

It's fry time we encouraged more fiscal exercise...

Contact: Richard Ramsey
Group Economics
02890 276354

Richard.ramsey@ulsterbankcm.com

www.ulsterbank.com/economics

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With some of the worst public health statistics in the UK, policy makers in Northern Ireland have instigated a raft of significant campaigns over the years to encourage increased exercise and a balanced diet as a way of countering obesity, heart-disease and other associated conditions.

The traditional Ulster Fry, seen as particularly unhealthy due to its high levels of saturated fat, has been a target of some of these drives, with the public being advised to cut down on its intake and to grill, rather than fry, as much as possible.

On the economic front, whilst Northern Ireland has worked hard to shed its troubled image of the 70s and 80s as a means to increasing inward investment - with The Good Friday Agreement providing a much needed economic facelift - it still struggles with some of the worst economic statistics in the UK.

As on the public health front, there are issues with: over-indulgence (*on public expenditure*); obesity (*our overly large public sector*); and inactivity (*the economic variety*). So, do our economic policy-makers need to engage in a major new drive to address the 'Ulster Fry Economy'?

The answer, on a plate, is a big fat yes... With large cuts in public expenditure on the way, it could be said that this is a once-in-a-lifetime opportunity for Northern Ireland to shed a public sector jean-size and rebalance its economic diet.

A healthy economy is characterised by a thriving private sector, high productivity and high rates of labour market participation (*economic activity*). Conversely, the economy's arteries will become clogged by low productivity, high rates of economic inactivity and an overweight public sector.

Northern Ireland continues to have the highest rates of economic inactivity (*people neither in work or looking for work*) of any UK region, the lowest productivity of any region bar one (*Wales*) and the largest public sector within the UK.

In short, a staple diet high in saturated fat (inefficiency and too much bureaucracy), coupled with a sedentary economic lifestyle, are not conducive to a healthy economy. For too long, these undesirable conditions have become synonymous with our economy.

Over the years, New Year's economic resolutions have consistently been to rebalance the economy away from the public sector towards the private sector and tackling economic inactivity. Clearly, there is no quick fix to achieving these and progress in transforming the Ulster Fry economy has been disappointing.

Like people with unhealthy lifestyles it is difficult to change long-established behaviours. Similarly, the warnings for years about the need for public sector and economic reform were unheeded, but

the onset of a major trauma in the form of huge spending cuts may provide the shock therapy that Northern Ireland needs.

The economy now finds itself in a fiscal boot camp and questions have been raised as to whether Northern Ireland has the fitness to withstand the prolonged period of public expenditure 'cold turkey' in prospect.

After years of over-indulgence on public expenditure, it faces a crash diet to drop a couple of public sector jean sizes in record time.

This autumn's spending review will outline how tight the coalition Government's fiscal gastric band will be. Within the context of this new fiscal diet, the challenge will be to cut out the fat and not the muscle.

Over the last decade, UK economic strategies have developed their own equivalent of the "five-a-day" including the five drivers of productivity: investment, innovation, skills, enterprise and competition. Northern Ireland strategies have adopted these as well, and whilst welcome, this has been equivalent to simply providing the fruit juice, vitamins and grapefruit segments to the economic diet without addressing more fundamental issues such as the high intake of fat and tackling those economic couch potatoes who continue to lead a sedentary lifestyle at the taxpayer's expense.

During the decade preceding this downturn, Northern Ireland made no progress in lowering its economic activity rate. The gap between the economic inactivity rates in Northern Ireland and the UK has more than doubled since 1997. This highlights that Northern Ireland does not have an economic strategy that is working. No matter what supplements and vitamins (e.g. R&D) the local economy takes, the overall health of the economy will not significantly change unless radical action is taken to change its staple diet.

The pending 'crash diet', if managed correctly, could actually be a good thing. A significant obstacle to developing the economy is the current size, structure and functioning of the public sector which could be transformed into a more powerful driver of economic development.

The private and public sectors require new carrots and sticks to encourage positive economic behaviours. These could be supplied by new well qualified drill instructors to secure the step-change in economic behaviours that are required.

In short, whilst it would have been desirable for a significant economic lifestyle change to have occurred in Northern Ireland over the past decade, this didn't happen. But the forthcoming public expenditure crunch could just be the catalyst for necessary change that will set Northern Ireland up to be fitter and healthier into the future.

This will hit hard in the short-term but with potential large long-term benefits. As they say: 'no pain, no gain'.

*Richard Ramsey, Ulster Bank
Chief Economist, Northern Ireland*

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