

CENTRE FOR CROSS BORDER STUDIES

Re-imagining the island economy in the aftermath of... Brexit and COVID-19

Fifth Annual Sir George Quigley Memorial Lecture

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Introduction

I am delighted to deliver the Fifth Annual Sir George Quigley Lecture and to have thus unique opportunity to explain the continuing relevance of his vision for an island economy in the aftermath of Brexit and the impact of the Covid-19 pandemic. I'm also delighted to accept CCCB's invitation to become a Senior Research Associate.

In doing so I follow in the footsteps of the excellent previous contributions such as from Frances Ruane, Edgar Morgenroth and Angela McGowan. However, my challenge is to respond to the combined results of the seismic event that is Brexit and a once in a century pandemic that were unimagined before their joint arrival.

Of the two events Brexit may have the most lasting and profound impact on this island despite the tragic immediacy of fear, sickness and death along with the economic impact of severe social lockdowns because post Brexit choices, decisions and actions are going to have consequences well into the future.

Therefore, this Lecture considers these decisions and their possible impact in the overarching task of reimagining Sir George Quigley's vision for an island economy over the coming years and well into the future.

Sir George Quigley

It was a privilege and pleasure to know, listen to and converse with Sir George. Always accompanied by his wife Lady Moira they were a constant and reassuring presence, always positive, ever courteous and irrepressibly upbeat at events, debates and conferences where the island economy and North/South interaction was being discussed.

A particular pleasure preparing this lecture has been reading back over *A Time to Speak* (2015) a collection of Sir George Quigley's talks lectures and papers. From the perspective of the second decade of the 21st Century it is very striking how prescient, insightful and relevant so many of his thoughts and words remain.

His view on 'Ireland 2020' presented in December 2009 is just one example. Invited by the North-South Ministerial Council (NSMC) to offer his thoughts then on where we are now, he provided a comprehensive strategic overview and then concluded:

- *"I have tried throughout to be soberly realistic. But I hope you detect my sense of optimism about Ireland 2020. Provided we have the will and the courage to do what needs to be done, Ireland 2020 can indeed be a new Ireland."*¹

Recalling that in 2009 the island was severely impacted by the Great Recession, Sir George's steadfast confidence in the island, its people and economy proved to be well founded despite the scepticism many would have felt at the time. A decade later, by the end of 2019: the Northern Ireland economy had achieved a form of full employment; the Irish economy

¹ The North-South Ministerial Council (NSMC) is an institution set up under Strand Two of the Belfast/Good Friday Agreement that brings the Irish government and the Northern Ireland Executive together to discuss and develop North/South Cooperation and oversee the work of Cross Border Bodies established by the Agreement

had achieved a recovery unimaginable in 2009; and the peace being underpinned by the Belfast/Good Friday Agreement had held.

Consequently, Sir George's sober optimism was fully justified. In the same spirit I believe we will successfully respond to Brexit and recover from Covid.

An island perspective

Sir George's economic vision was grounded in an island of Ireland perspective. Tim Robinson cartographer, mathematician and Englishman who came to live in the west of Ireland conveyed the distinctiveness of such an island perspective when he wrote:

- *“there is something compulsive in one's relationship to an island...it is as if the surrounding ocean like a magnifying glass directs an intensified vision on the narrow field of view...a little piece cut out of the world....marked off in fact by its richness in significance.”*

I'd like to suggest our shared relationship with this island is a compulsive focus on 'the local' be it our city, region, or community- in Ireland or Northern Ireland. But this is a relationship framed and defined by the geographic fact of being on an island.

For this Lecture my 'narrow field of view' is to reimagine the island economy for 2050 in response to the post Brexit dynamic and recovery from the Covid pandemic.

His island vision

It was 1990, if not earlier, that Sir George began thinking about the impact on this island of the decision by the then European Economy Community (EEC) to complete its Single Market by the end of 1992. That is 30 years ago now and looking ahead the same time span brings one to 2050.

To many listening that will still seem a long way into the future but not for me as we are expecting our first grandchild next month. Hopefully still healthy and well, she will be 30 in 2050 and younger than our adult children are today. Believe me, 30 years can go by very quickly indeed! ²

As the EEC prepared to launch its new Single European Market (SEM) on January 1st, 1993 a third full decade of the Troubles seemed inevitable. Nevertheless, Sir George's sober optimism emboldened him to propose an economic vision of:

- *The island functioning as a natural economic zone, with both parts working together pragmatically, at all levels and in all sectors (public and private), in whatever way and to whatever extent is to their mutual benefit, to add value to what they are doing' ³*

² Rosie D'Arcy was subsequently born healthy and well in June to Michelle and Mathew!

³ **A.J.F O'Reilly**, in 'Border Crossings: Developing Ireland's Island Economy' G&M 1995

The three key words are geographic terms: 'natural', 'economic' and 'zone'. He saw that when peace came as he believed it would, the SEM held out the hope and prospect for this island of "*All parts working together, pragmatically, at all levels and in all sectors*". This occurring only by their own choice when there were possible and mutual benefit "*in whatever way and to whatever extent*".

There is also an emphasis on "*public and private*" as Sir George never envisaged the island economy concept as encompassing private sector activity only.

Its unique challenge

Sir George's economic vision for the island as part of a Single European Market was premised and so built upon the concept of 'convergence'. That is a coming together - of peoples, communities, economies, businesses, enterprises, working together to their mutual benefit.

This objective is also crucial to the spirit, principles and processes of the Belfast/Good Friday Agreement that was secured later that decade in 1998 and is underpinning our current peace and prosperity. However, Brexit's core purpose is divergence, the UK taking back control to make independent decisions based on what it alone judges to be in its best interests.

This core conflict of purpose lies at the heart of why the UK and EU agreed the Ireland/Northern Ireland Protocol despite which there is already manifest early signs of a social unsettling unrest and, ultimately, the use of political violence on our island. Avoiding the risk of a return to that past is a unique, and all island, task.

The 'political violence' factor

Each year since 2015 CCBS founding director Andy Pollock and I have had the privilege of being invited to address political science students in Trinity College Dublin who are studying political violence. The subject comes to life for them as we talk about the conditions and circumstances in Northern Ireland, and consequently on our island, before the Peace Process and the Belfast/Good Friday Agreement. For them it brings a new intensity and indeed local relevance to this subject.

During our lecture we explain the key role of political leaders in negotiating the Agreement and of the island economy in underpinning peace with prosperity. We also emphasise that the task of embedding peace and so sustaining prosperity is not complete, nor has the threat of large-scale political violence ended as Brexit has reignited divisive debates that encourage its fomenters.

Having acknowledged this reality as an ever-present factor the remainder of this Lecture is divided into three sections: convergence and Sir George Quigley's vision; divergence and what Brexit may really mean; and opportunities we could jointly imagine and pursue as a result. The spirit of Sir George will be present throughout my Lecture in the shared ambition

to intensify a vision for the island economy of sustained prosperity that helps to finally embed peace.

The benefits of convergence

The Belfast/Good Friday Agreement has successfully ended the large-scale political violence that resulted in approximately 3,600 deaths and innumerable 'lost lives'. It is both a paradox and a purpose that the resulting peace and stability is presumed to be the norm by those born just before or since it ended. Now Covid has given the term 'lost lives' a new and experiential meaning for many of these young people

The impact of the conflict wasn't just about people who died; it was about families who lost relatives, people who lost the possibility of a career, and businesses who lost the opportunities that a stable society and economy enable. This sense of loss has returned for many as a result of Covid: especially firms who've lost their business and people who've lost their jobs; young people who've seen their plans for study suddenly disappear and careers that they hoped to have in a sector recede - indeed wondering if that sector will still be there for them to have any kind of a future in.

Sir George understood the importance of hope and that is the promise at the core of the island economy concept. How convergence creates new possibilities to pursue— and businesses thriving as a consequence. I too believe there will be a recovery when the pandemic is under control and this possibility will be renewed, despite the legacy of scarring that individuals will carry into the future from both.

A key point about 'convergence' as represented by the EU is that at its core is also the ambition to generate a hope that does not fear. This is the direct opposite of the weapons of terror deployed in political violence to generate fear and so shut down lives' possibility and hope.

Convergence was also the overarching global economic dynamic of the 1990's. During that decade the world's politics moved to being multipolar after the fall of the Berlin Wall and collapse of the Soviet Union. People, societies, the World Trade Organisation, the Single Market, the GATT were converging towards openness and being joined up.

The benefits since are evident in the growth of a global economy over the last 25 / 30 years. This island has successfully leveraged global convergence to drive economic growth and the development of an all-island economy with the capacity during the next 30 years to tackle the problems that emerged during that period.

The 'identity factor'

This period has also been transformative in Northern Ireland for politics and institutions. Central to the new dispensation of the Belfast/Good Friday Agreement and its various institutional processes was the issue of and its new political and constitutional context for the identity as a citizen of everyone born there.

Constitutionally the 1998 Agreement creates an, arguably, innovative form of ‘civic nationalism’ for the UK and Ireland. One where if born in Northern Ireland your identity can be ‘British or Irish, or both’ a definition that prioritises civic citizenship over other ‘-isms’- such as sectarianism or ethnicity, and does not prioritise one ism over another (ie British over Irish or vice versa).

The practical application of this principle for individuals continues to evolve including by way of court cases where government decisions have been successfully challenged to protect the rights of a multipolar citizenship and accompanying entitlements. However, as a result of the UK leaving the EU ‘identity’ in Northern Ireland is no longer resolved and has a new market and economic dimension.

Identity and the SEM

A foundational principle that enables trade and business to operate in the SEM is the application and operation of this multipolar principle within the EU. Therefore, it is also core to the development and continuing operation of the island economy.

The implications of Brexit for this business principle were first highlighted to me by a Northern Ireland farmer who asked the question in February 2017:

- *‘under the Belfast/Good Friday Agreement could my cows, and their milk, continue to be British or Irish or both?’*

My reply was ‘certainly that would be consistent with the continuing application of the Agreement’s spirit and principles, even if not specially provided for in the text’. I’m now pleased to be able to say that my interpretation underpins the Ireland/Northern Ireland Protocol agreed by the EU and UK to protect the Agreement and avoid putting in place physical controls along the border.

Identity and international trade agreements

However, it must be acknowledged that this result is complex to implement given how today’s highly integrated global trade and business operates. Since the 1990’s the purpose of trade agreements has been to lessen the impact in the form of border controls of the right of each negotiating party to exclude the other’s goods.

Therefore, with the UK outside the EU and so moving from the principles and rules of the SEM to those of standard international trade goods moving from one jurisdiction to the other on this island and through customs controls would have to be British or Irish, but ***not*** both. That is the elegant utility of the Single Market: its multipolar nature of mutual recognition removes the purpose of physical ‘border controls’ because all the relevant regulations are aligned in EU law and so applicable to the entire production and supply chain when operating in the EU.

By contrast core to the Brexit project is a binary choice: to be British or Irish, but not both. As a result, the free movement of people, goods, capital and services on the island of Ireland was at risk post Brexit of returning to the 'hard border' that evolved post-Partition and resulted in the two administrations working back-to-back, with almost no connectivity between them or the communities who lived on each side.

The all island business model

When launched the first objective of the island economy concept was to promote the opportunities arising from a market failure. When the SEM was created and despite twenty years of joint membership this island had the lowest level of cross-border economic activity in the then EEC and this was not entirely a consequence of the Troubles because the volume of N/S trade increased between 1993 and 1998.

A key driver of this growth were multinational companies such as Coca-Cola, Lever Brothers, and United Drug. They reorganised their local businesses to manage the island as a single entity for sourcing inputs- be they raw materials or services-, to moving and/or manufacturing their products and marketing their goods. Once established and proven this model was then followed- especially by SMEs.

This new 'all island business model' leveraged the benefits to be got from scale and proximity on this island of their goods and services moving freely across the border. In practice this meant business owners or CEOs along with their management teams not having to consider "what's the complexity of moving goods between the two jurisdictions? What's the cost? What's the difficulty or possible delays?"

Not having to do so created confidence in doing new North/South business locally on the island, often as a prelude to doing so off island. This confidence is critical especially when crossing a border into a new market and being challenged to move to the next level in order to add value, as there's no point in doing so otherwise.

New agencies were created at the time to encourage, support, lend credibility to the possibilities of this new business model. This institutional support also operated on a joined up all-island basis: in particular InterTradelreland (ITI), along with the Special EU Programme Body (SEPB) who administered the Peace and Interreg Funding, Waterways Ireland, Tourism Ireland – all North/South bodies established under the Belfast/Good Friday Agreement and about which we hear too little in the last number of years, and not enough attention has been paid to their future as all-island bodies.

It is also worth recalling these N/S cross border institutions and bodies were established jointly by the British and Irish governments under a British/Irish Act with the same text simultaneously approved in both jurisdictions.

What convergence has delivered

Since the UK voted to Leave there has been an unprecedented volume of official data published on the island economy by the CSO, NISRA, ITI etc. All of this evidence shows the added value to the Northern Ireland economy is substantial and, consequently, hundreds,

maybe tens of thousands of additional jobs have been created as a result of trading with the Republic, and so the European Union, but as yet there is no reliable data on the total number of jobs that have been created.

Delivering this N/S economic development supports peace and consequently the GFA which in turn underpins the entire island's prosperity. Further proof of this is provided by recent, dramatic and unprecedented economic growth in the Republic.

It is rarely highlighted or acknowledged that it was post the ceasefires during the 1990's that the dynamic productive phase of the Celtic Tiger occurred. There were of course other key factors such as competitiveness and social partnership, but it would not have happened on the scale, and with the intensity that occurred, if there had been continuing violence on the island.

By contrast during the 1970s and 80's those on a mission to bring Foreign Direct Investment (FDI) to Ireland were always briefed by the Industrial Development Authority (IDA) on how to answer potential investors inevitable first questions generated by the Troubles: "how will my investment be safe?", "how will my people be safe?", "how will my product be safe?", as a consequence of the Troubles.

The fear the answers provided by Ministers had to remove had a significant and inescapable negative impact on investment and growth in this jurisdiction that was only removed by the 'peace process' ending of large-scale political violence underpinned by the GFA. Consequently, it is the Republic that has commercially 'banked' the greatest proportion of 'peace dividend' we spoke about in the 1990's.

Importantly SMEs also benefitted from the opportunity for the first time since Partition in 1921 to leverage the economies of proximity based only on local geography to do cross-border business. Because it's a rarely observed fact in Northern Ireland that three major urban centres were cut off from their local and/or regional markets as a direct result of Partition: Derry/Londonderry, Enniskillen, and Newry.

Today ITI data suggests that there are over 7,000 SMEs engaged in this form of cross-border N/S business. This is as a result of SME owner managers deciding for the first time to pursue new business opportunities as close as a few miles across the border due to the alignment of rules and regulations in the Single Market removing customs controls along with the removal of security barriers on border crossings and the reassurance and support of the GFA and its cross-border bodies.

Doing so was just good business and not a political decision, constitutional choice or declaration of identity. Now the UK has left the EU that may no longer be possible.

[How Brexit challenges the concept](#)

The uniquely constructed ecosystem for business that is today's pre-Brexit island economy took thirty years of careful, delicate, multi-strand efforts to create. As explained this ecosystem is mutually beneficial and adding value. Protecting it is now a political choice as has become evident since the Referendum result in June 2016

However, as the entire debate around the Protocol, continuing now with the FTA, has demonstrated doing cross border business will no longer easily be just about doing business. This is because Brexit has agency. Brexit indeed means Brexit.

Its effects are deep, unavoidable, and ongoing. And that is why while Covid-19 has created an immediate and urgent need to act in particular ways that will have long-term consequences the Brexit process will arguably have deeper more profound and long-term consequences - economically, politically, and potentially, socially.

The Brexit challenge is constitutional. And there are three different constitutions that are challenged: the UK, the Republic, and EU. The UK Supreme Court in their initial rulings on the challenges to Brexit said that:

- *“any supposedly binding international agreement that the UK enters into can be easily ignored by a future parliament, without any domestic judicial remedies.”*

The UK’s constitution is now based on the principle of Sovereignty, on Parliament being Sovereign, and the Executive is in charge of Parliament, and Number Ten is in charge of the Executive. Decision making is hierarchical, linear, and goes right to the top. There is no written constitution that lays down fundamental principles.

There’s precedent, of course, but not in the way that the modern world understands constitutions. The ‘constitutional situation’ of the UK today is the Prime Minister who sits at the top of this power pyramid has the power to do whatever they perceive to be in their/the UKs interests, and whenever they see it as in their interests.

The second part of the UK’s constitutional challenge is devolution - the future of the Union is to be determined. All of the powers - the 44,000 pieces of legislation that were European legislation on the UK statute books - and all of that control is being taken back to Westminster, and Westminster must decide how much will be given to the devolved Administrations. These laws cover and encompass fundamental issues that cover every aspect of business, society, economy.

There are challenges for the EU too of course but the EU is moving on. It has lost one of its three big members. It cannot and it will not be the same. How it determines its future is going to be different than if the UK had remained a Member State. And we can already see its ongoing relationship with the UK is shaping up to be frictional, negotiated and transactional. Crucially this interaction is not taking place where it used to in the past - behind closed doors but within a single architecture: the *acquis*, the European Court of Justice, all of those frameworks that controlled and created a sense of being joined up. Now, they are separate.

Making the Protocol work – consultation and consent

There is a sophisticated architecture of consultation in-built into the Protocol. There is a Joint Committee, a Specialised Committee, a Joint Consultative Working Group. They have

agreed procedures and processes. But they' are not in place and working as they're set out to be: on a broad and inclusive basis. The Protocol will only work if the direct experience of business, the community sector, human rights groups, are engaged in an ongoing process of consultation.

We are facing into a decade of democratic consent to the Protocol (see Appendix). In the next two years Northern Ireland Assembly elections are scheduled. In the next five years, we will certainly have an Oireachtas election and possible EU referenda - the changes taking place within the EU may need constitutional approval in this jurisdiction. In four years time the Northern Ireland Assembly will vote on the Protocol's arrangements. And, any time, the UK government can trigger a border poll or referendum under the BGFA. The Protocol will be a part of all of the debate, to varying degrees, in all of electoral events.

A new beginning

Sir George himself used this quote to end his paper on Ireland 2020:

- *“Every end in history necessarily contains a new beginning: this beginning is the promise, the only message which the end can ever produce.”*

Covid, the Protocol, Brexit – we are at an end. But that end is also a new beginning, and it's what we do now, in terms of how we approach this new beginning, that really, matters. And I would like to suggest that we're in a far, far better place than we were in '92 or '94 or '98. We have economic strengths, greater social resilience, and a higher degree of political resilience.

So, what are the opportunities? BSE was an animal disease that struck the island about a decade ago - soon after foot and mouth. We had an all-island response, led by Rev. Ian Paisley whom, I heard Jonathan Powell recall, told Tony Blair, the then British Prime Minister, that he may be British, but the cows in Ulster were Northern Irish and they were going to be protected differently. And, they were.

As a result controls were put in place on the movement of animals between GB and Northern Ireland in Larne Port. There was a testing infrastructure put in place under which currently 1.5 million animals a year are tested and the farmers who own them get the result on their mobile phone within 48 hours. We've done it before and should do it again now for people in the context of our Covid challenge.

Covid-19 recovery choices made now are immediate, and they are impactful opportunities. And they're positive opportunities to reboot the economies in both jurisdictions at the same time, to adjunct public transport and connectivity in many different respects. For example, we could imagine reskilling in a joined-up way. We have institutions, universities, third-level colleges that could operate more on an all-island basis.

Figure 2: Early turnpike routes (1729-1739)

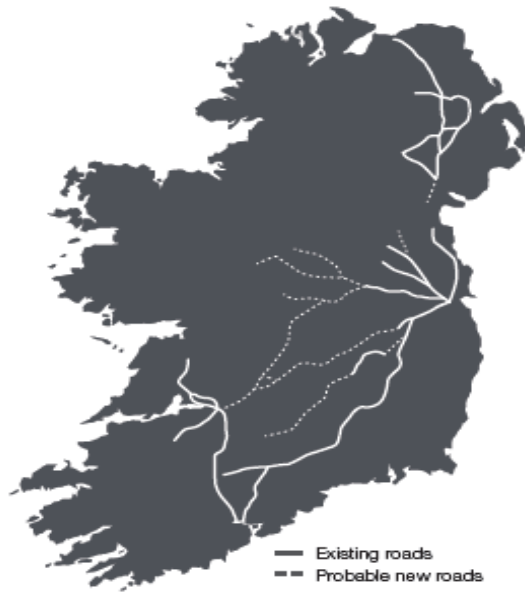


Figure 3: Current motorway network (2015)



One of our biggest opportunities lies in public transport. Short-term decisions have long-term consequences. Take our road network on the island. On the left-hand side is the earliest modern road network in Ireland - completed by 1739. On the right-hand side is today's motorway network. There is remarkably little difference. There are enormous, geographical gaps across the island in our road network which, looked at from the perspective of investment and recovery, are an opportunity.



Looking at railways: on the left-hand side is the railway network in 1920 - on the back of almost 100 years of private, public and railway company investment, to bring together the entirety of the island to move goods and people. Everyone was only 20 minutes away from a

railway line. And that was, after all, by horse and cart. You could get around the island effectively and efficiently move goods. Derry port and Sligo port were thriving as part of the Ulster manufacturing economy that incorporated not just what is today Northern Ireland but the entire Province of Ulster. The middle map is the railway network in 2019. The right-hand map shows what the network should be by 2050: a completed, modern transport network had to cover the island.

Innovation inevitably happens when you do all-island. A proposal previously presented exclusively for one jurisdiction cannot be simply overlaid onto the other. They have to be brought together in an innovative way and by collaboration.

North/South can be frustrating. It can take a while. And, sometimes, it can be dispiriting. But, at the end of the day, it pays off. We need to invest, to cooperate, and to collaborate in order to sustain prosperity and embed peace.

A New Island Economy

There has never been an accepted standard definition of the island economy. So, I wish to propose one as the start point for its evolution and development:

- the island economy is the totality of economic and social activity on the island.

With this definition we can put data together and have the tools we'll need to manage things going forward, both in the context of Covid and the Protocol.

And reimagining needs everyone's help. It needs a collective effort in order to sustain prosperity and embed peace. We need more all-island thinking, more joined-up shared island thinking, more coordinated N/S thinking. I fundamentally believe that this will catalyse innovation in Northern Ireland and the Republic and create a better outcome for us all. And, perhaps most of all, I wish this challenge to be taken on by what I call, the 'peace generations' - those who enjoy the peace that the older amongst us worked so hard to achieve – and that they take ownership of this process, putting the Agreement right at its heart.

How many of us have heard the term 'it's impossible'? It's impossible to end the conflict. It's impossible that Sinn Fein and the DUP will work together. It's impossible that the Irish economy will recover. All of them were impossible - until they happened. As Edmund Burke, a great Irish parliamentarian, observed:

- *“nobody made a greater mistake than he who did nothing because he [or she] could only do a little.”*

Appendix

Island's Decade of 'Democratic Consent'



In the next 2 years...

Next scheduled Northern Ireland Assembly Elections

In the next 5 years...

Next scheduled Oireachtas Election(s) (& EU Referendum?)

In the next 5-6 years...

Northern Ireland Assembly votes on Protocol's future

Anytime...

UK Government can trigger a 'border poll' / referendum

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