



CENTRE FOR CROSS BORDER STUDIES

Six personal suggestions to sustain peace, stability and prosperity for the Belfast/Good Friday Agreement's next 25 years

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[The content of this article is personal to the Author]

Let's have a productive 25th Anniversary

Celebrating the 25th Anniversary of the Belfast/Good Friday Agreement (the Agreement) this year will take many forms and prompt much discussion. There is the contested outworking of Brexit and on-going difficulties with its implementation, along with the unavoidable effects of external political pressures and the reality that an economic dividend is not yet fully realised in Northern Ireland.

Nevertheless, the Agreement is an extraordinary achievement judged by the objectives of the Irish and UK Governments and those who took part in 1998's Multi-Party Negotiations. Peace and stability is now underpinning what back then was mostly a hoped for prosperity. In my personal experience this success is of mutual benefit to this island, if not in every respect or always exactly as anticipated.

To sustain this success over its next 25 years the most important lessons I've learned from actively promoting the prosperity dimension of the peace process over three decades are:

- In the private sector there is now an all-island economy making a significant contribution to the island's prosperity and with the potential to grow further
- North/South economic interaction to mutual benefit only happens organically when there is a compelling case that it should and the obstacles are surmountable.
- The Agreement's 25th Anniversary is an optimum moment to ask hard questions about its economic role, consider lessons learned and take immediate actions
- Because they are responding to the island's unique circumstances effective answers will of necessity always be innovative and need additional effort to work.

To support a productive conversation on these challenges some new thinking is needed. So the following are six suggestions designed to assist an inclusive and productive engagement across government, business and wider civic society, both on and off the island of Ireland, to sustain the Agreement's success and evolve its operation for the next 25 years:

1. Acknowledge the 25 years of exceptional economic progress since the Agreement

Brexit and the Covid pandemic, along with war in Ukraine and the resulting energy price shocks, record inflation and higher interest rates have changed the conditions in which governance and business must sustain and improve on our current prosperity.

But thanks to the Agreement, unlike when some of these global economic shocks occurred in the 1970s and 80s, they are not accompanied on the island of Ireland by large scale political violence and the debilitating fear it generates, including to the prospects of attracting and securing substantial private sector investment and inward migration.

This is the Agreement's most recent measurable mutual economic benefit and the latest in a series of successes that are not said or acknowledged often enough. Yet anyone on this island who lived through 'The Troubles' knows this to be true. All through the three decades it lasted, ending large scale political violence was always a hope, but rarely an expectation.

Thankfully, in this regard the post-Agreement generations have a different experience. They have grown up enjoying its benefits and not experiencing the conditions of those three decades. Instead the last 25 years have seen record economic progress in both jurisdictions on this island. This 'peace dividend' includes the island's highest population since the 1840s and record levels of GDP growth in Ireland, both fuelled by exceptional levels of international and domestic investment.

2. Consider and address its economic future

In this much changed economic, regulatory and business environment for which possible options include:

- Acknowledging the evolution of the Agreement's economic role to embed a peace underpinned by a prosperous island is a strategic, multi-faceted and complex task
- Incorporating an all-island dimension in strategic policy choices currently being made by both jurisdictions because what happens in one jurisdiction impacts the other
- Progressing actions evidently to the mutual benefit of both jurisdictions and enabled by this island's resources, economies of scale and proximity and unique conditions.

In considering these suggestions it should be recalled, the Agreement's early operational implementation *was* conducted in a spirit of unprecedented institutional innovation and inter-governmental collaboration. There was also a shared determination its Strand One, Two and Three Institutions and Cross-Border Bodies would work.

3. Ask some challenging questions

Notwithstanding achieving what in 1998 was generally felt to be hugely ambitious – if not unrealisable – levels of business development, Northern Ireland readers may not identify with this sense of success. Indeed, some will say the Agreement has delivered no economic benefits despite, for example, the growth in tourism. So why has the full potential of the North's economy not yet been fully realised?

Productivity is a widely used indicator of economic performance and, by comparison with its G7 peers, one the UK as a whole has underperformed in over the last decade. Meanwhile in the Republic productivity has continued to improve and GDP has grown spectacularly.

Comparing productivity indicates an economy's long-run performance. A recent ESRI report, '*Modelling productivity levels in Ireland and Northern Ireland*',¹ calculated productivity per worker in the two regions in constant prices between 1998 and 2020 and measured the

¹ Adele Bergin and Seamus McGuinness, "[Modelling productivity levels in Ireland and Northern Ireland](#)" (28 November, 2022).

volume differences. Following an initial improvement in the immediate aftermath of the Agreement they found:

- *Productivity levels in the two regions were broadly equivalent in 2000, however a gap in favour of Ireland has steadily evolved over the 2001 to 2020 periods (as) productivity levels in Ireland have trended slightly upwards (p.13);*
- *In contrast, Northern Ireland productivity levels have been trending downwards (and) by 2020, productivity was approximately 40 per cent higher in Ireland compared to Northern Ireland, which is a quite remarkable gap to have emerged over what is a relatively short time period in economic terms (p.13).*

The ESRI report goes on to identify a number of possible reasons for this gap, including the relative benefits accruing to Irish firms from having more ready access to skilled labour and investment. So to close this gap Northern Ireland needs more intensive investment to:

- *Rapidly improve skills...particularly at post-secondary level...have a comprehensive strategy (for) improving competitiveness (and) reform of education/skills provision (p.24)*

But they also concluded that all these efforts *“in isolation are not guaranteed to enhance Northern Ireland productivity”* (p.24). In response to which an available strategic policy option to address this challenge is more intensive economic interaction across the island including for actions taken in the South to maintain its current upward trend in productivity levels, proactively helping to accelerate an improvement in the North’s productivity.

Meanwhile, currently when the Republic’s productivity, or GDP, trends are analysed the role and importance of the Agreement is rarely if ever included as a key contributory factor. It is a striking feature of this domestic policy discourse how rarely the peace and stability brought about and underpinned by the Agreement is acknowledged. Given the unprecedented economic progress made since the 1990s it should be.

4. Make the island dimension integral to policy making, not additional

When in 1992 Sir George Quigley first presented the concept of an island economy, and which I’ve researched, written and spoken about for the thirty years since, it was a radical policy idea to leverage economies of scale and proximity. But now it is a proven and valued economic and business strategy delivering evident benefits for both jurisdictions in the public and private sectors.

Again Northern Ireland readers may question this. But one consequence of Brexit and the Ireland/Northern Ireland Protocol has been not just to protect the cross border movement of goods on this island but to require data on these movements. As a result, for the first time the scale of N/S business, and trends in the movements of goods, is being officially compiled and reported by the Central Statistics Office (CSO) and Northern Ireland Research Agency (NISRA).

The results are now widely reported and were most recently presented in the Independent Review of Invest Northern Ireland published by the Department of the Economy on 11 January 2023, with the review undertaken by an independent panel led by Sir Michael Lyons:

- *ROI imports from NI for January to September increased by €970m to €3,895m over the same period during 201. Exports to NI increased by 36% to €3,691 when compared to the same period in 2021 (and so) overall NI is a net exporter to the ROI.²*

Indeed, then Taoiseach *Micheál Martin*, when addressing the 2022 Centre for Cross Border Studies' Annual Conference in Dundalk observed about this all-island context:

- *"I see an island of over 7 million people, with a more diverse population than at any previous point...where cross-border trade in goods alone came to €7.5 billion in 2021 (and) there are 110 million border-crossings by people annually.*

Looking to the future and sustaining this growth he proposed:

- *An island where we need to maximise the opportunities of collaboration and cooperation to build a sustainable, prosperous and inclusive future for all (and) the imperatives to do so are clear (as) by working together we can better meet the shared global challenges of climate change and biodiversity loss.*

As to the case for doing so he stated:

- *To be globally competitive we must exploit the opportunities of all island economic cooperation – maximising economies of scale, fostering innovation and future proofing our skills base.³*

So how to go about responding to this shared challenge with new thinking for a new era?

5. Redefine the 'totality' of N/S economic interaction

Sir George's original concept of an island economy was proposed in response to the EU Single Market and the hope it would be underpinned during the subsequent decade by a democratically endorsed political agreement to end the violence. As the above data shows, his compelling rationale for individual businesses to invest in and do all-island business, develop integrated production and supply chains along with marketing and/or providing joined up services is driving growth in the all-island economy.

The following redefinition seeks to align the Agreement's spirit, principles and processes and the conditions created by the Protocol and Brexit to today's economic challenges, evident opportunities for mutual benefit and new business models:

² Department for the Economy, *Independent Review of Invest Northern Ireland* (11 January 2023), paragraph 6.42, p.69.

³ https://merrionstreet.ie/en/news-room/speeches/speech_by_taoiseach_michel_martin_td_at_the_centre_for_cross-border_studies_annual_conference.174902.shortcut.html.

- **An island economy** is the ‘totality of economic activity on the island’ (i.e. encompassing both jurisdictions and their national, regional and local ‘economies’ where the island of Ireland dimension does not necessarily involve cross border activity).
- **An All-island Economy** is understood to be the part of this economic activity that is cross border on the island of Ireland (i.e. actively North/South or South/North as envisaged and/or supported by the Agreement’s Strand Two and now also governed by the provisions of the Ireland/Northern Ireland Protocol).⁴

The elegance of the original island economy concept was grounded in both jurisdictions being in the EU and its Single Market. This membership meant individual firms’ commercial decision-making was underpinned by the confidence of having the same regulatory environment for the movement of people, goods, capital and services between both and beyond. However Brexit has fundamentally altered these conditions.

Thinking about, researching and considering how to sustain and improve our current prosperity will be more robust and effective using re-definitions that are adapted to this reality. One that follows from the Agreement’s commitment to be inclusive of a “*totality of relationships*”, including our economic ones, internally in Northern Ireland and between North and South, as well as East/West between this island and GB and into the wider EU and beyond.

6. Initiate a new phase of joined up N/S economic policy planning and implementation

During the 1990s and beyond the ‘peace process’ included thought, energy and effort being invested in how ending the conflict would deliver a more prosperous future for the island.

There are many practical outputs from this period including cross border bodies such as the Special EU Programmes Body, InterTradeIreland and Tourism Ireland, along with the Centre for Cross Border Studies. In addition, there was considerable investment by the Irish and UK Governments and the EU.

But joint membership of the EU provided an overarching strategic economic framework. This largely meant a shared operational environment or at least manageable differences (e.g. for a £ and €). The result up to 2016 was a domestic economic policy approach in both jurisdictions where the politics of ‘peace, reconciliation and governance’ either dominated ‘growing the economy’ or evolved into largely separate discussions and decision-making processes. But post-Brexit this is no longer sustainable.

Brexit’s impact will take decades to be fully realised. But as is already clear, the EU/UK agreements in place to help protect the Agreement and manage its ongoing economic impacts on the prosperity of Northern Ireland and the island of Ireland present an unprecedented policy challenge.

⁴ Because this article is focussed on the N/S aspect of an island economy it does not consider the critical, multifaceted and deep economic relationships between this island and Great Britain. But as in the Agreement itself that centrality is understood to be an integral part of its operation.

During the negotiations on the UK Leaving the EU public discourse focussed primarily on Protecting the B/GFA and maintaining the conditions for N/S cooperation and an All-island Economy. Following EU/UK agreement of the Ireland/Northern Ireland Protocol (the Protocol) problems with GB to NI trade are dominating the political process.

However, there is much more to the Protocol than either of these issues. For example, as highlighted by the UK's National Institute of Economic and Social Research:

- *"The protocol should be viewed as a temporary boost driven by the trading sector, but to convert this into long term success, policymakers have to focus on increasing productivity."*⁵

Meanwhile in the South there is unprecedented energy, effort and investment in research and dialogue on a 'shared island' and the Unit of the Department of the Taoiseach undertaking this work is dedicated to:

- *"enhance cross-border cooperation, connection and mutual understanding, engaging with all communities and traditions on the island to build consensus around a shared future, underpinned by the Good Friday Agreement."*⁶

In addition there is in-depth economic research being done by the National Economic and Social Council (NESC) and the ESRI, where Seamus McGuinness, Adele Bergin and Martina Lawless are building on work done over the decades by predecessors, including John Bradley, John Fitzgerald, Frances Ruane and Edgar Morgenroth.

Then there is the on-going all-island work of the Agreement's cross border bodies to manage all-island activity in trade and business promotion, EU PEACE funding, tourism, safe food information, languages loughs and waterways, along with on-going N/S inter-Departmental cooperation on infrastructure investment, service provision, policing and security.

Across the wider public sector and public bodies, between local and regional authorities and in wider civic society there is also an unprecedented intensity of cross border interaction. This involves individuals from across the political spectrum and often, as is the case with the Centre for Cross Border Studies, their activity and initiatives have a strong E/W as well as N/S dimension.⁷

Business organisations are also proactive. Ibec are doing so through its Joint Business Council with CBI, its sectors and support for the ground-breaking macroeconomic modelling work being done by ESRI and NIESR. As is the Irish Congress of Trade Unions (ICTU), which is

⁵ National Institute of Economic and Social Research, "[National Institute UK Economic Outlook: A Risky Present](#)" (Summer 2022), p.50.

⁶ See <https://www.gov.ie/en/campaigns/c3417-shared-island/>.

⁷ This is to reference only a fraction of the social, cultural and sporting bodies that can be said to constitute today's all-island civic society (indeed a stock take of such all island activity would be useful!).

organised and operates on a pro-active all-island basis, along with a number of chambers of commerce and other business representative organisations across the island.

Much of this takes place though in a policy silo that is generally described as 'North/South Cooperation'. But this approach has not adapted to the consequences of Brexit and the Protocol-making economics, along with rights, citizenship and security, core drivers of the Agreement's 'totality of relationships' across all three of its Strands: NI only, N/S and E/W

Instead, debate and decisions on strategic domestic policy challenges that *de facto* have an all-island dimension need to include this as a *default* requirement. A significant example of where this is not happening is the long-term implications for the entire island of the Republic's '26 county only' policy-focus and target-setting for climate action.

Conclusion

The Agreement has delivered its core promise of ending the Troubles but the resulting 'peace and prosperity' dividend is not fully realised in Northern Ireland and not often enough acknowledged in the Republic.

Sustaining what it has delivered and leveraging its untapped potential must now be done by considering how best to embed this firm foundation of mutual economic benefit.

Thinking beyond today's challenges to consider the Agreement's next 25 years has a clear, relevant and concise starting point being new thinking to learn from and improve on the past where the economics of this island's prosperity is a core driver in this process.

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