

Economic Gongs: Best and worst performers in an ongoing drama

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It had everything. There was intrigue, espionage, breakups, non-stop drama, and no end of fiction and fantasy. But whether you regard last year as the prelude to an economic horror, or something from an altogether more uplifting genre, what is clear is that 2016 was an epic, with significant implications for the local, national, and global economies. So with the annual Academy Awards handed out at the weekend, we've decided to suggest some potential winners of a hypothetical Economic Gongs. Here are the economies, personalities and organisations we think should be in contention for a range of bespoke categories.

Best Supporting Actor / Actress: EU Nationals

Governor Mark Carney moved swiftly to allay financial market concerns on the morning of the Brexit vote. Actions followed with additional quantitative easing and an interest rate cut, part of a package to guard against *Project Fear* becoming reality. However, the fact that the Bank of England was associated with the Project Fear box office flop was clearly a factor behind the Old Lady of Threadneedle Street not scooping an award. Another nominee was Chinese investment. Talk of a financial crisis unfolding in the world's second largest economy have been thwarted by the Chinese authorities doubling-down on even more investment. But the surprise winner is the underappreciated role of EU nationals supporting employment growth, delivering public services and boosting consumer spending in the UK and NI economies. Record highs in employment would not have occurred without this inward migration. Key growth sectors in Northern Ireland, such as tourism, rely heavily on the supporting role played by EU nationals in their workforce. In NI, EU nationals account for up to 60 percent of employees in some of NI's largest companies.

Best Sector (NI): Tourism

Focussing solely on the local economy, there were a number of nominees. Retail (cross-border) and agri-food performed strongly in H2 due to a boost from the weakness of sterling. Meanwhile our large pharmaceutical firms posted bumper profits, and tourism boomed. 2016 was a record year on a number of fronts such as hotel occupancy. Titanic Belfast also scooped the World's Leading Tourist Attraction at the Tourism Oscars. For this reason, tourism also wins the sector of the year award. Cyber security, an up-and-coming success story, takes the Best Newcomer accolade. The sector has increased by 30 percent in 12 months and now employs 1,100 jobs. Inward investors like Proofpoint, Rapid, WhiteHat and Alert Logic may not be well known but they are world-class. Belfast now has the highest concentration of cyber security jobs in Europe.

Worst Performing Economy: Venezuela

If there was an award for most under-performing economy, Northern Ireland might be in the running for perennially lagging behind the UK average. But there isn't much competition for the worst performing accolade this year, with Venezuela having been plunged into freefall due to good, old-fashioned economic mismanagement. Its economy contracted by almost one-fifth in 2016 and inflation skyrocketed to 800 percent. This was much worse than anything experienced in Greece. And, according to the IMF, consumer prices are set to rise by 2,200 percent in 2017. According to one survey, 75 percent of Venezuelans lost 19 pounds on average in 2016 due to food shortages. Closer to home, the Eurozone's crisis-prone economy, Greece, looks set for more difficulties this year. But Venezuela remains favourite to take the award again in 2017.

Best Performing Economy: Ireland

2016 was a mixed year for the BRICs, with Brazil and Russia shrinking violets. And for the second year running, India posted a faster rate of growth than China. The former saw economic growth accelerate to 7.9 percent, with China's rate of expansion unchanged at 6.8 percent. One country though left the world trailing in its wake

- Ireland, which is famed for its works of fiction, from Bram Stoker's *Dracula* to Jonathan Swift's *Gulliver's Travels*. The country's GDP figures released last year (albeit for 2015) were viewed in the same light. Ireland's GDP expanded by a gargantuan 28.2 percent - over four times the rate of mighty China. The growth rates for the rest of Europe were Lilliputian in comparison. On paper it's the best performing, but there are plenty of questions over the methodology.

Best Special Effects: Ireland

Ireland's outsized growth performance was due to some accounting trickery. Multinationals are distorting the GDP figures through tax inversions and corporate relocations. In particular, the airline leasing industry moved its assets (planes) onto the Irish balance sheet for tax reasons. Nobel Prize-winning economist, Paul Krugman dubbed the figures "Leprechaun economics" as they are detached from reality. This phrase was one of the most memorable quotes for last year. In light of Ireland's 'smoke and mirrors' GDP performance it also bagged the award for special effects. Changes to the GDP methodology suggest that Ireland's consistent strong performance in this category over the years may be coming to an end. Northern Ireland will be hoping for some kind of Special Effects win next year in the form of special status granted in relation to Brexit. But don't hold your breath.

Best Makeup & Hairstyle: China & Trump

There were some memorable costumes, hairstyles and make-up over the past 12 months. Donald Trump's hairstyle has become the best known in the world. But on the make-up front, China has faced the allegation that its strong economic statistics are not what they seem. The country's GDP statistics are produced in the shortest time of any of the major economies, they are never subject to revision, and are always bang in line with the government's targets. This consistency has led many commentators to suggest that the figures are simply made-up. Some might say that Vote Leave deserves a mention in the make-up category too for its statements in relation to NHS funding. Vote Remain might not be too far behind, as many clearly did not believe figures released by the Chancellor in relation to household finances.

Best Producer / Director: No award given

No stand out performances spring to mind on this front from 2016. This year, Philip Hammond debuts as director of the UK Budget. But the two to watch are Trump's Treasury Secretary, Steven Mnuchin, and National Economic Council Director, Gary Cohn. The latter allegedly received an eye-watering \$285m severance package from Goldman Sachs to join Trump's team. Meanwhile Mnuchin is both a Wall Street (Goldman Sachs) veteran and movie mogul. Mnuchin has produced dozens of films such as *American Sniper*, *Mad Max: Fury Road* and *The Lego Batman Movie*. Cohn has vowed to attack the post-crisis Dodd-Frank financial services regulations. Watch out for tax cuts and a fiscal stimulus too. Mnuchin and Cohn are tasked with producing "Make America Great Again". Will it be a box office hit or flop? Some say it may turn out to be a "Make Wall Street Great Again" instead.

Looking ahead, 2017 is likely to be another epic year, with sequels set to dominate the agenda. In Northern Ireland, *Hard Border 2* is a potential horror that many will want to avoid. Similarly, *The Cost of Living Crisis 2* will put the frighteners on households across the UK. On the other hand, the much-anticipated unveiling of the Northern Ireland Corporation Tax Cut – which was due to be a sequel to the 1980s Republic of Ireland box office success – looks set to be hit by budget issues. We should also brace ourselves for more economic and political surprises, and some actors we may never even have heard of could enter stage left. Whatever happens, it's likely to be another year not short on drama.

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