

THE INDEPENDENT REVIEW OF ECONOMIC POLICY – A CONSULTATION RESPONSE

Much of what is included in the Barnett Review is not new - it really is the déjà vu of economic development policy for Northern Ireland for those of us who have been around a few years.

For example, the recommendation of a R&D appraisal methodology - this issue goes back to 2001/2002 when Roper & Hewitt-Dundas undertook research on this and reported to an IDB, DETI, DFP working group. This work somehow got sidelined in the consolidation of IDB, IRTU, LEDU and parts of NITB into Invest NI.

The same could also be said about the recommendation for a small enterprise/ firms unit within Invest NI. This is reminiscent of LEDU.

Some of my comments below are more in the form of questions, which I think are worthwhile posing:

1. Is the Barnett Review through its reference to being against repeat assistance suggesting that DETI will be prepared to say no to large firms i.e. Seagate. Months and months are spent agonising and analysing cases when we know from an early stage what the issue is, but are not prepared to say no.

I say this from my (11 years) experience of working as an economist in DED, DFP, IDB and Invest NI but also from my (3 years) experience in DETI's Accountability and Casework Branch, specifically in relation to casework and the interface with Invest NI and DFP Supply. Do DETI Senior Management - or more importantly our political masters - now have the appetite to say no to big, high profile and politically sensitive cases?

2. What is the rationale for the recommendation to have an economic adviser? If economists in DETI are too busy to give "economic advice" then perhaps, the focus should be on whether they are spending time on the right things. After all, DETI already has more economists than any other Department.

Invest NI needs help in policy terms, it needs a strong steer from the Department, whilst at the same time having the autonomy to deliver against this policy lead and the targets set. I am sure there is enough talent in DETI Economics Division already to help deliver this.

It is the case that economic policy advice used to be undertaken in-house in DED/ DETI but more recently this has fallen by wayside with the focus on targets. Targets are the output of policy development - targets aren't policy. This focus on monitoring can be traced back to EDF i.e. when EDF targets took off, the focus then went on to targets setting and the monitoring, rather than on policy development and advice.

3. If DETI and DEL merge the new department would be the lead on the productivity and employment targets. On the latter, NI has made practically no progress on reducing economic inactivity over the last decade when jobs were plentiful. Indeed, over the last year, NI's inactivity has shot up again while the UK's has remained unchanged. The Barnett Review's emphasis is on productivity. Will the new department have to drop the DEL employment target? Will the new department be torn between trying to encourage low paid jobs to hit the employment target, thereby compromising the productivity target? If the Barnett Review is adopted, reading between the lines that appears to signal that unemployment is going to remain relatively high from a historical perspective. Are our MLAs lobbying for employment creation in their constituencies going to accept this?

If even call centres are turned down, how is NI (DEL, DETI, Invest NI) going to create employment particularly West of the Bann? With Barnett's emphasis on productivity (and I would agree with this), the West of the Bann will be even more reliant on public expenditure. But Minister Wilson has said no to public sector jobs relocating to the West (as a policy to spread wealth). At the same time, the west of the Bann / mid Ulster has borne the brunt of the construction downturn. Public expenditure cuts of £370m cuts mean capital investment will be slashed plus forecast cuts of a further £730m (ERINI) post 2011 will slash capital investment even more. It appears the West will be hung out to dry as it is certainly very difficult to see anything in Barnett to refute this conclusion.

Alberta Pauley