

RMS Economic must hit the 'ICEBERG' head on

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If Northern Ireland obtained a 12.5% corporation tax rate it would clearly level the playing field with the Republic of Ireland? But what else is required to enable the creation of a fast-growing prosperous economy? How can we launch a Titanic economy that has highly skilled crew, is built to last and can compete with the world? To do this, there is one iceberg the economy cannot avoid hitting:

Incentives & Infrastructure

Culture & Competition

Entrepreneurship

Bureaucracy

Education & Skills, Experts & Exports

Reform & Rebalancing

Golf & **G**rowing new markets

A key strength of the Irish economy has been its **infrastructure** base and the speed with which it improved over time. The Republic wisely invested resources in key infrastructure that has left a valuable economic legacy. The Dublin Port Tunnel is a case in point. If Northern Ireland is to address its infrastructure deficit with the UK, as a minimum, it must devote significantly more of its financial resources to capital investment than its counterparts in the UK. Providing a dual carriageway between Northern Ireland's two cities is long overdue. Would homeowners really object if they knew water charges would be implemented to fund such a worthy cause?

Incentives lie at the heart of a successful economy. Northern Ireland either does not have enough of them or existing incentives do not encourage positive economic behaviours. Swapping elements of the Block Grant for corporation tax powers would be the thin end of the wedge. Maximising the Block Grant, does not, never has and never will provide an optimal economic outcome.

From strategy to delivery, Northern Ireland's economic development **culture** has been conditioned by being primarily public sector led. We have also lacked the influx of ideas, creativity and new management styles that occurred as an indirect consequence of the FDI boom in the RoI. In turn, these have provided a boost for competition and fostered an **innovation culture** within indigenous companies. A key weakness remains that stakeholders and the institutions tasked with delivering meaningful change have, through circumstances, been over-exposed to the status quo for too long. Therefore, recognising the pathway to economic progress and the achieving the steps necessary to achieve it, is often much easier said than done.

Enterprise & Entrepreneurship – Notwithstanding Northern Ireland's notable entrepreneurs and successful firms, it is fair to say that the Republic of Ireland benefits from a more widespread culture of enterprise and entrepreneurship. In addition, profit is invariably more acceptable in the RoI than in NI. This partly links to Northern Ireland's over-reliance on the public sector. Therefore, opening up swathes of the public sector to greater competition would be unambiguously positive for a new spirit of enterprise, entrepreneurship and innovation. Linked to this is **Bureaucracy** – and the need to reduce and streamline the delivery of public service delivery. This is particularly apparent in areas such as planning and forms part of the wider reform agenda.

Education & Skills, Experts & Exports: Northern Ireland must continue to invest in STEM subjects but also tackle the persistent problem of low attainment as the number of job opportunities for individuals in this category is projected to fall sharply. We must also tap into the global talent that is the Northern Ireland diaspora. Do not underestimate the goodwill that Northern Ireland individuals (*past, present & future*) have for NI. Many are captains of industry around the world. How can we avail of this expertise for economic development and delivering public sector reform? Similarly, for business, local SMEs must lift their horizons and export beyond these shores.

Reform - No individual or political party wants to be seen as the pace setter for fiscal austerity or delivering radical reform. However, these are the two things that the local economy must deliver and desperately needs - from reducing the number of state bodies and departments to planning. Nobody said that the rebalancing the economy would be painless. Indeed, if a pain free prescription is followed it is neither the right medicine nor will it have the desired effect. Instead, it will perpetuate the status quo which all stakeholders frequently cite as undesirable. Quite simply without meaningful change in the structure and delivery of the public sector we will not have a meaningful improvement in performance.

Golf & Growing new markets

It is perhaps worth taking on board the words of Winston Churchill: *“A pessimist sees the difficulty in every opportunity; an optimist sees the opportunity in every difficulty”*. It is vital that we make the most of all opportunities - Tourism, including golf tourism, and new growth areas such as the Green industries and new markets.

This is one ICEBERG that needs tackled head on.

*Richard Ramsey,
30th March 2012*

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