy responses.

Strategy 2010 picks its way carefully through this minefield. Policy areas related to the achievement of equity and social cohesion include industrial location and social partnership. With respect to location policy, the report stresses the trade-off likely to exist between the benefits of clustering and issues related to access. Those familiar with the history of location policy in the 1950s and 1960s will know that serious mistakes were made in the past when development was concentrated in the greater Belfast region at the expense of the western and southern periphery (Bradley, 1996, pp. 95-109). In addition, the drift of UK social policy during the period 1979-97 was one in which social partnership was not encouraged, leaving Northern Ireland with a legacy of institutional arrangements far less advanced than, say, those operating in the Republic of Ireland or in Northern Europe, even before one contemplates the additional and unique complicating problems of inter-community relations.

On the issue of future locational policy, Strategy 2010 endorses the regional plan outlined in the earlier DOE report, Shaping our Future. However, in its discussion of the trade-offs that
exist between inclusivity (or equity) and efficiency, one detects echoes of the locational debate of an earlier era that came down very much in favour of concentration-based efficiency criteria, the social consequences of which proved so divisive.

Concerning social partnership, two specific recommendations are made: first, the establishment of an Economic Development Forum (EDF) made up of the social partners; second, the establishment of a high quality research body. Surprisingly, the Northern Ireland Economic Council (NIEC) - a statutory body rather like the South’s National Economic and Social Council (NESC) - does not find favour as an embryonic EDF, a judgement call that is probably not unconnected with the pioneering role played by the NIEC in recent years in producing a series of reports that subject all areas of Northern socio-economic activity (and in particular, DED and its family of agencies) to constructive, if sometimes severe criticism. The second proposal that the NIEC might evolve into the recommended research body suggests that the crucial and constructive partnership and consultative role played by the NIEC, and the high regard in which its activities are held across Northern Ireland and elsewhere, do not appear to be appreciated.

3.2 Knowledge-based economy

Perhaps this is an area where the experience of the Republic of Ireland is instructive, extending over almost four decades of experimentation, evolution and change. Great understanding and sensitivity is needed in order to strike an appropriate balance between the vocational skill needs of the existing economic base, the likely (but often unpredictable) changes in skill requirements in the future, and the human and individual side of education. Since little in the way of research in this area is alluded to, the diagnosis in Strategy 2010 lacks depth and authority.

3.3 Enterprise

The desirable qualities of an enterprise culture are easy to state: vigorous, entrepreneurial, self-reliant, innovative, risk-taking, competitive. Not surprisingly, given the heavy public sector representation on the SSG, there is a reluctance to declare outright war on the grant culture that permeates the Northern business sector. Rather, a “rebalancing” of industrial incentives is
mooted, with greater targeting of companies with desirable characteristics and greater use of private equity capital. The recommendations in this area are closest to the type of policy proposals that fall within the remit of DED itself, perhaps in association with Department of Finance and Personnel and the UK Treasury.

Clearly it is not feasible simply to sweep away the present set of incentives in the absence of a better alternative, so the report proposes that:

The existing grant regime for inward investment should be maintained unless and until new measures become available. ....... However, we should also seek to adjust the package, and if the right changes are achieved, there could be less dependency on grant (pages 168-69).

The justification offered for retaining high rates of grant aid is simply that other competing regions are also using grants. However, there is persuasive applied research on Northern Ireland on the impact of the grants system on investment decisions and company profitability (Roper, 1993; Sheehan with Roper, 1994), and the conclusions would warn one off any continuation of the present system if the objective is to engineer a switch from low profit traditional manufacturing to high profit new technologies.

Perhaps the most surprising policy recommendation in Strategy 2010 is the proposal to establish, for a limited period, a special rate of corporation tax for new inward investment. Leaving aside the question of clearing this with the UK Treasury (a difficult, but not impossible task once trade-offs in the subvention were negotiated with the Northern Ireland Executive and Assembly), the proposal is simply not feasible since it would violate EU and WTO competition law. Even if the law could be waived, experience shows that temporary tax breaks are likely to be discounted by inward investors, who tend to plan location of plants over a product life-cycle of at least ten or more years.

The Republic of Ireland had a zero rate of corporate profits tax on profits derived from manufactured exports prior to EU entry. When Ireland joined the then EEC, this had to be changed to a flat rate on all manufacturing of 10 per cent. Proposals are being considered to switch to a flat rate of 12.5 per cent for the entire corporate sector.
The crucial recommendation made in *Strategy 2010* is in the area of priorities for financial support of industry, i.e. the main regional policy instrument actually available to, and being actively used by DED. Here, the *ex post* Northern rates can differ greatly from those of the other UK regions and regional preferential assistance to industry in Northern Ireland amounts to 5 per cent of manufacturing GDP, but is only 0.1 per cent in England.

*Strategy 2010* rejects the idea that grants should only be made available to selected “growth” sectors or that differential rates of assistance should be decided on a sectoral basis (page 173-4). However, a form of prioritization is recommended based on a series of specific company characteristics, including commitment to R&D, export orientation, workforce skill levels, anticipated added value, equity and funding aspects, partnerships, and strategic “fit” for cluster formation. However admirable these criteria may be, the recommendation begs some obvious questions, such as: were they the basis of grant allocations in the past, and if not, why not?

### 3.4 Outward-looking orientation

Recommendations under this heading are grouped under three sub-headings: fostering global perspectives, infrastructure, and EU matters. The plea made in *Strategy 2010* for greater “outward orientation” of people and companies is a sad reflection of just how inward-looking and parochial Northern Ireland has become in recent years. Northern Ireland is doubly unfortunate in that it is a region of the UK which is itself perhaps the most euro-phobic member of the EU, as well as being the UK region that is geographically closest to the Republic of Ireland, whose very different experience of building outward-oriented prosperity might be found to be valuable if it could be shared in the context of the island economy. Calls for greater Northern “outward orientation” in such a politically constrained context are unlikely to be very effective.

Infrastructural recommendations are based on the DOE document *Shaping Our Future*, and deal mainly with improvements to North-South as well as East-West road links. However,

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6 Although the Republic of Ireland’s 10 per cent corporate tax rate is not targeted on specific sectors *ex ante*, in effect it favours high profit companies *ex post*, and these tend to be in electronics, pharmaceuticals, etc.
while the North-South links are seen as merely a means of facilitating trade, the East-West recommendations are placed in the context of a centralized plan on a UK-wide basis. Curiously, while there is a willingness to recommend elements of energy policy in the context of an island of Ireland energy market (page 185), there is no such willingness when it comes to transport policy. This is an interesting reversal of priorities of all-island policy when viewed in the context of the Trimble-Mallon December 1998 statement on areas for North-South cooperation where, of the twelve areas agreed, all-island transport planning is to be intensified through existing arrangements North and South while energy policy does not feature.

3.5 Self help

*Strategy 2010* states that it is action within Northern Ireland that will determine economic success. While some sensible suggestions are presented with regard, for example, to the structure of the development agencies and the form of financial incentives, the discussion would have been better framed in the context of how a region such as Northern Ireland can best use its limited policy autonomy. This is the key lesson that should be taken from the experience of the Republic of Ireland and other successful regions in Europe (Dunford and Hudson, 1996).

A strong recommendation of *Strategy 2010* is aimed at the rationalization of “a very crowded local economic development arena” (page 195). However, the actual proposals appear to be very insensitive to the desire of local communities to have a democratic say in how their towns, cities and sub-regions are planned, and they reflect little or nothing of the active efforts of sub-regions to engage in strategic planning and to motivate and mobilize local resources.

A final set of recommendations under the heading of “self help” concern the public expenditure dimension of economic development. In an opening paragraph, it is claimed that *Strategy 2010* has:

sought to emphasize proposals which reduce reliance on direct Government subsidy of the private sector and imply significant rolling back of the State (page 207).
However, this is simply at variance with the whole tone and content of the recommendations actually made. Public expenditure per head in Northern Ireland is set to decline only very modestly over the period 1999 to 2002 and is likely to remain significantly greater than in any other region of the UK (page 207).

A policy issue addressed at the end of the chapter of recommendations spells out how resources for a specific Northern development fund might be found. It is perhaps a sign of the political vacuum within which this report has been prepared that the proposed main source of funds is the “rolling back of the State” in the areas of Health and Education! One cannot avoid the conclusion that in its effort to pin-point resources for the creation of a specific development fund, *Strategy 2010* targeted vulnerable groups (Health and Education), suggested raising local taxes that are likely to produce little by way of revenue and be politically unpopular into the bargain, and held out the possibility of unspecified savings from what could be perceived as an over-staffed and inefficient public administration.

**[4] Conclusions**

*Strategy 2010* makes 62 separate recommendations which can be informally classified into the following five broad groups (Table 1):

To illustrate the classification, an example of a recommendation of an “exhortatory” nature is the following:

> Businesses should take every opportunity to minimize their environmental impact through measures which will also enhance their competitiveness (page 148).

An example of a recommendation relating to variation in existing, or the creation of new policy instruments is the following:

> Northern Ireland should have a special rate of Corporation Tax for new inward investments over a period of 5 years (page 168).
### Table 1

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<th>Subject classification</th>
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<tr>
<td>Exhortatory</td>
<td>15</td>
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<td>Related to policy instruments</td>
<td>9</td>
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<td>Relating to education and training matters</td>
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<td>Environmental planning, etc.</td>
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<td><strong>Total</strong></td>
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After stripping away the rhetoric of partnership and consultation, *Strategy 2010* essentially comes down to proposals for reformed or new institutions without in any way providing analysis of whether or how the old institutions were inadequate or failed, together with a series of exhortations (usually to the private business sector or the general public) that are not associated with any policy instruments or mechanisms. The policy recommendations that are made lack focus and involve no radical rethink about the policy framework that would be appropriate for a region like Northern Ireland, in the context of devolving governance within the UK and the growth and evolution of the economy of the island of Ireland. The quantitative targets listed at the end of the report are modest, probably achievable without much effort if external conditions (including the subvention finance) are reasonably benign, but are unconnected with the analysis, diagnosis and policy recommendations contained in the report.

On balance, much of the material dealing with Northern economic performance is partial, confused and complacent. If Northern Ireland really has structural and economic developmental challenges, than a concise and frank statement of these problems would help clear the air and lay the ground work for policy prescriptions. A better understanding of the functioning of the Northern economy is badly needed, informed by high quality applied economic research. Such research needs to be placed in the context of the work on other European regions (as illustrated by the seminal NIEC report by Dunford and Hudson, 1996) and also has much to learn from research on the cohesion problems facing small peripheral nation states like Portugal, Ireland and Greece as well as the research on economic transition in Central and Eastern Europe. Policy makers and analysts in Northern Ireland need to realize that the problems of the region are not unique and that more active links must be forged with
colleagues in other small UK and EU regions. If this were done, then one might expect to see an improvement in the quality of public policy reports like Strategy 2010.

References


