

Mind the Gap

Education and the Economic Divide on the island of Ireland

10th of December 2020
INTO Vere Foster Lecture

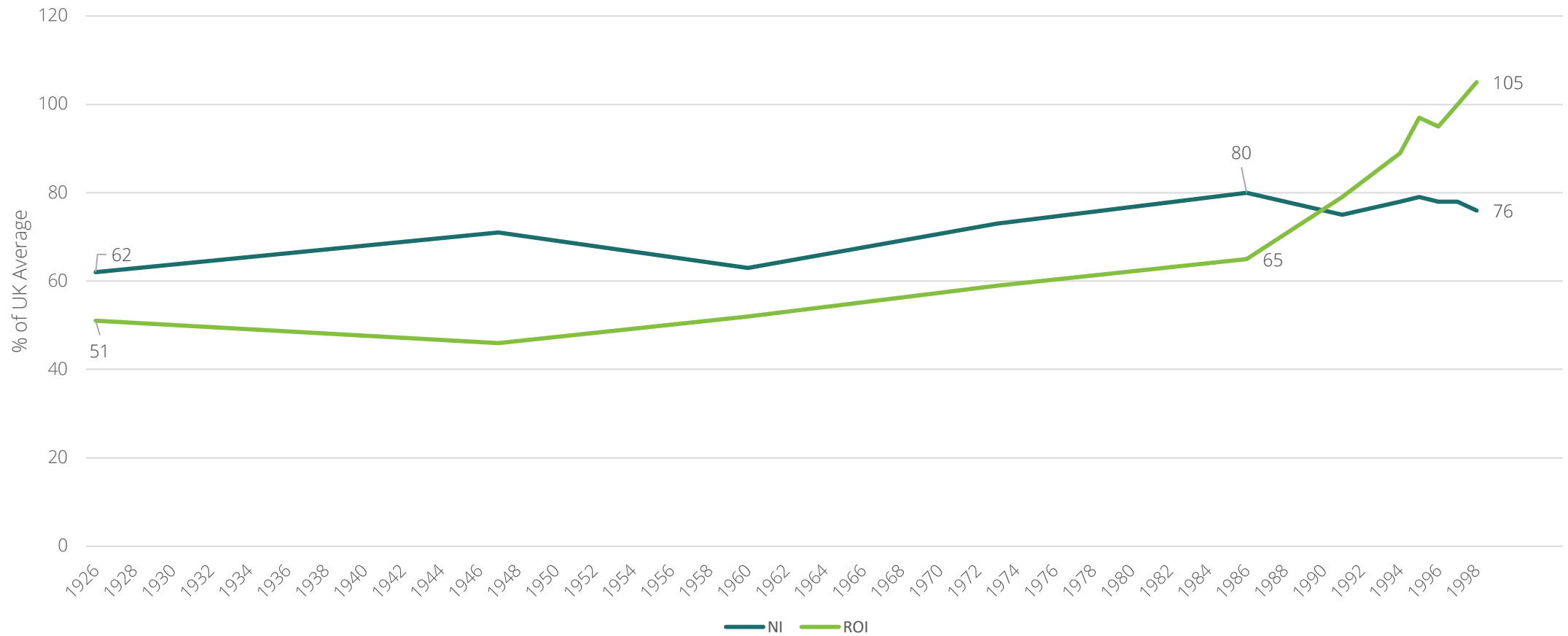
Paul Mac Flynn **Twitter:** @pmacf_neri

WEBSITE: www.nerinstitute.net

Introduction

- Economic fortunes of both parts of the island changed dramatically.
- Yes, political conflict. But bigger, structural issues too.
- Education is a key difference.
- Investment levels critically important, but outcomes matter.
- Attainment, but also the value of education in the economy.

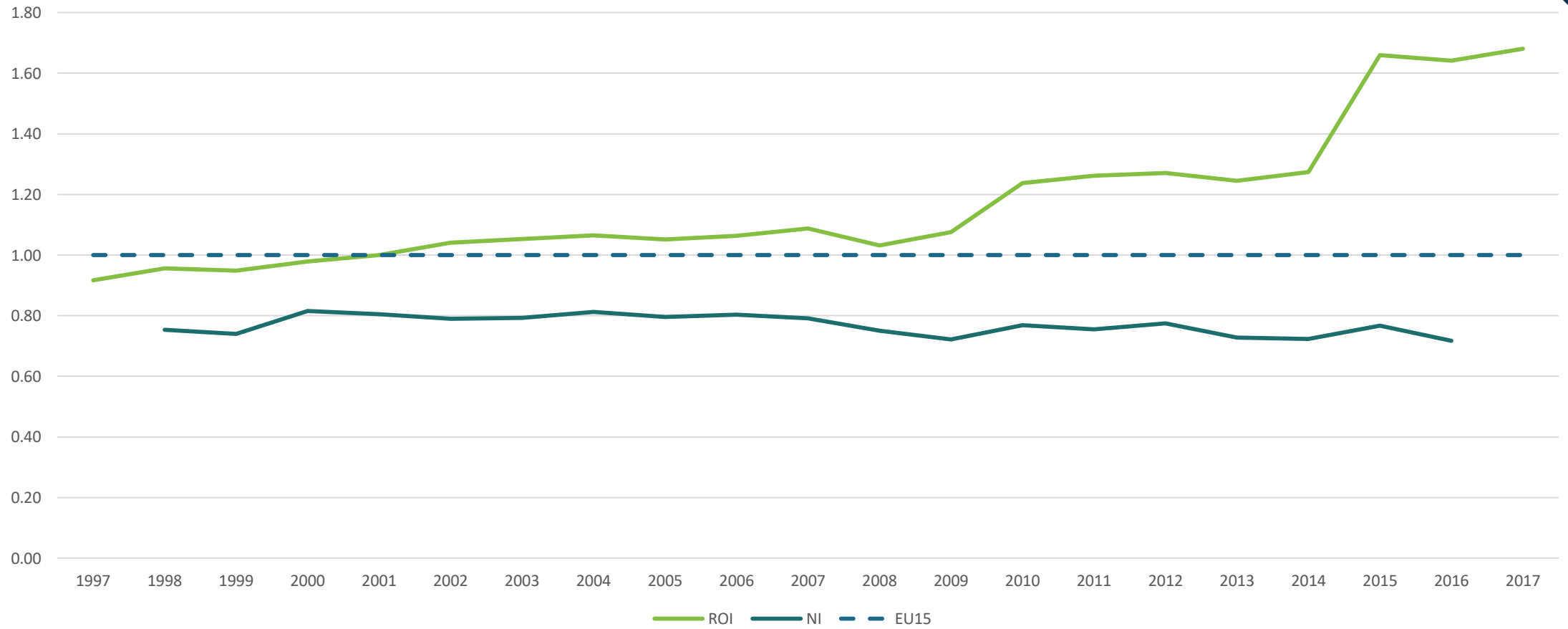
All Island Economy (as % of UK)



All Island Economy 1920-2000

- NI fares better than IFS/ROI, but still large gap with GB.
- Pre-war NI industrial policy plagued by rent-seeking. Political interference with grants etc.
- Change of policy in 1960s led to improvement but then overtaken by conflict from 1970 onward.
- ROI loses out of Europe's golden age of growth 1950-70.
- Opening up from 1960, but balance of payments crises and lingering protectionism prevented sustained growth.
- EEC membership broke this trend.

Output 1997-2017 EU 15



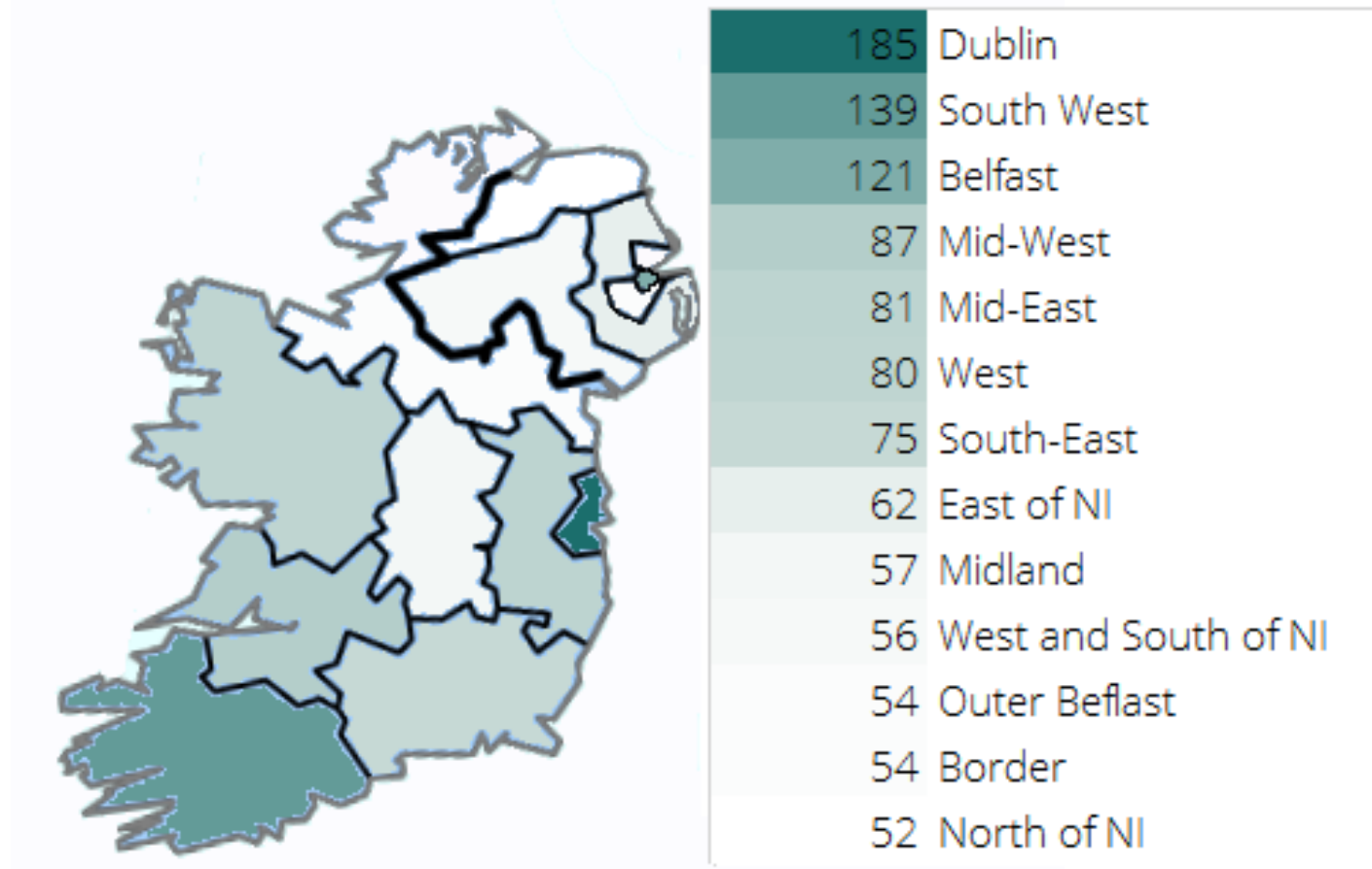
All Island Economy 1997-2007

- Supposedly NI's golden decade, but only just about holds its own.
- ROI, Significant influx of FDI, recovery of US economy in mid 90s.
- Celtic Tiger up until ~2002, then domestic fuelled growth culminating in financial crises.

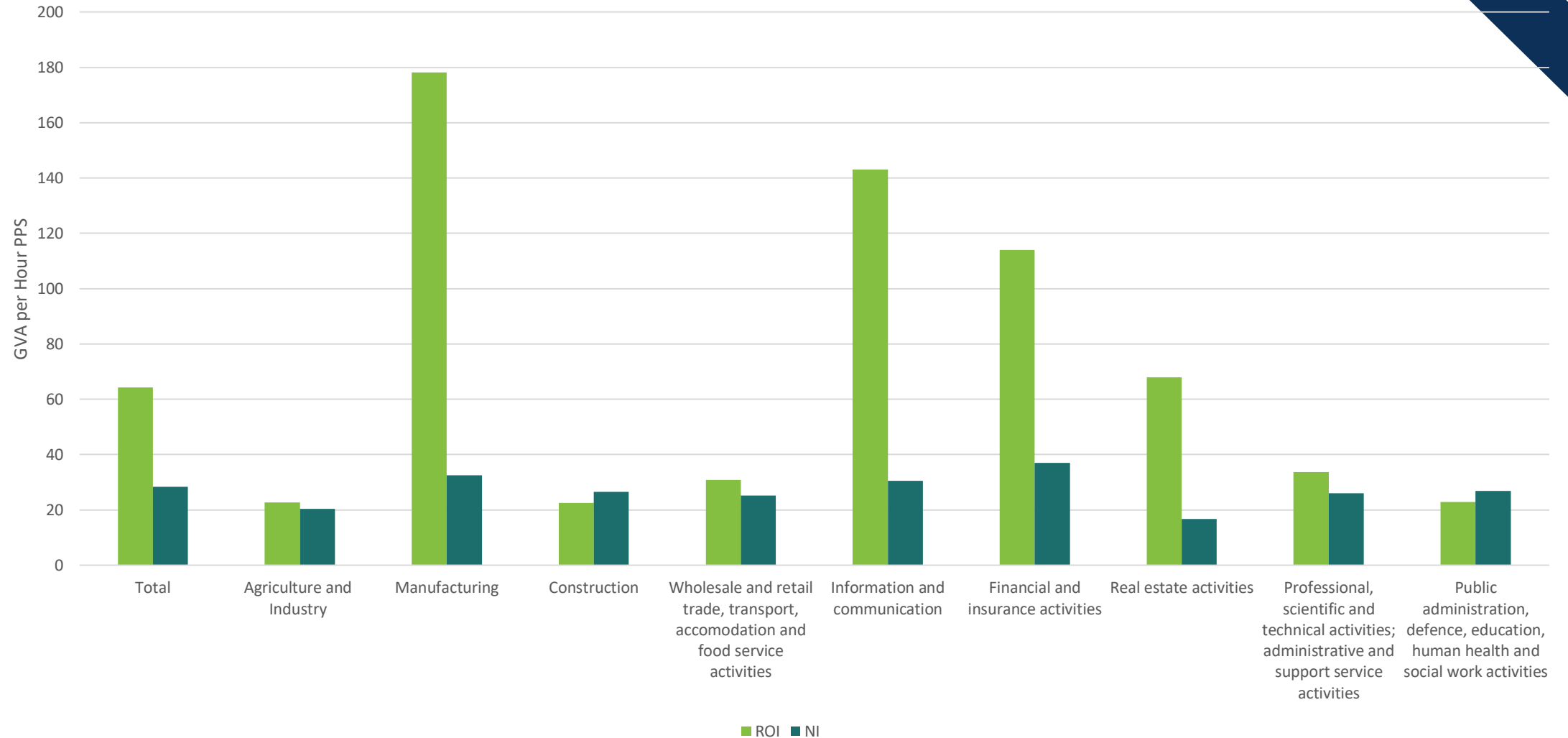
Financial Crises

- Growth hit both north and south, but south takes bigger hit, particularly on unemployment.
- ROI long term trend growth returns.
- NI experiences a dip, then declines.
- ROI big uplift in growth in 2015, requires closer look.

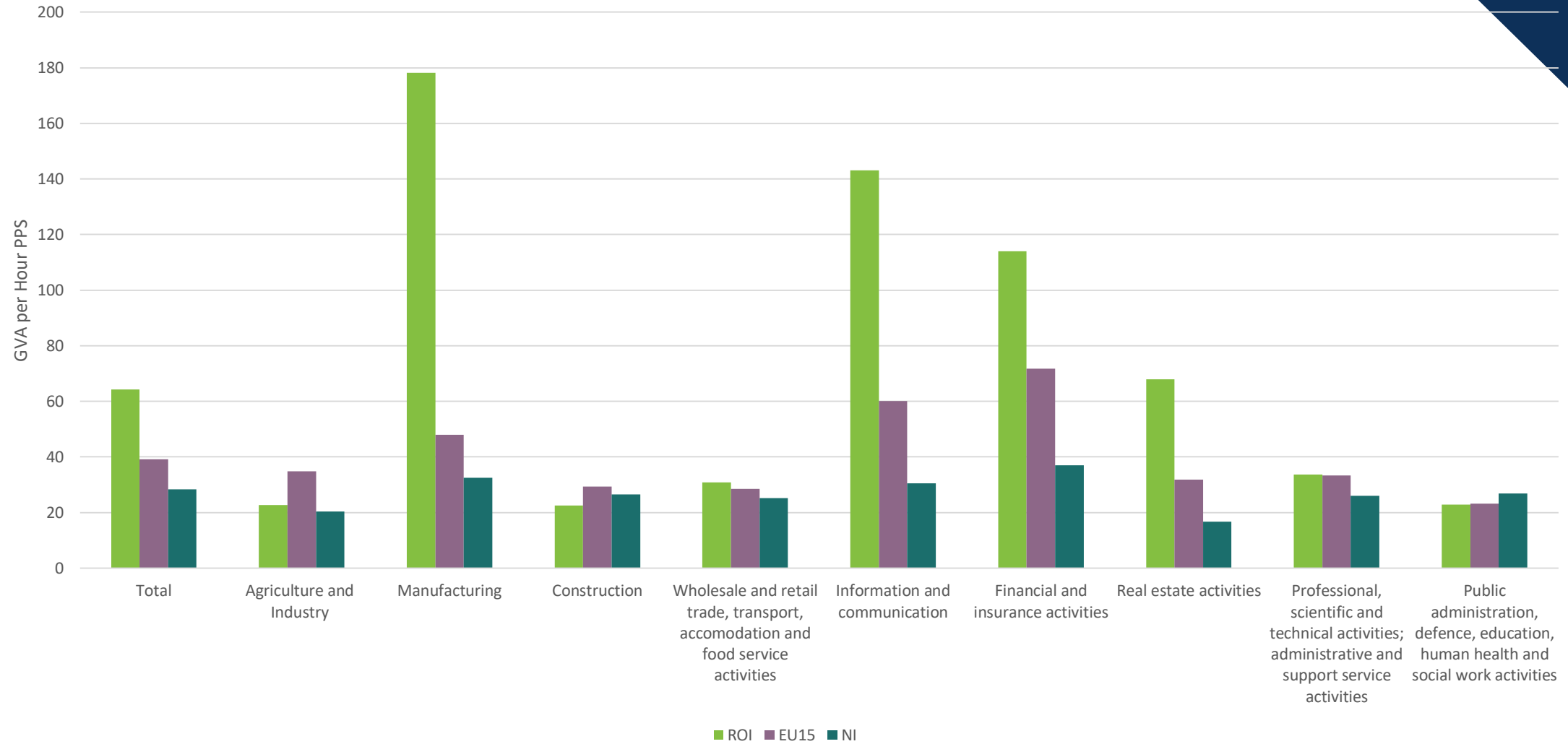
Economic Performance on the island of Ireland



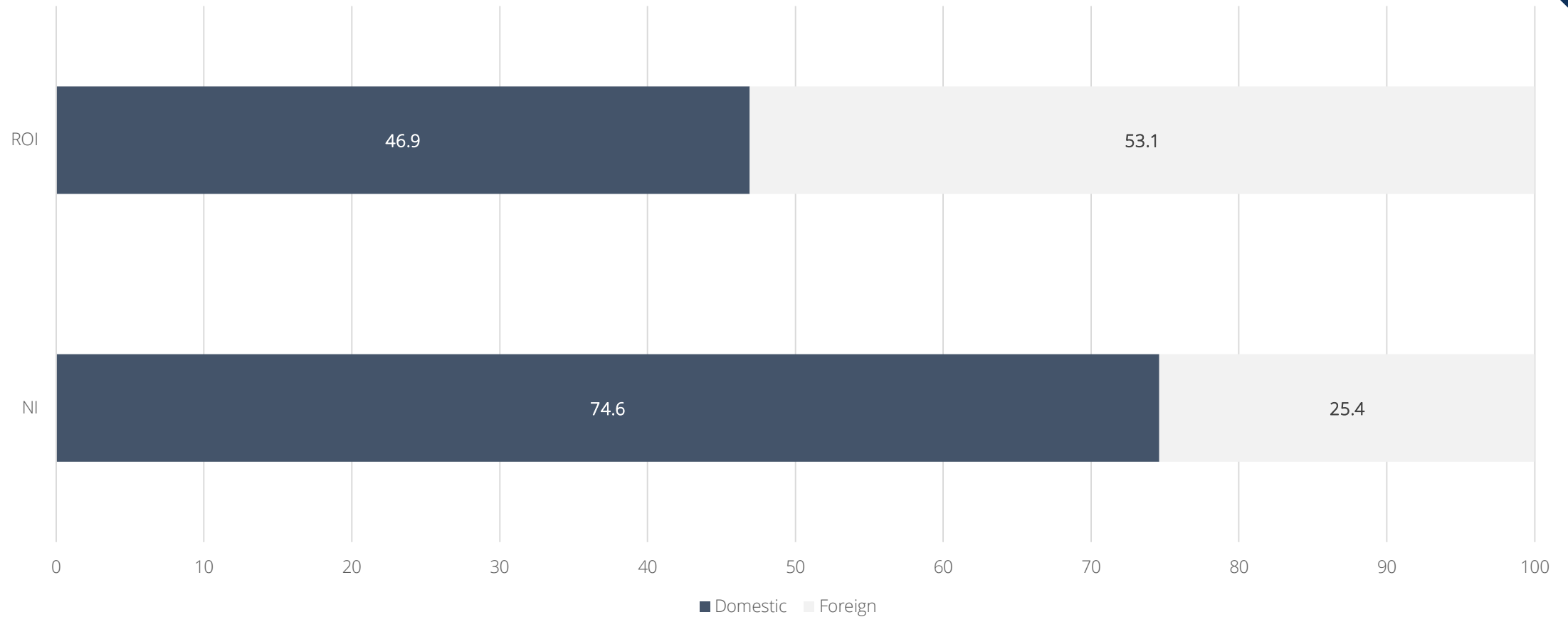
Output North and South



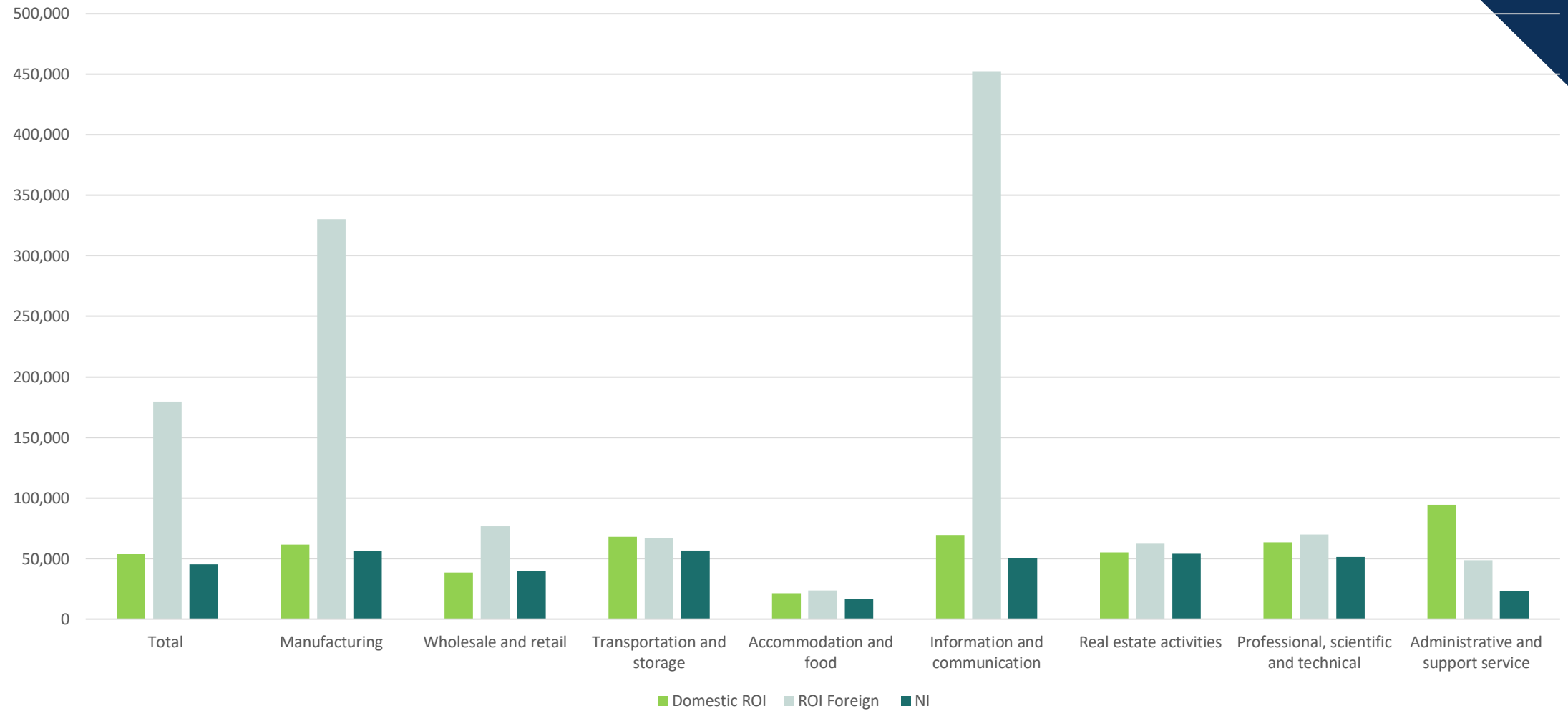
Output North, South and EU15



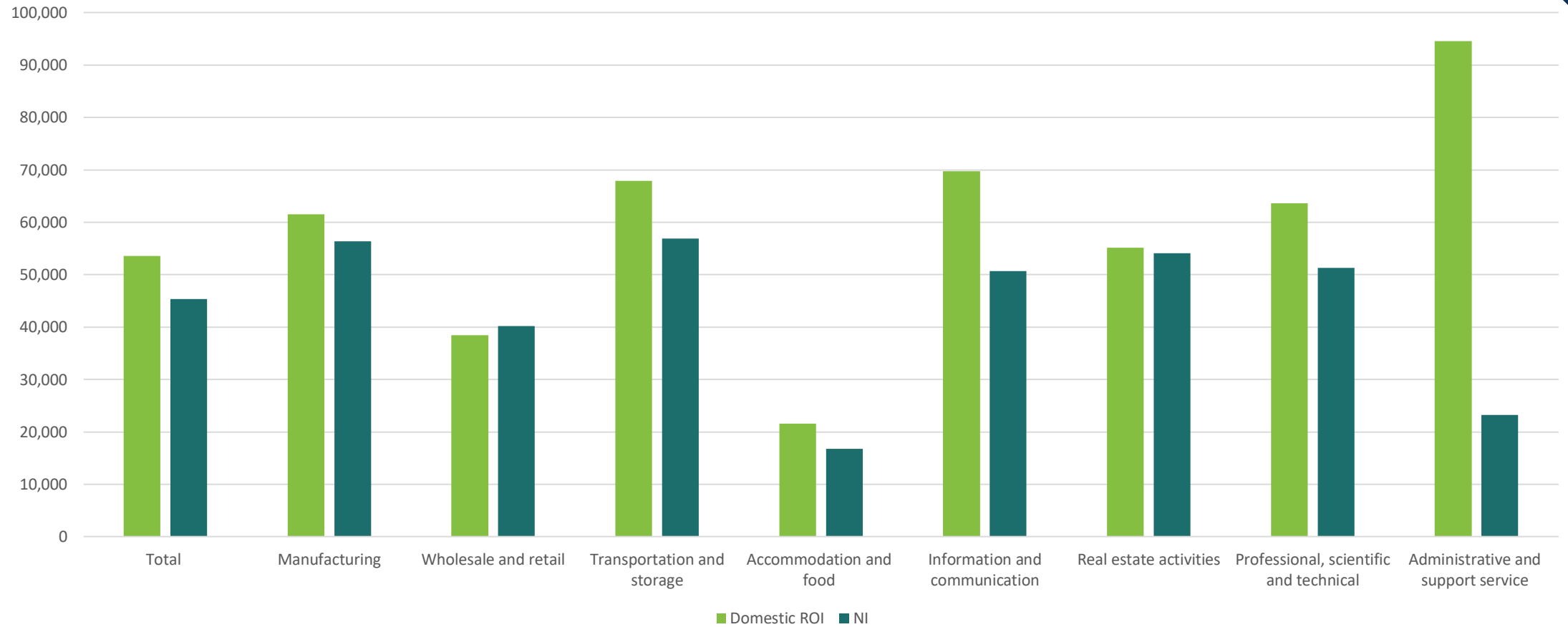
Ownership of firms



Output North and South (foreign and domestic)



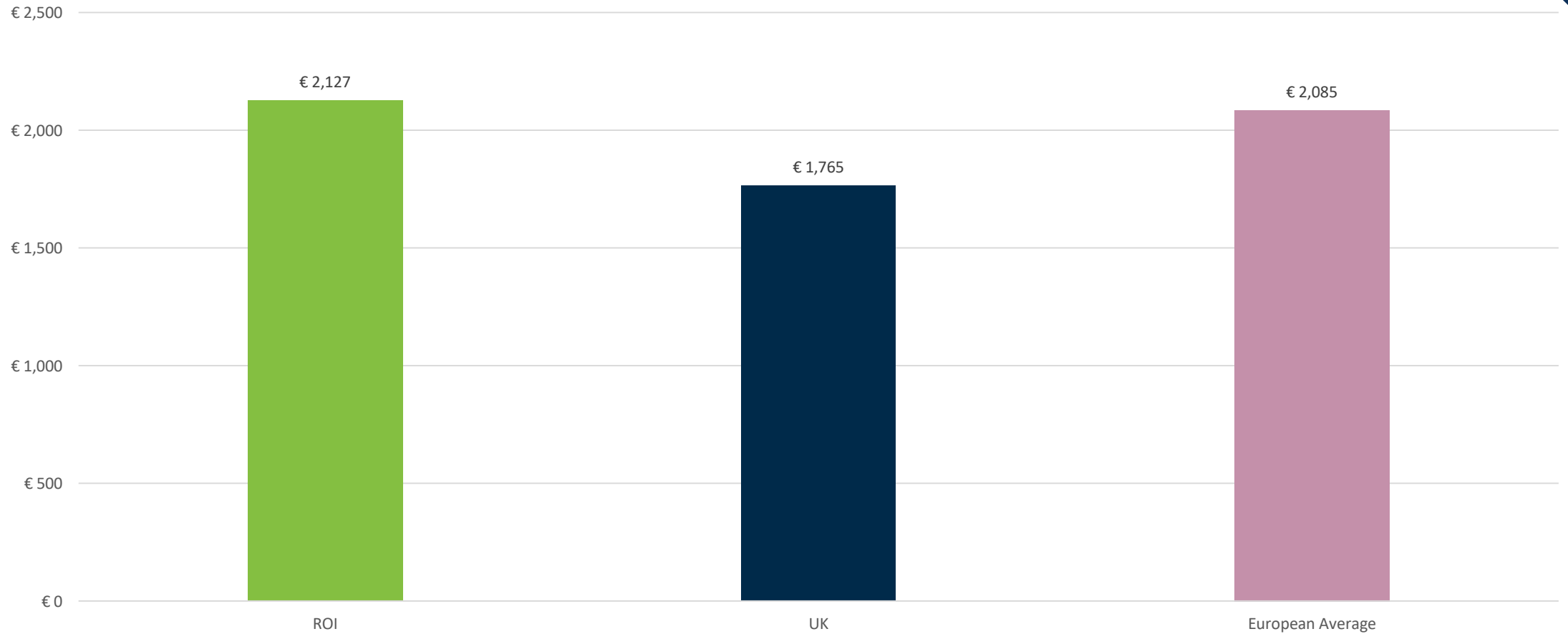
Output North and South (domestic)



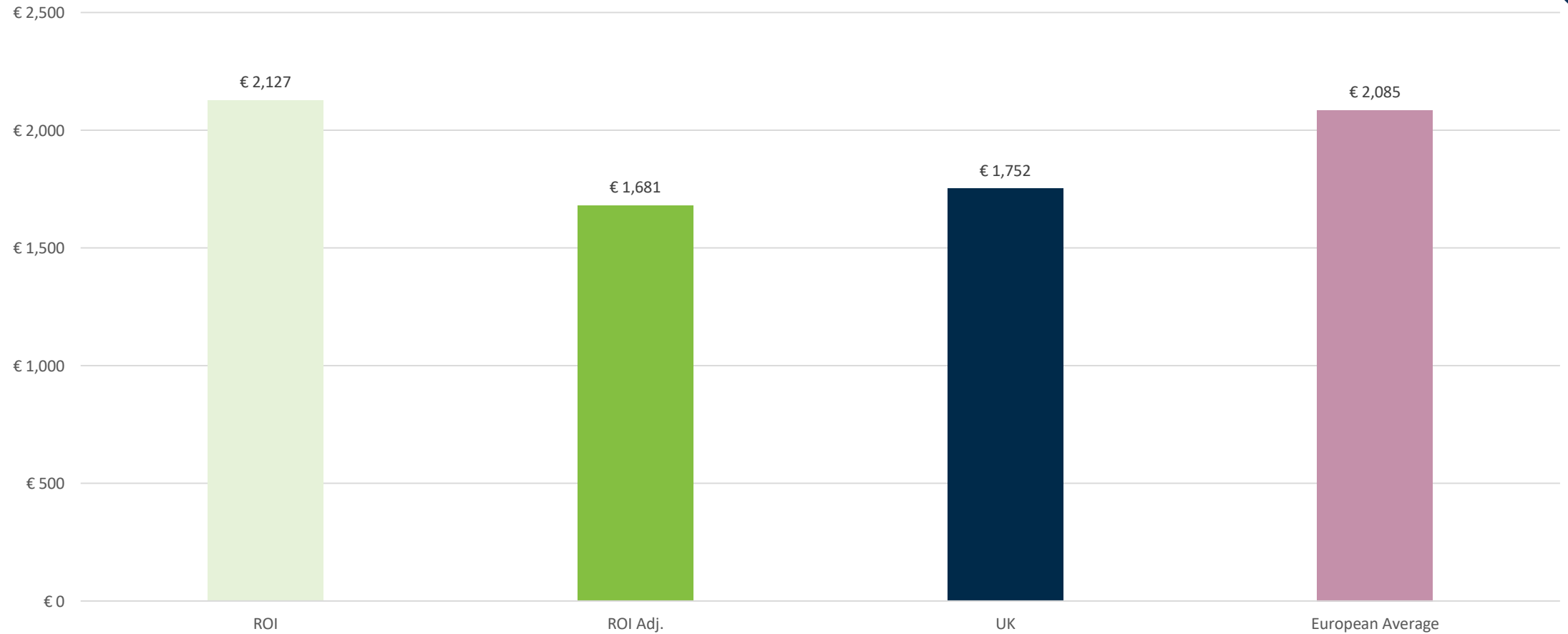
Where we are

- Northern Ireland fallen significantly behind Ireland in economic performance.
- Yes, FDI has played a role, but the gap is more than that.
- NI FDI greater than European average, why not the same impact?
- Legacy of conflict, yes.
- Failure to make structural changes necessary – education key to this.

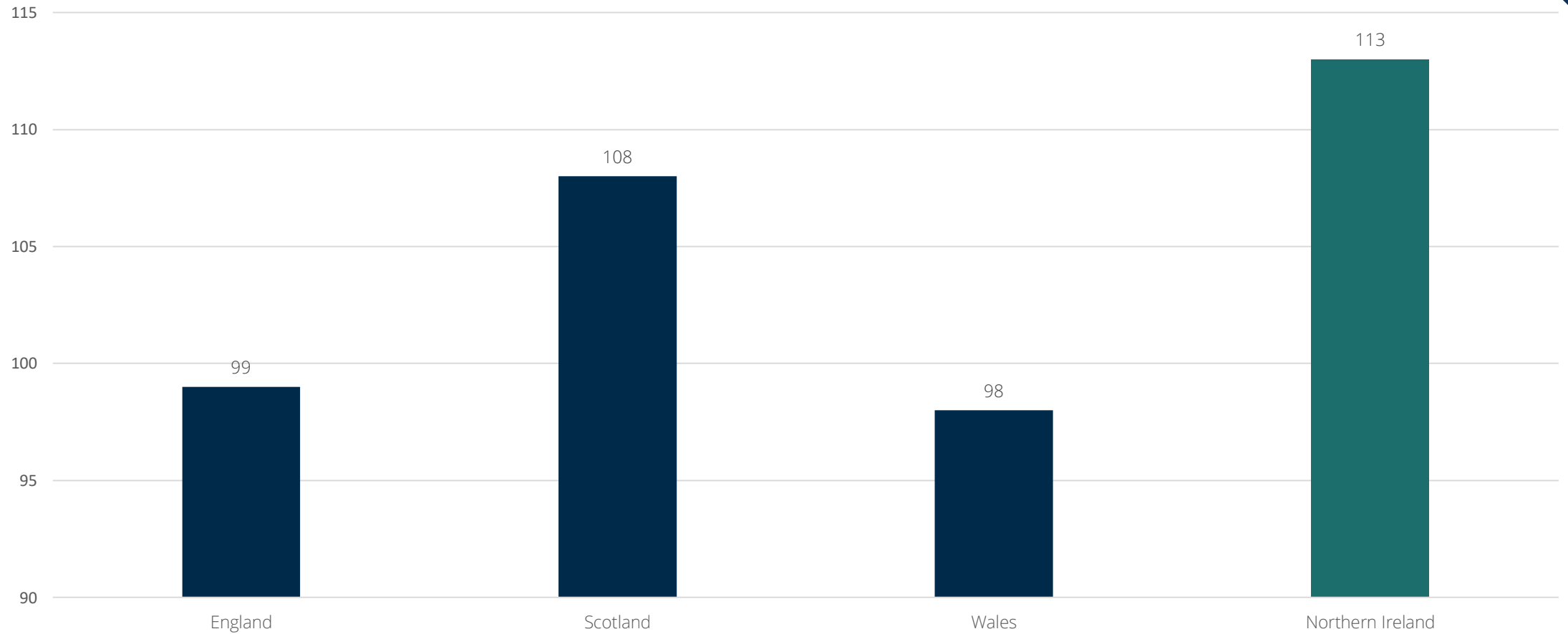
Education Spending (per pop.)



Adjusted Education Spending



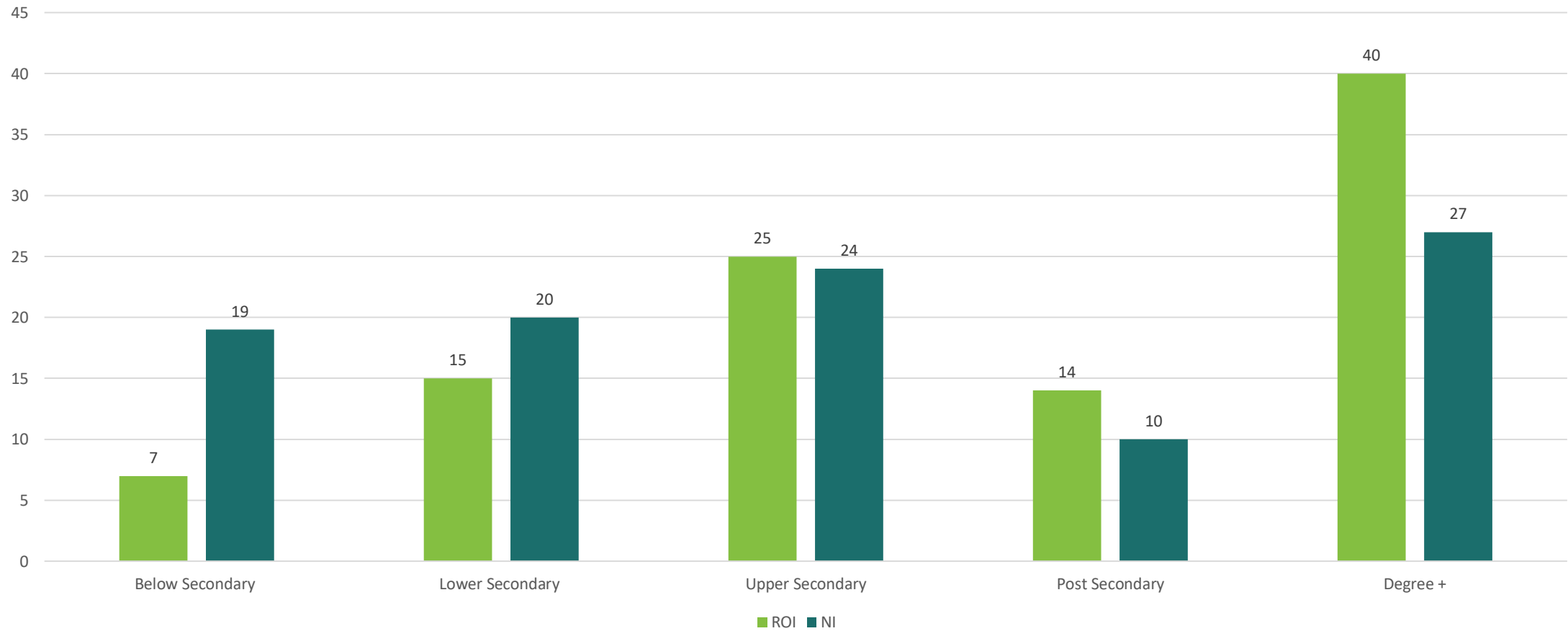
Adjusted Education Spending



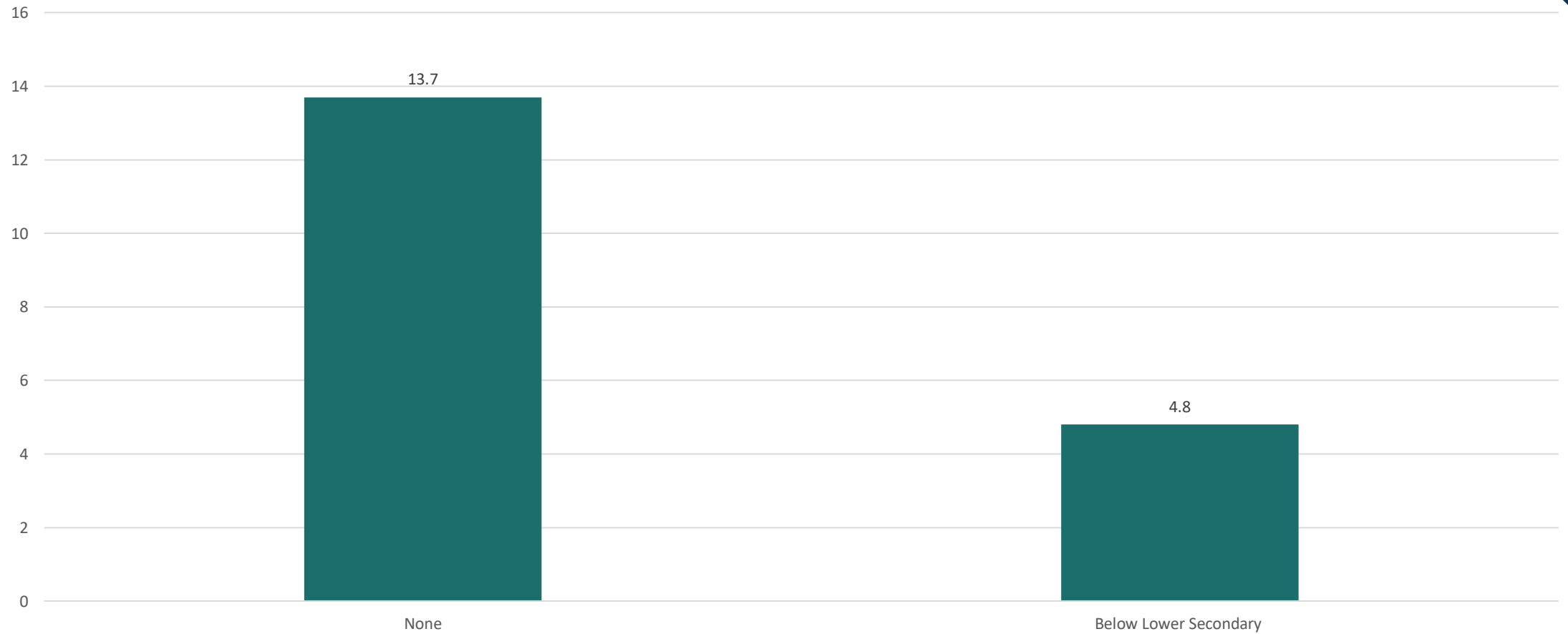
Investment

- UK and Ireland clearly fall behind EU peers in funding of education.
- NI probably slightly higher than UK, but not by much.
- What does this level of investment get us?

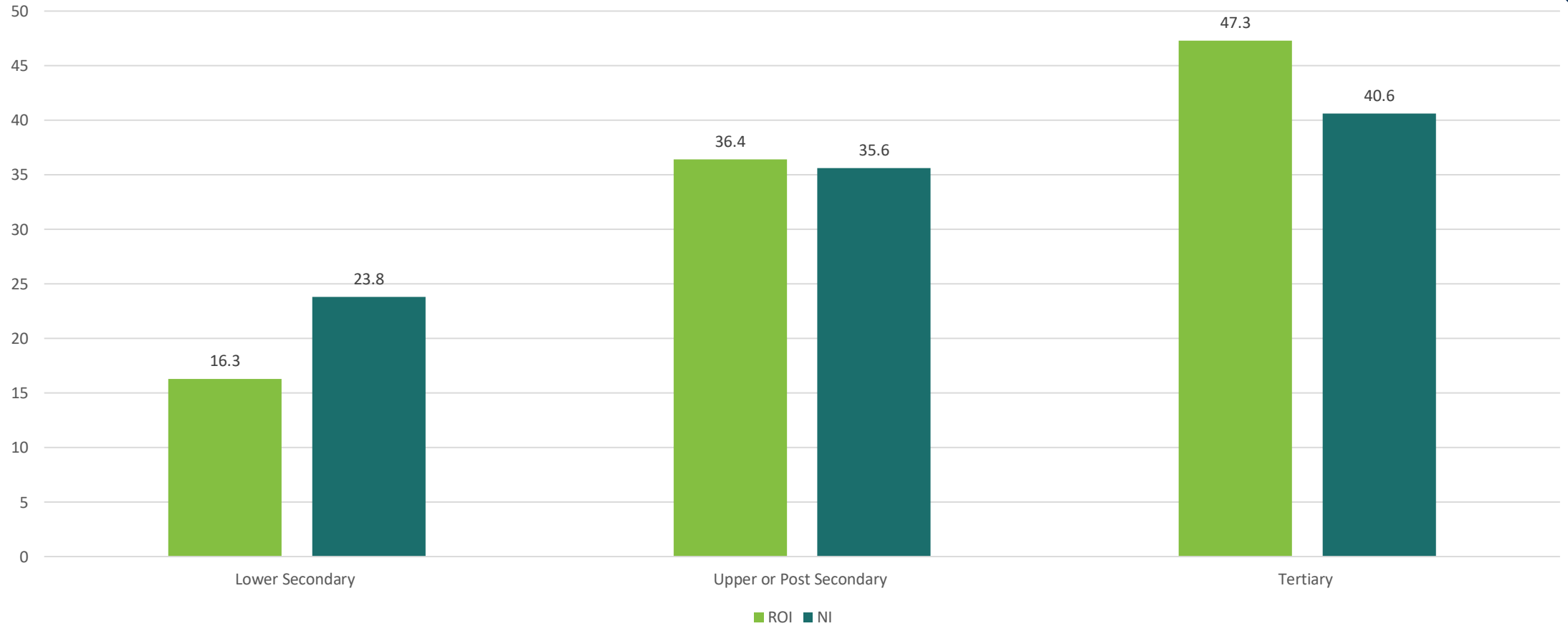
Educational Attainment (age 15-64)



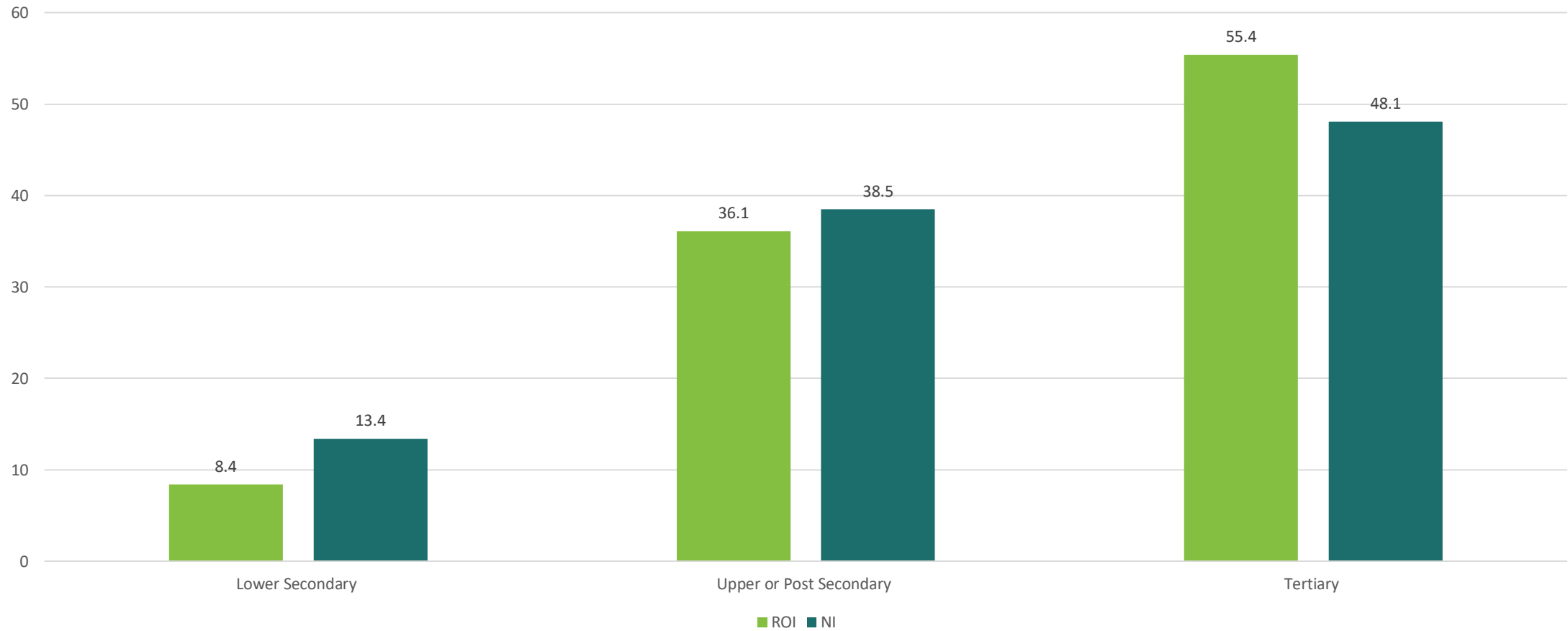
Below Secondary NI (age 15-64)



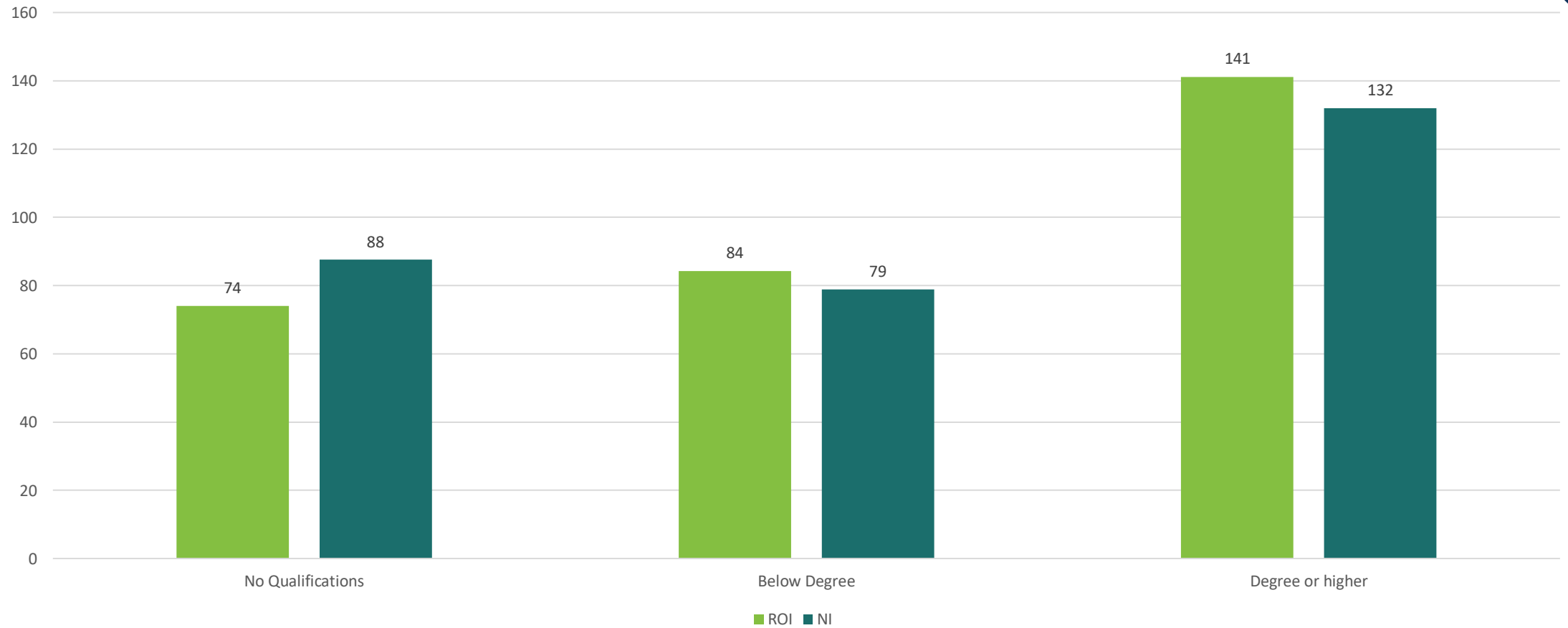
Educational Attainment (age 25-64)



Educational Attainment (age 30-34)



Employee Wages by Education



What role for Education?

- Education clearly played a role in the advance of economy in South but the picture is not clear cut.
- NI has a real problem with low/no education attainment.
- ROI educational attainment above that of NI and set to grow.
- Both underinvest in Education.
- You need an educated workforce but also an economy that values education.
- Both parts of the island of Ireland can grasp both of these elements.



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