

DÁIL ÉIREANN

AN COMHCHOISTE UM

FEIDHMIÚ CHOMHAONTÚ AOINE AN CHÉASTA

JOINT COMMITTEE ON THE IMPLEMENTATION OF THE GOOD FRIDAY AGREEMENT

Dé Máirt, 4 Bealtaine 2021

Tuesday, 4 May 2021

Tháinig an Comhchoiste le chéile ag 9.30 a.m.

The Joint Committee met at 9.30 a.m.

Comhaltaí a bhí i láthair/Members present:

Teachtaí Dála/Deputies	Seanadóirí/Senators
Jennifer Carroll MacNeill,	Niall Blaney,
Rose Conway-Walsh,	John McGahon.
Brendan Smith.	

I láthair/In attendance: Senator Erin McGreehan.

Teachta/Deputy Fergus O'Dowd sa Chathaoir/in the Chair.

Business of Joint Committee

Chairman: Apologies have been received from Senators Ó Donnghaile, Currie and Black and Mr. John Finucane, MP.

All Members of the Oireachtas are attending this meeting from their offices within the Leinster House campus. Remote participation is not possible. If there is unwanted feedback, it may be necessary to mute all participants and then the person speaking can unmute his or her microphone. I ask members and guests to mute their microphones until they are contributing.

I rotate the speaking order at every meeting. I propose to call members in the following rotation: Fine Gael, Sinn Féin, Fianna Fáil, Independents, SDLP, Alliance, Sinn Féin, Labour and the Green Party. Is that agreed? Agreed.

The Northern Ireland Economy: Discussion (Resumed)

Chairman: We are engaging with Professors John FitzGerald and Edgar Morgenroth today. I thank them for their patience before the meeting started. We are continuing our discussion of the Northern Ireland economy in respect of problems and prospects. On behalf of the committee, I welcome the witnesses to the meeting.

I will now read the following in respect of privilege. The evidence of witnesses physically present or who give evidence from within the parliamentary precincts is protected, pursuant to both the Constitution and statute, by absolute privilege. However, witnesses and participants who are to give evidence from a location outside of the parliamentary precincts are asked to note that they may not benefit from the same level of immunity from legal proceedings as a witness giving evidence from within the parliamentary precincts. They may consider it appropriate to take legal advice on this matter. Witnesses are also asked to note that only evidence connected with the subject matter of these proceedings should be given. They should respect directions given by the Chair and the parliamentary practice to the effect that, where possible, they should not criticise or make charges against any person, persons or entity by name or in such a way as to make him, her or it identifiable or otherwise engage in speech that might be regarded as damaging to that person's or entity's good name.

I call on either Professor FitzGerald or Professor Morgenroth to make their opening statement.

Professor John FitzGerald: Over the past few months, a number of writers have raised questions about comparative standards of living in Ireland, Northern Ireland and the UK so we thought we would say a few words on that. In recent years all official bodies in Ireland have come to use adjusted gross national income, GNI*, when comparing output and income in Ireland with other countries and increasingly this approach is accepted abroad, particularly by international bodies. However, some foreign commentators are still unaware of this measure and its appropriate use. Using this measure, adjusted for price differences, Ireland's standard of living in 2019 was approximately 109% of the EU 15 average, whereas the UK's was around 96%. However, in a recent Central Bank paper, Professor Patrick Honohan has suggested an alternative measure which he calls alternative individual consumption. This measure includes consumption by households and much of Government consumption. Government consumption includes things like education, which is really important. All of this is expressed per person

and adjusted for prices. Professor Honohan feels this may be a better comparative measure for some purposes and on this measure Ireland actually ranks below the UK.

In our 2020 paper, we used a variant of the Honohan measure and using this metric for 2016, the standard of living in Ireland was found to be slightly lower than in Northern Ireland and the UK because of public consumption. That is because of the expenditure on education, the health service and so on. Recent developments may have seen a change in this ranking; the data for 2016 are the latest data available on a comparable basis. The metric we used in our paper is appropriate for comparisons of the situation today but it says nothing about the sustainability of that consumption. It does not include the investment needed to maintain the standard of living which is where Northern Ireland is very low, or, as Dr. Adele Bergin and Dr. Seamus McGuinness emphasise in another recent paper, national saving, which could contribute to living standards in the future. One of the problems of the Northern Ireland economy is that it has a very low level of investment in both physical and human capital. Bergin and McGuinness, in a series of papers in 2020 and 2021, have suggested alternative measures including disposable income adjusted for price differences. On this metric Ireland ranks above Northern Ireland. Quite rightly, they highlight the fact that national accounting-type measures take no account of other factors that are hugely important in terms of standard of living, such as life expectancy. In summary, the standard of living measured by national consumption is probably fairly similar North and South but measured by output per head, it is significantly higher in the Republic.

Due to the questions raised at the last meeting we append a note considering the subvention to Northern Ireland under a range of scenarios and that subject came up in a recent article in *The Irish Times*. I will not attempt to read out the tables. Reading tables into evidence is not a good way for anybody to proceed, although the committee may wish to include them in a record of information provided at this meeting and we are certainly available to discuss the matter. I will leave it at that.

Chairman: Does Professor Morgenroth wish to make any other comment?

Professor Edgar Morgenroth: As with the last time, Professor FitzGerald made the statement on behalf of both of us.

Chairman: That is fine. The rotation of speakers this time will be Fine Gael first, then Sinn Féin, Fianna Fáil, Independents, the SDLP and so on. I call Deputy Carroll MacNeill.

Deputy Jennifer Carroll MacNeill: I am not sure whether Senator McGahon is here but if he is, I will leave time for him.

I thank Professor FitzGerald and Professor Morgenroth for coming before us, it is great to have their participation. I am glad Professor FitzGerald said he would not read out the tables. The scale of the financial information is huge and the witnesses might forgive me as I try to pick through it. There were a couple of points in particular which I want to go through with them. I refer to the concerns Professor FitzGerald and Professor Morgenroth have consistently raised on the productivity gap and in particular regarding the education side of that. Will they talk me through some of that, perhaps on a more qualitative basis? A particular concern is around the segregation of young people at an early stage based on academic achievement. Professor FitzGerald has also identified that, of those emigrants who have left to train or work elsewhere, fewer than might be expected may choose to come back. Could he give us any qualitative extras in those regards?

Professor John FitzGerald: As for evidence, Northern Ireland's top academic economist, Professor Vani Borooah, published a book in 2015 in which he did a very detailed analysis. I found it very instructive. It shows that, because kids from a working-class background, in Belfast, for example, get selected for secondary schools and do not get into grammar schools, they have poor educational prospects. It is not necessarily the fault of the schools. The evidence from the Republic and elsewhere shows that, when kids are segregated by ability, kids in the top half of the distribution do not do any better while those in the bottom half do substantially worse. This segregation perpetuates a system that locks out those from working-class communities. This has wider social implications, about which I am not qualified to talk.

The problem is that grammar schools in Northern Ireland are very good. In talking to people in Northern Ireland and discussing this matter, I find great resistance, from both sides of the community, to anything that would disturb the grammar schools. Middle-class parents get their children into these schools and they do very well there. They are very good schools. It is a question of how to move away from the situation that pertains today. The secondary schools may be doing a really good job but the children attending them have poor prospects. There is a question about how to move towards an integrated system such as we have in the Republic. Shirley Williams, who died a few weeks ago, made a big change of this kind in England in the 1970s and faced great resistance. It is difficult and problematic.

Vani Borooah has modelled and estimated what he calls the Catholic ethos advantage. Kids from working-class or disadvantaged Catholic backgrounds do a bit better than kids from a Protestant background. He raised the possibility that this could be because the schools are better but it is much more likely to be because the parents have different expectations. I have seen this in the Republic, in my own area. In the late 1980s, I heard parents saying that there is no point in their kids remaining in school. In the late 1990s, the younger sisters and brothers of those kids continued on and went on to university. There has been a dramatic improvement in participation in education across social classes in the Republic. Parents' expectations are as important as the schools themselves. I am no expert on Northern Ireland. There are people here who know more about it. The research evidence, however, shows that this is a significant problem for Northern Ireland.

Deputy Jennifer Carroll MacNeill: I certainly acknowledge that there are people here who know a lot more about Northern Ireland than me and who are living those politics and those issues every day. Our concern is that we really want to see a really prosperous, innovative and self-sustaining Northern Ireland because this would be to the benefit of everybody who lives there. It is good to have the opportunity to discuss the witnesses' perspectives on that.

In the papers they have provided, the witnesses go through the scale of the transfers from central government in the UK to Northern Ireland, which have masked part of the productivity gap for some time. There are many questions being asked about the prospect of a united Ireland at some point in the future. The witnesses highlight a whole range of issues to be considered including continuing pension obligations and Northern Ireland's share of the UK debt. There is a whole range of different considerations. We will draw out some of those issues as the meeting goes on. I am interested in what the Government can do to support development and innovation in Northern Ireland. What can we, as parliamentarians in Dublin, suggest to try to support the development of that innovative, forward-looking, strong and sustainable Northern Ireland economy?

Professor John FitzGerald: Would Professor Morgenroth would like to say something about infrastructure?

Professor Edgar Morgenroth: We know, from decades of economic research, that there are certain key drivers of growth and productivity. Education is a really big one, about which we have already heard. Other big investments are on the innovation side, on research and development and on infrastructure.

Chairman: My apologies professor but there appears to be interference.

Deputy Jennifer Carroll MacNeill: It may be me.

Chairman: Please continue, professor.

Professor Edgar Morgenroth: In those areas, of infrastructure and innovation, there is scope for the Irish Government to play a role. There has been an ongoing plan in some of the infrastructure projects where I would not necessarily agree with the particular prioritisation but greater connectivity in infrastructure is something that we could do. If one looks at Northern Ireland, and I have been living in Ireland for a very long time, back in the 1980s one always had this view that the roads got better as one crossed the Border. Now it is the other way around. Infrastructure in Northern Ireland has been lagging behind and the data supports that. The infrastructure investment has not been as strong.

On innovation, tying Northern Ireland into the wider innovation system on the island of Ireland and, with that, into Europe is something that we want to continue to foster.

It is quite interesting to look at some of the previous schemes before Brexit, which the EU had been running, such as the Horizon 2020, H 2020, and its predecessor funding. Many of the Irish universities worked with UK universities but not with Northern Irish ones. Building collaborations North-South is something upon which we can do much more on the innovation side. There is scope for that. Those things will help in driving productivity and can have wider benefits in that we can connect the two parts of the Ireland.

Chairman: I call Deputy Carroll MacNeill who has two minutes.

Deputy Jennifer Carroll MacNeill: I thank the Chairman and I ask about education and forward-looking investment. One thing that sticks out in all of these presentation is the response to the witnesses' queries on how we could absorb a subvention fee in any united Ireland.

Chairman: My apologies, Deputy, but I ask that you speak more closely to the microphone as we cannot hear you.

Deputy Jennifer Carroll MacNeill: In our witnesses' estimation, and I am paraphrasing here, it would represent an equivalent financial shock to that experienced in Ireland during the 2008 to 2010 period which they have shown us. Could our witnesses comment more on that point and the focus on the needs of development and productivity in Northern Ireland which are extraordinary?

Professor John FitzGerald: It depends on how much subvention would be needed for Northern Ireland. In our estimation it would still be substantial. Funding substantial subvention would require either higher taxes or lower expenditure in the Republic in the absence of Northern Ireland raising its productivity. In the long term, if Northern Ireland tackles the problems of low productivity, then that gap will narrow and Northern Ireland will have the option of remaining more successfully in the United Kingdom or it would make a united Ireland easier. At the moment, a rise in taxes or cut in expenditure in the Republic just to fund the subvention

on the current basis would be very substantial. If one had an equalisation of welfare and pay rates it would be dramatic.

Deputy Jennifer Carroll MacNeill: Professor FitzGerald states that even in circumstances of having taken urgent action on productivity measures, such as in education, we expect that the problem of productivity would remain for at least 25 years.

Professor John FitzGerald: We began investing in education around 1970 with a major ramping up, particularly in the 1980s and 1990s. We kept children in school until 16 years of age and they continued on to do the leaving certificate and to go on to university. However, it takes a long time to replace my generation who did not have that opportunity. The effects of education take a very long time. I said to French counterparts at an international meeting that their problem in France was the high unemployment rate and that low-skilled people were locked out. I said they needed education and they said that would take 20 years. I said it takes 20 years but if they did not start now they would be going nowhere.

The one thing that could speed up the adjustment in Northern Ireland is the fact that there is a very large number of Northern Irish graduates abroad. If they could be attracted back to Northern Ireland that is how to upgrade at the top. However, that would not deal with the problem of the kids who are being failed by the educational system at the bottom. A paper by Iulia Siedschlag of the ESRI for the Department for the Economy in Northern Ireland showed that education is hugely important in where foreign direct investment, FDI, locates, not just in these islands but across Europe. That could make a difference in Northern Ireland and would speed up the process. It is urgent that we attract those people back. Large numbers of people emigrated from here in the 1980s and we - and they - thought they were going and never coming back. They turned out to be homing pigeons and research by the ESRI and Professor Alan Barrett shows that people who emigrate and come back bring new skills and a different language with them. Returning emigrants raised productivity by 10%. That would be a quick win for Northern Ireland but I will leave the question of how to achieve it to those who are in Northern Ireland.

Professor Edgar Morgenroth: I will make a short supplementary comment on this matter. Research that I co-authored shows that educational attainment is ten times more important than any infrastructure, such as broadband, for example, in attracting investment. The number one thing to focus on is human capital and people. That is what we should be investing in.

Chairman: Thank you very much. We went over time so I will give all other parties 15 minutes instead of the original ten. I call Sinn Féin.

Ms Michelle Gildernew: My sound is not great so I apologise for any difficulties. It is very interesting to hear Professor FitzGerald's thoughts. At a committee in Stormont in the region of 20 years ago, the economist John Simpson talked about how there were children in the vicinity of Stormont, only a few miles down the road, who at five, six, and seven years old were no longer suitable for an educational environment. Those words stuck in my head. I will never forget them. That is a stark statement to make. I agree that the ethos and value that is placed on education at home is certainly a major contributing factor.

Professor FitzGerald talked about the grammar schools. That love affair with grammar schools is waning significantly, particularly in more rural areas, although it is different in Belfast than it is everywhere else. We have excellent all-ability schools, like St. Catherine's College in Armagh or St. Ciaran's College in Ballygawley. We have brilliant all-ability schools in

the North that are bringing children through, bringing the best out of them and helping them achieve their full potential. I would like to see more research and development. We are going to be left behind by the digital innovation that is happening around the world and we need to ensure we are fit to compete in that sphere.

Professor FitzGerald has broken the subvention down into different categories, such as defence and residual spending, and that residual category includes things like museums, galleries, libraries and things on which we might not necessarily have the same level of spending. Obviously, defence is a massive impact and we would not be spending the same amount on defence that the British Government currently does. The British Government currently ring-fences 2% of GDP for defence and that is a large amount. However, there are also other decisions to consider. We are talking this week about the investment of £200 million in a new royal yacht. It is those kinds of expenses which make the subvention sound so ridiculously high. Obviously, the subvention is based on the *status quo*.

As for the savings which would accrue from doing away with some of the duplication on the island, I note we have two health systems and two education systems, for example. Much spending is duplicated on the island of Ireland now. There are some excellent examples, especially in health, where co-operation has been highly beneficial, not just financially but also in respect of the health outcomes for people. I am thinking of the cancer centre in Derry or the all-Ireland paediatric centre in Dublin. There are amazing outcomes from those centres.

The *status quo*, therefore, is throwing up a different set of figures. I would like to focus on a few of the more recent aspects. Some of the statistics being used by Professor FitzGerald are a few years old. I have been a constituency MP or an MLA for more than 20 years. In the past five years, certainly, and mention was made of the 2016 standard of living index, I have seen great difficulties arising from the increase in poverty in my constituency such as the reliance on food banks, for example. This is not just in the context of the Covid-19 pandemic, but before that as well. We certainly have seen a diminution in the level of disposable income in my constituency. I would like to hear from Professor FitzGerald on some of those points. Deputy Conway-Walsh will come in thereafter.

Professor John FitzGerald: I listened to colleagues of Ms Gildernew regarding the subvention and I took account of it. The excess expenditure on defence, to which Northern Ireland contributes, probably accounts for the best part of £1 billion of the subvention. However, even in 2018, if Northern Ireland had been part of the Republic of Ireland, the EU subvention would have been substantially higher than the UK's contribution to the EU's subvention. With the UK leaving the EU, that will disappear. Therefore, there are pluses and minuses, but there are more minuses overall. When we adjust for these special factors, the subvention comes down significantly. However, a large subvention remains.

In addition, when we did preliminary work on this in 2018, we did not treat pensions separately. Listening to the arguments made by Dr. Adele Bergin and Dr. Seamus McGuinness and Ms Gildernew's colleagues, I believe she is correct that social insurance contributions by people in Northern Ireland entitle them to a pension paid for by the United Kingdom. Irish people who work in the United Kingdom and who then come back to Ireland are then entitled to a pension for the period they worked. Therefore, an allowance should probably be made for that element.

Turning to the national debt, I have another paper with a colleague in Lund University in Sweden where we have looked at the history of this aspect. There is no escape from the national debt. It would be a good trade-off in Irish unification, were the UK to continue to pay the

social insurance contribution, but a share of the UK's national debt would travel with Northern Ireland to a united Ireland. That is what happened when West Virginia left Virginia 150 years ago. When Ireland left the United Kingdom after the treaty of December 1921, it agreed to take a share of the UK's national debt. It would have been 80% of Irish GDP. The way we escaped that was through a deal in December 1925 with the UK, when Ireland sold the option of redrawing the Border with Northern Ireland in return for a write-off on the debt. We basically sold a right to redraw the Border. Now, the right was non-existent. Regarding Scottish independence, the deal there was that an independent Scotland would have taken a share of the national debt. The UK Treasury looked at the 1925 file and acknowledged that Scotland was not going to be able to sell Northern Ireland back to England to escape paying for the national debt.

Looking at it realistically, yes, the subvention would be significantly lower and I give the figures in the note. However, it would still be quite large. As regards the questions Ms Gildernew raised on efficiencies, there would definitely be efficiency gains. These can be realised even without unification. A very interesting paper was prepared by the Office of the First Minister and Deputy First Minister and the Department of Foreign Affairs in 2006 or 2007, when there was no Executive. It focused on health and education as areas in which Northern Ireland is lacking in provision. In terms of third level places, that is particularly evident in the area of IT. Letterkenny Institute of Technology, Dundalk Institute of Technology and Institute of Technology Sligo in the Republic could provide more in that case, although I think Derry needs more major investment in that regard.

I will leave the area of health to Professor Morgenroth, who knows more about it, living in a Border area. However, there is a case for integrating the health services, even in terms of medical training. The NHS training system is much better than the medical training system in the Republic because one needs to be part of a big system. Having integrated medical training on the island would be better for everybody. There are wins in that regard which are possible.

On the issue of poverty in Northern Ireland, the UK welfare system is grossly inferior to that of the Republic. I refer to the disruption caused by the changes made by the Conservative Party in the past five to seven years. I find it horrifying to watch the coverage on "Newsnight" or Channel 4 of the chaos those changes have caused for people at the bottom of the pile. Nobody seems to care. One would not get away with doing anything like that in the Republic. Of course, Northern Ireland is powerless to influence the changes. Ms Gildernew makes a really important point on poverty and the welfare system.

Professor Edgar Morgenroth: On the issue of subvention, there is another way of looking at it. Rather than simply looking at what is currently there, one can look at Northern Ireland or similar regions and how they perform within a country. In the Republic of Ireland, certain areas, such as the midlands, for example, are vastly underperforming economically and are getting a very substantial subvention. Northern Ireland is sort of in the realm of the midlands in terms of productivity. That means there will inevitably be a substantial transfer, whether that be an explicit transfer such as the one that is implied by the Barnett formula or whether it is implicit, like what we have in the Republic of Ireland. Dublin is the only part of the Republic of Ireland that makes a surplus. I have published research on this in international journals. The south-west region breaks even on taxes and expenditure but all the other regions are actually getting a subvention that is basically paid for by Dublin. Dublin makes that revenue that can be redistributed. Similarly, in a united Ireland, if Northern Ireland has lower productivity than the average, then it will be subject to some form of subvention. We can argue about the size of that subvention but it certainly would be present.

On the issue of efficiency and duplication, there are areas in which we could make significant gains but we need to first elaborate on which system will be chosen. For example, will something like the NHS be chosen for the health system or will the HSE be chosen? There seem to be differences in efficiencies across those two organisations. That is something about which we need to think. It may be that a completely different and even more efficient system is what is wanted, but we would have to invent that. There is already scope within Northern Ireland for a reduction in duplication. Reference was made to education. There are sort of parallel systems in that regard that do not seem to be fully utilised. Many schools are not at capacity and there is extra cost involved in that which could probably be better used to help young people to achieve their best potential.

On the issue of poverty, it is something that is particularly evident in crises. The financial crisis and the Covid crisis seem to disproportionately affect the people at the bottom end of income distribution. That is something with which we will need to deal in a far more systematic way. There are issues around housing, for example, that are very significant in this regard and where the trends are all going in the wrong way. However, that is not unique to Northern Ireland; we see it elsewhere. That is certainly not going well.

Deputy Rose Conway-Walsh: I thank the witnesses for their paper. It is good to see them back again. We have had some changes, and it is education I will talk about because I take what the witnesses are saying. On education, is there something immediate we can do? What concerns me about the witnesses' paper is that they are talking about maybe 25 years, a generation, before we can make the changes that are needed. We cannot afford to lose a generation for many reasons. I want to ask the witnesses about the two main developments since we saw them last, namely, the protocol and its impact. When the witnesses appeared previously, we discussed the possibility of a no-deal Brexit. How important is it to the overall economic picture of the North that the protocol stays in place? Another issue is the potential threat to the figures, as presented, of the global corporation tax rules changing and the impact this will have on the whole of the island.

Professor Edgar Morgenroth: Perhaps I will come in on the protocol, seeing as I have done a fair bit of research on Brexit over many years at this stage. The protocol really is necessary and arises out of the nature of the kind of Brexit we have got, so it is a direct implication. While we can argue about how this protocol or a protocol is applied, the basic need for it will not go away, and that is simply because of Brexit and the need to keep the integrity of the Single Market. If we did not have the protocol and left the Border open, Ireland would end up having to take the hit of Brexit. Nobody in the Republic of Ireland voted for Brexit and we can note again that the majority in Northern Ireland did not vote for it either.

There is clearly an issue. Some imports from GB into Northern Ireland will clearly be impacted in this regard - there is no doubt about that - but there are opportunities as well arising out of Brexit and the protocol for Northern Ireland. Northern Irish businesses can source within the EU where businesses in GB will have to face non-tariff barriers. This is something that has not really been given enough attention, perhaps for political reasons, but economically there is a great opportunity here for Northern Irish businesses. We need to explore that much more. There is no doubt but that there are costs to Northern Ireland from the protocol but that is simply a cost of Brexit. There is not very much room around this. We can apply the rules a little differently but the rules will have to be there.

On corporation tax, Professor Fitzgerald might want to come in. Again, it is a big issue.

Professor John FitzGerald: On corporation tax, briefly, the Republic is at risk from changes in US tax law. Northern Ireland's T. K. Whittaker, Sir George Quigley, who was hugely impressive, argued for a low corporation tax rate for the North. I felt he had missed the boat. A low corporation tax rate could have attracted jobs in the 1980s, but by 2000 it was not about jobs but just about revenue. The jobs in FDI in Ireland are not here because of corporation tax but because of revenue. Therefore, I do not think it is a quick solution for Northern Ireland to go for a low corporation tax rate.

Deputy Rose Conway-Walsh: It is a matter of the difference between the jobs and the corporation tax figures, but that is for another day.

Professor Edgar Morgenroth: There is research on this, some of which I have published. It looks like financial services in particular are very sensitive to corporation tax but they do not create the same number of jobs. They have huge turnover etc. and can potentially generate a lot of revenue but they are the most sensitive to corporation tax. Manufacturing is far less sensitive to corporation tax. As for other services, again we come back to human capital and education. Those are what really matter.

Deputy Rose Conway-Walsh: What the witnesses are saying is that there are opportunities around the protocol for us to invest in education and that maybe that is where our focus should be to retain the talent and attract people back with those opportunities presented by the protocol. I thank both witnesses.

Chairman: I will now move on to the speakers from Fianna Fáil, although I am not sure how many are online. I will start with Deputy Brendan Smith, who might tell us whether he is sharing time.

Deputy Brendan Smith: Thank you, Chairman. My colleague, Senator Blaney, is trying to connect to the meeting. I welcome the contributions of Professors FitzGerald and Morgenroth. It is great to have them with us for this discussion.

Professor FitzGerald gave a very impressive statistic on early school-leavers and the success we have had in this State in reducing considerably the percentage of pupils who leave school early. That success was the result of direct interventions. Delivering Equality of Opportunity in Schools, DEIS, was particularly important and second-chance education initiatives made a difference as well. They show that specific interventions work and can bring a new belief in education not just to individuals and families but also to certain communities. That has a great downflow effect.

I am a person who has always believed in, and aspired to, a united Ireland. In the meantime, however, we must work as assiduously as possible within the existing political and constitutional architecture on this island. That means we must work the Good Friday Agreement. We have six implementation bodies operating under the agreement, including Waterways Ireland and Tourism Ireland. Alongside those bodies, it was agreed at the time that there would be six areas identified for co-operation, including education, agriculture and health. It has always disappointed me that we have not moved on and grown the number of implementation bodies. I have argued in the past that education was an obvious choice in that respect. When I was at college in UCD, there was a sizable number of students from Northern Ireland. It is very disappointing that there is no longer the same number of students from Northern Ireland at third level in this State, and *vice versa*. Such a movement of students would be very beneficial.

Do the witnesses agree that nobody could have any qualms or concerns from a political point of view about having an extra implementation body dedicated to further and higher education and perhaps research and innovation as well? Do they agree that putting in place such a body to deal with the provision of education, research and innovation on an all-Ireland basis might help to reduce the problems we are discussing, particularly in terms of students from Northern Ireland who study and graduate in colleges in Britain and do not return to the North? Keeping those qualified people and their pool of skills and expertise on our island would contribute to all of the island. We can talk about a united Ireland and what needs to be done but we need to do practical things in the meantime. I have always had a very strong belief that education can be a powerful force in that respect. I sincerely hope some consideration will be given to this particular proposal.

Professor Morgenroth and I come from roughly the same area and we know the deficiencies and particular challenges that face communities in Cavan and Monaghan and north of us, in counties Fermanagh, Tyrone and Armagh, as well. Professor Morgenroth mentioned human capital as being hugely important. Might he envisage some major educational development focused on the central Border area that could be beneficial in dealing with some of the many challenges facing us in that area? He wrote a paper some years ago which demonstrated very clearly the huge effect Brexit would have on the central Border area and the economy there, in Cavan and Monaghan and our neighbouring counties north of the Border. Unfortunately, that challenge has not gone away. We need specific interventions in those areas. Could there be a thinking outside the box with a view to having some greater enhancement of further education, including research facilities or similar? The fact we do not talk about education on an all-Ireland basis is a huge deficiency. In the last Dáil, when the Bill to establish technological universities was going through, I asked in the debate whether some of our institutes of education could merge with similar institutes or universities north of the Border to form alliances. I do not think we were bold enough or progressive enough in terms of the potential to develop further and higher education on an all-Ireland basis. Again, I sincerely thank the witnesses for their contributions.

Professor Edgar Morgenroth: I thank the Deputy. As he will know, I agree with a lot of what he said. Education, as we have talked about, is very important and I think we have missed a lot of tricks.

In a report that we did for InterTradeIreland some years ago, there was a proposal to have an all-Ireland internship for students. In my university, DCU, most of our students do a year's internship in business but, typically, they do not go north of the Border. Likewise, students in Northern Ireland third level institutions do not generally cross the Border either. That is something we can do to gain a further understanding of the issues North and South and bring communities closer and also to have an educational impact.

On the Border area and Brexit, as the Deputy will know, the real issue with Brexit arises out of the reliance on agrifood production. In County Monaghan, one in five jobs is in agrifood. In County Cavan, the number is a little smaller but still fairly substantial. That is where the greatest barriers are likely to be in terms of Brexit. What is needed is some diversification to different sectors, which is an area we have failed in more generally. This over-reliance on one sector means one will be much more subject to shocks to that particular sector. Brexit is a particular one but one can think of other kinds of shocks that could hit that sector.

We need a diverse industrial structure in the Border area, North and South. Across the Border in the Northern counties, there is a similar reliance and they face very similar issues. That

will probably require some educational interventions to develop the right skill sets to enable diversification. If we look at what is happening both north and south of the Border, in this part of the world people in Cavan-Monaghan who go to university do not return to those counties but go elsewhere. We face that a lot.

Some people have said that working from home, as part of Covid, will help and keep some people in the regions. I am not so sure but it might do so in some cases. We need to think a little more about what drives industrial development and where high-value added sectors end up locating. We can do a lot in that respect in the Border area. That will have spillover effects. If something happens in Monaghan, it will have a spillover effect into neighbouring counties, including north of the Border. That is something we should definitely tackle.

Chairman: Is Senator Blaney available? No. I call Senator McGreehan and she has seven minutes for questions and answers.

Senator Erin McGreehan: I welcome the witnesses. As a student of Professor FitzGerald for many years, it is great to see him at this committee. For me, as an Irish republican, this is not about the costs of reunification. This topic is like deciding when is the right time to have children in that we will say it is never the right time. In this case, we must work towards that goal and create the best possible situation. Do we need a dedicated unit in every Department to work on convergence and how best to operate on an all-Ireland basis to create synergies? If or when we have reunification, or whatever our constitutional status may be, we would then be working with greater focus on an all-Ireland basis. The theme of today's conversation is education. For me education has been my freedom to my future, and access to education has been essential for me, to create opportunities through education, research and innovation. We recently launched the economic corridor between Dublin and Belfast which presents a real opportunity. As Deputy Brendan Smith said, should we create a cross-Border institution with, for example, DKIT and Queens University coming together? It could create a body that would spread our education across the Border and stop the stop-at-the-Border mentality where someone coming from the North might go to England or Scotland, or someone from the Republic goes to Dublin, Galway, Cork or wherever.

Should we create a real university that is North-South, taking in Newry and Dundalk, thereby creating synergies? There is nothing better for integration than education because education is the key to so much. Do we have that dedicated body within a proper structured shared unit in each Department to create those synergies that will create better economies of scale? Whether that university in the middle of that economic zone between Dublin and Belfast or elsewhere how will that, in Professor FitzGerald's opinion, be the tide that raises all boats?

Professor John FitzGerald: I am reluctant to prescribe new institutions. When considering institutional change, we should look to the HSE or look to the movement of responsibility for climate change from the Custom House to Adelaide Road. I am reluctant to go down that route. While we would all like to see institutions across the Border, I will leave it to the politicians to solve that one.

Third level institutions, which are not part of the Government on either side, actually work together. I am on the board of the energy institute in UCD. There is a major research programme on energy, the transmission system and so on in UCD which includes Queens University. Universities without making too much publicity actually work together. It is trying to get more integration.

For me the important area is the north west, particularly Derry. There was the failure to put a university in Coleraine in the 1960s, to build it up and to create synergy between that and Letterkenny IT. It requires an investment in infrastructure, connecting Derry to the rest of the country. It is easier to work together below Government level to find synergies and there are many synergies to be had.

Professor Edgar Morgenroth: That is truer than ever after Brexit. Before Brexit it would have been much easier to work more at the Government level.

Regarding different Departments looking at convergence, with Brexit there is limited scope for convergence because it requires convergence on both sides. However, one should absolutely have in the drawer at least a rough plan as to what might or might not need to happen. This is one lesson we should learn from German reunification. Nobody had a plan in their drawer when that happened and it happened very fast. It emerged within the space of three months; it was a political avalanche. Mistakes were made when it came to reunification because nobody was prepared for it. Those mistakes were costly for the people, particularly with the loss of jobs in East Germany and for West Germans with increased taxes. They have now paid over €1 trillion and counting for German reunification. An additional tax was put in place by increasing income tax and corporation tax by 7.5%. That tax still applies and now stands at 5.5%, and while many people are exempt from it, unification happened in 1990. It is something that costs money over a long time. That said, Germans in general are happy they have paid for it. They were willing to pay that price.

Deputy Brendan Smith: Both Professor FitzGerald and Professor Morgenroth referred to the fact that students who leave the likes of Cavan, Monaghan and other rural counties and go to college in Dublin, Cork, Galway or wherever do not, by and large, return to the areas where they came from. Could there be merit in more third level courses being delivered locally through the colleges of further education? Sadly, many students have not had campus experience due to Covid, but classes have gone on and lectures have taken place. That is not the ideal way for a person to go through third level education. There is a strong value in being on campus and meeting other students. College life is not all about classes. Could more be done, through further education colleges and other means, to provide that people would not have to move to Dublin, Galway or wherever if they did not want to? Could they source their third level learning and degree courses through a local medium? It might keep talent in the more rural counties.

Professor John FitzGerald: The ESRI carried out research on this 20 years ago, in particular in the Gaeltacht areas, where people were leaving and not coming back. It turned out that because they were highly educated, the jobs they wanted were jobs that were available in urban areas. Services jobs occur in urban areas, so if people get an education and want those kinds of jobs, where they are educated is not really the issue. Professor Morgenroth has done work on this issue.

Professor Edgar Morgenroth: Knowledge of this is not new. Adam Smith wrote about it in the 18th century, which is interesting. The more highly skilled the job, the more likely it is to be in an urban area. The policy lever is that highly skilled people are the most scarce resource in the production system. They are more scarce than any other kind of input and are highly sought after. Addressing the issue of their leaving is best done by examining why they go and where they would like to live. If those highly educated people wished to live in Cavan or Monaghan, we might find that certain industries will follow them.

This has been seen in some places. Westport is a great example. It is one of the most re-

mote places on the island, yet economically it is doing very well, and it is not all tourism. It has thriving foreign direct investment, FDI, and there is no motorway to there. It is an area where people want to live. It is an environment with a high quality of life. We need to focus on having an environment with a high quality of life, both on the island of Ireland and in specific areas. If we can hold on to people because a particular area is where they want to live, whether that is because they come from there or because we have made the environment attractive for them to be there, industries will follow them. That is part of the national planning framework, and it is embedded in that policy that that is what we are trying to do. In general, urban areas attract higher value jobs, which in turn attracts highly educated people, so they leave other areas.

Chairman: I will now call any of the Independent members who may be online or Deputy Peadar Tóibín from Aontú. They may not be here. I was trying to keep to the order I called out earlier. We will hear from Ms Claire Hanna, MP, of the SDLP, followed by Dr. Stephen Farry, MP, from the Alliance Party.

Ms Claire Hanna: My thanks to our witnesses. It was enjoyable to hear from them. I enjoyed the session the last time and the various questions and suggestions that members have made.

The key word Senator Erin McGreehan used was “convergence”. It will be about meeting and matching two different economies and different sets of governance and infrastructure. I want to touch on infrastructure, in particular. The focus of the witnesses on education in the research area is welcome, especially the selection aspect. This pertains more to the economic discussion we are having. Integration and sharing are part of this as well but the economic part is key.

I see a barrier there. There are certainly vested interests and it is a complex issue, but the governance gap in Northern Ireland is the problem. The Northern Ireland Assembly does not do small decisions well and it certainly does not do big decisions well. I know that from looking at it as a public representative and as a parent. The belief that the Northern Ireland Assembly has shown the ability to realise transformation on the scale that is required feels unrealistic. I believe it is worth saying. No elected representative could fail to see the extent to which academic selection is failing society in terms of the children who are getting bad outcomes and how unfair the system is.

It is always worth pointing out that we need to take the blame off parents. I am thinking of the area I represent. I will be going through this as a parent in the coming year or two. There are excellent schools around but all local schools are over-subscribed and academically selective. People are forced into certain decisions because they want to make the best choice for their children. This is important in the debate when we talk about the flaws in the education system. While people obviously try to do the right thing, it is not individual families who are at fault.

I see a governance issue. In this centenary week we can say we have not enjoyed good governance at any point in the past 100 years. We have not even enjoyed good governance in the 20 years when we have been in control of our own destiny with devolution.

The witnesses talked about the issue of bright young people leaving. Few things are more economically short-sighted than investing in 14 years of a child’s education and then essentially forcing the child to leave due to artificial caps on third level places or making the place such a basket case that the student does not want to come home subsequently.

I want to ask about the extent to which the economic consequences of governance are visible. It seems our overall arrangements do not have the normal action-and-consequence cycle in politics. The subvention comes from London. It seems no matter how poor the decisions are, the cheque keeps coming for public services. It would appear that in an electoral sense in some cases no matter how poor the decision-making is the votes keep coming. Are these failings evident in the data seen by the witnesses? What if we chip the fundamentals of the economy in terms of the inputs, resources and general context that we are dealing with, even if we factor in the unnatural divisions? Can that be cut up better?

All of this is important in terms of the debate about constitutional change because for many of us changing the paradigm is the motivation. It is the fact that we believe perhaps the only way to get good governance is to change the constitutional arrangement as it has not been working here. Can the witnesses see that in the numbers? Can they see how better decision making and better governance could have better outcomes, even looking at the fundamentals of this society and economy?

I also have a brief question on Brexit and its impact, further to Deputy Conway-Walsh's questions. I agree about the potential opportunities. The SDLP has been saying for the past three or four months that while we are handed lemons, we are trying to make lemonade in terms of realising those opportunities. Can the witnesses comment on what the Assembly, the UK Government and bodies such as Invest Northern Ireland, Invest NI, need to do to realise those opportunities and in which sectors they see them? Again, I see governance as a big problem here because investors are surely looking for stability and certainty in the rules and the environment in which they are going to be trading. Will the witnesses comment on things we could do to prime those sectors in order to realise those opportunities?

Professor John FitzGerald: Does Professor Morgenroth wish to speak about Brexit first?

Professor Edgar Morgenroth: I will start with Brexit. There are two aspects. First, from an outside investor's perspective, if one looks at Northern Ireland and at what has happened recently, the violence that received air time not just in Ireland but also internationally is not very helpful. This simply perpetuates a view that Northern Ireland is not a stable, secure place in which to invest for an external investor. That is very difficult to fight. The pictures that go out on international television stations are really damaging. We can do without that. It serves no purpose and undermines any good one might try to do.

From an institutional perspective, be it Invest NI or others, there is a difficulty, which Irish firms are also facing. If a business is currently being supplied by a GB supplier and that supply is now becoming more expensive because of non-tariff barriers, where will the business find an alternative supplier? If it is a small company, that is a really big task. This is something we find in Ireland, where many companies have had UK suppliers. We have seen the stories in *The Irish Times* about bakeries and flour. It is not difficult to find flour. It is a homogenous commodity. One can get flour of an identical quality in France, but if one has a small bakery and one does not speak French or have connections to the French flour milling industry, how is one going to find a supplier? That is the biggest issue many of these firms in Northern Ireland are facing. If they are trying to make use of the fact that they can now get supplies from within the EU and use Northern Ireland as an entry point to GB for EU goods or intermediate goods, they do not have these connections.

Traditionally, we have always looked at exporting and promoting exports, but we might need to find ways of promoting imports and of connecting firms to potential suppliers. That

is something we face south of the Border and there is the same issue north of the Border. One could probably replace pretty much every product that currently comes from GB into Ireland or into the island of Ireland with an EU equivalent. I have done some research on this. It is quite remarkable. The problem is that one is not going to know where one will be able to buy it.

Professor John FitzGerald: On governance, it would be interesting for the committee to have a session on what the Republic could learn from Northern Ireland because there are things it could learn. In 2005, I met Mr. Michael Brennan, the then head of the economic service of Northern Ireland's civil service. He had 120 economists. Our Department of Finance was getting rid of its economists. I asked him whether he could lend us a few. When I spoke to our Department of Finance, though, it told me that it did not need economists. Look at what happened in the Republic. If we had had a few Northern Ireland economists, matters might have been different in the Department. The committee could also consider the reform of the PSNI in respect of the Garda and the Northern Ireland Housing Executive in terms of managing social housing. I will leave those matters for another day.

In terms of governance, there is a natural experiment in the UK involving Scotland and Northern Ireland. Scotland has run with the ball whereas Northern Ireland has fought over the ball, the consequences of which we can see. Ms Hanna mentioned how the cheque would keep on coming. I was on the Northern Ireland Authority for Energy Regulation 15 years ago. A scheme came up that I called a waste of taxpayers' money, but I was told that it was the UK taxpayer and that the money was coming to Northern Ireland, and I was asked how I could say "No". It was still daft. On the other hand, I once went to the UK Treasury representing Northern Ireland and came away incensed. We had a scheme that would have saved money for Northern Ireland's consumers and UK taxpayers, but the Treasury told us that nothing good came out of Northern Ireland. It was a frustrating experience. My Northern Ireland colleagues were so used to it that they just laughed, but I was incandescent with rage after the experience. There are problems, but Scotland has run with the ball. Even if it is UK taxpayers' money, making good use of it makes sense. As we saw with the renewable heat incentive, RHI, scheme, what is happening is corrosive. Northern Ireland has a budget and the freedom to reallocate it. Instead of saying "We want more", Northern Ireland should take responsibility for the budget. Doing that is difficult, but Scotland has done it. A change could make a difference.

The Republic has things to learn from Northern Ireland as well.

Ms Claire Hanna: I appreciate Professor FitzGerald's clarification. My comment was not to say that the cheque was infinite or that Northern Ireland had all the public spending it needed. The core services are funded, but Northern Ireland does not deal with the same environment as the South, where if someone makes a disastrous public policy decision, there are no resources to pay for the core services. The two experiences that Professor FitzGerald outlined illustrate that. It is not that the cheque is blank, but it does keep coming.

Dr. Stephen Farry: I wish everyone a good morning. Before I get to my points, I will give some context. It is worth stressing that the issue of educational under-attainment in Northern Ireland is a factor in some of the current tensions. It is not cited as being a part of the protests, but it is there in the background. It contributes to young people being vulnerable to exploitation by paramilitaries due to the absence of other alternatives for them. In the educational context, I wish to stress the importance of good career advice and the need to break down the false hierarchy between academic and vocational pathways. That hierarchy has been a feature in all parts of the UK for many decades, which tends to put us in a slightly different position from what is, on balance, found in some of the EU's countries, in particular Nordic ones.

I wish to flag four questions, although I do not expect comprehensive answers to all of them. The first question is on corporate tax. I am a sceptic on this matter now. The time has moved past. What could be the consequences of an even greater differential opening up between the North and the South, given that the UK Chancellor has announced plans to raise the UK's corporate tax rate to, I believe, 26% in three years' time? To what extent does the differential contribute to a different type of investment in the South versus the North? The South has been able to attract more what could be termed profit-based centres with a higher gross value added, GVA, whereas Northern Ireland has attracted more cost-based centres due to the different incentive packages available to them.

Looking to the future, to what extent can we think about opportunities to collaborate on a North-South basis, not just in terms of higher education but also around things like apprenticeship opportunities in terms of placement of students from the North into the South and *vice versa*? This is not just for apprenticeships, but also work experience and other vocational training. What approaches might be taken?

I flag an ongoing problem we see around the mutual recognition of professional qualifications and how that may impact collaboration on a North-South basis. In the context of Brexit, I understand there has been limited progress in bilateral agreements being made between different professional bodies.

Given that climate change will be the central challenge for us around the world over the next 30-plus years, to what extent is there an opportunity for North and South to collaborate in the development of green economy interventions, given that we share an island? There is a huge need to develop what we are doing but also huge opportunities in that regard.

Professor John FitzGerald: On climate change, it would help if there was more co-ordination North-South and between Northern Ireland and the rest of Great Britain, GB. Northern Ireland has not legislated for a target on climate change. It is behind the curve when compared with GB. GB, on certain things, has been a leader. For example, it introduced a floor price for electricity, which has closed coal in Britain. If Northern Ireland had introduced that as well, it could have closed Kilroot, but it would also have closed Moneypoint. Now in the Republic we are talking about banning coal but if we do things here and the North does not, that will create issues. More co-ordination on the island is important, but also on these islands. It would help if Northern Ireland co-ordinated better with GB as well.

Mutual recognition is an important point. I understand that an architect in Northern Ireland cannot certify a building in Dundalk. That is done on a bilateral basis and progressing that is something the British and Irish authorities could do. They do not need the EU, as far as I know, to do it.

Dr. Farry's idea on apprenticeships is a good one. One thing that would help would be if there was a swap of civil servants North-South. The Government announced this morning it wants to get more civil servants to swap with Brussels and serve in Brussels. Maybe it could surreptitiously put in a few Northern civil servants. I worked with the chairman of the Northern Ireland Authority for Energy Regulation, Douglas McIlDoon, when I was on it. He had worked in DG-16. He was a wonderful person to work for and part of it was his experience.

On corporation tax, I am not sure the UK raising the tax will have much effect in Northern Ireland, partly for the reasons outlined. Professor Morgenroth may want to say something on that.

Professor Edgar Morgenroth: I agree with Professor FitzGerald on corporation tax. I doubt it will have that big an effect. We hear this all the time and there undoubtedly will be pressure coming on the corporation tax regime in the Republic. As some changes are likely to come in the near term there, I would not get too excited.

Coming back to Professor FitzGerald's earlier point on corporation tax in Northern Ireland, I was sceptical all along about the reduction in corporation tax. This would be an investment. This would be funded in Northern Ireland on the basis that sometime down the line, there will be benefits in terms of relocations of firms. Because one is simultaneously competing with many other jurisdictions, there is no guarantee that that relocation will materialise. There is a risk involved in this in the first place. If there are a few pictures on the television that put off investors, one will end up with a very costly policy.

On apprenticeships, I agree that we can do something. I proposed some years ago that there be some kind of all-island student internships. In his point on the Civil Service swaps, Professor FitzGerald referred to economists in the Northern Ireland system. We have built up the Irish Government Economic and Evaluation Service, which has an internship scheme whereby students from universities in the South are taken in. I have received an email from one of my students who was successfully placed in one of the Departments. We could do that on an all-island basis, and send students from the South to the North and *vice versa*. It is not a difficult thing to do. It would not be very costly and there are only positives. Why not do that?

Deputy Rose Conway-Walsh: This is a very interesting discussion to have. We need to recognise that there are real opportunities, in particular with the new Department of Further and Higher Education, Research, Innovation and Science. These things can be done across the island, if the willingness is there.

Making access to third level easier can be done in very simple ways, some of which were discussed, including the points and CAO systems and opening them up. In fairness, I think there is a willingness across all of the heads of third level institutes that I have met, both institutes of technology and universities. There is a real awareness of the benefits of an all-island approach to education that threatens nobody's constitutional preference.

Professor Morgenroth's paper made the interesting point that having a highly skilled workforce was ten times more important than the most important infrastructure than one could invest in, including broadband. I ask him to speak to that for a moment. Broadband is important. Having proper broadband throughout the island and connection of digital education across the island presents real opportunities. There is no reason somebody in Mayo - Westport was mentioned earlier - could not be part of a project team with somebody in the North and *vice versa*.

I ask Professor Morgenroth to talk about the opportunities around the new technological universities, in particular the Connacht-Ulster Alliance comprising Galway-Mayo Institute of Technology, Sligo IT, Letterkenny IT and Magee College.

I acknowledge what Dr. Farry said about apprenticeships. A new apprenticeship plan is being developed. There is no reason that some part of what will likely be four-year apprenticeships could not be done in the North.

I ask Professor Morgenroth to speak about the Connacht-Ulster Alliance and the return on investment in education being ten times higher than other types of investment.

Professor Edgar Morgenroth: Our paper started out looking at broadband, but we then

decided to examine not just broadband but also education and a lot of other infrastructure. We considered start-ups and attracting foreign direct investment. The study is now published in the *Journal of Regional Science*, which is a top international journal. We found that education is just so much more important. We also found that without a high level of skills in an area, broadband is a waste of money because people need to have the skills to use it. The two aspects complement each other; they are not substitutes. Just investing in broadband is not really going to get a good return, particularly if there is a low level of human capital in the first place. That leads to the point the Deputy made on how a skills base can be generated in the more rural areas. This is clearly an area in which the institutes of technology, or technological universities, as they are now going to be called, can play a particular role.

As Professor FitzGerald mentioned, cross-Border collaboration between Letterkenny and Derry and Ulster University seemed like an obvious thing to do. It is a question of how to do it. The Deputy mentioned this. There is now a Department responsible for higher education so it may be time that we came up with a strategy. This is positive. It has nothing to do with one's political persuasion. In general, educational investment is a no-regrets policy regardless of the community one comes from. Therefore, we should really maximise this. To some extent, however, we have to realise that some of the institutes of technology and universities are competing. We are all looking for student numbers. Again, that is something to bear in mind when thinking about how to deal with this.

It was noticeable the last time I looked, although I have not looked for a while, that while we might have low numbers of university students crossing the Border, the numbers are much more pronounced for institutes of technology. I looked at the figures for Dundalk at one point and saw a very small number crossed the Border. There was pretty much nobody crossing from the South to the North. That is quite striking and probably not very good.

Professor John FitzGerald: Deputy Brendan Smith talked about how people who go on to third level can be kept in the area. In Northern Ireland, the cap on numbers at third level is binding. An increasing number of people from Northern Ireland have been going to third level but they are going to third level at Liverpool Brookes University. It is surprising that they go somewhere like Liverpool Brookes, where they are paying very high fees, when they could probably go to the Republic. Better still, resources could be reallocated in Northern Ireland to allow more students to study there.

A really important feature of the institutes of technology is that they have been tied to the local labour market. For example, if healthcare equipment is a big issue in Galway and Mayo, GMIT prepares students for it in terms of certificate and diploma courses. The institutes' tie-in with the local labour market and skills needs has been undervalued in the Republic. The absence of something like that in Northern Ireland has been a problem. One of the problems in the North is that there is a need to reallocate resources to provide more places. In the Republic, we can do so much, and we can do a lot more in terms of co-operation, but Northern Ireland has to make choices for itself on this.

Deputy Rose Conway-Walsh: I believe Professor FitzGerald is right.

We have not mentioned Covid at all. Covid has put it up to us in terms of genomics across the island and how we develop and make progress on genomics, again using an all-island approach. It is astounding that we have spent so much on a national children's hospital and we do not have a dedicated genomics department or facility within it. I am not sure whether either of the witnesses has experience in this area or done any work specifically on this. It is an area

where opportunities have been presented by Covid. I will let in one of my colleagues as I have taken up enough time.

Chairman: One minute and 41 seconds remain for Deputy Conway-Walsh's colleague.

Mr. Mickey Brady: I thank Professor FitzGerald and Professor Morgenroth for their presentations. My background is working in the welfare system and I continue to do so on a daily basis. What Professor FitzGerald said very clearly is that the welfare system in the North is much less than that in the South. It is grossly inferior and I come across this on a daily basis. Certainly the recent introduction of universal credit has caused tremendous problems. If we look at what the Tories are doing, they seem to be intent on demolishing the last two pillars of the welfare state, namely, the welfare system and the NHS. In the 1860s, Isaac Butt said in the British Parliament that the poor are often talked about in the House but never entertained. Nothing has changed. This leads, of course, to health inequalities. A report a few years ago by the chief medical officer in the North indicated that people who lived in the leafy suburbs of Finaghy in Belfast had a longer life expectancy, by ten years or more, than someone who lived in the city centre. This, of course, is due to poor diet and lack of funds.

In terms of the convergence, and convergence is a word that has been mentioned quite a lot today, of this type of system on an all-Ireland basis, there is a myth abroad, very much in the North, and I deal with both sides of the community on a daily basis, that the system in the North is better. It is not and Professor FitzGerald has addressed that. Perhaps this is something we need to start a bit more publicity on that people in the North are much worse off with regard to benefits. I know time is running out so I will leave it at that.

Chairman: We have people at the meeting who have not yet spoken and if everybody agrees I will bring them in and we will then have a wrap-up. Is that agreed? Agreed. Senators John McGahon and Niall Blaney are the only two people who have not yet spoken.

Senator John McGahon: I am happy to let Senator Blaney speak.

Senator Niall Blaney: I thank the Chair for accommodating me. I was listening to the debate but I was not in a position to log on officially in Leinster House until now. This has been a very good debate and I welcome the witnesses. I listened with intent about Letterkenny, which is my neck of the woods, and the reference to collaboration with Derry. The heads of two educational institutions came before the committee recently. Mr. Paul Hannigan and Mr. Malachy O Néill both gave presentations on how they are collaborating, which they do in a number of ways. It is about how they build on this. I wanted to point out this collaboration, although perhaps it is not as much as we would like to see. Both institutions in this case are very open to collaborating.

The presentations were very good. We have heard of the polls and the ongoing drip from the poll by Kantar and the *Irish independent*, with all the talk about people wanting a united Ireland but not being able to afford it and that people are not prepared to pay for it. I am really afraid that before the debate gets going the myth will be put out there that it is completely unaffordable and that we cannot afford Northern Ireland. It is off-putting for many people. I would envisage any arrangement North and South having a similar lead-up to that of the Good Friday Agreement, and I mentioned this on the previous occasion the witnesses came before the committee. I envisage that the United States would have a role to play in that and that both Governments, Westminster and Dublin, would have a major role to play also. I also envisage a possible concluding agreement being based on financial supports from Europe and the US. I would like the

witnesses' views on that. I am not in a position to tell anybody what to do but if they agree that such a model is out there, so to speak, it would help the debate if they were to agree that such a possibility is out there also. I do not believe in the myth that this is not affordable. I believe it is absolutely affordable over a transition period. There is a model in the South on which we can work in transforming Northern Ireland. There are major areas of deprivation in Northern Ireland, much more so than in the South. That is not to say my county has not suffered. It is still suffering and we are trying to get what we deserve. I would like both witnesses' views on that. I thank the Chairman for accommodating me.

Chairman: I might say a few words following which the witnesses can answer all the questions put. I support what Senator Blaney said. If we look at what happened in Germany, there was a rush on the part of both the east and the west to have unification with consent but there was an increasing tax burden on people. We are in the opposite position here. If unification ever does happen a significant minority may not want to be part of a united Ireland. In the poll published in the *Sunday Independent* at the weekend the question of who would pay for it and whether people would accept an additional burden was raised. If and when it ever happens we would need to have an international fund involving the EU, the United States, our Republic and the United Kingdom that would plan for and meet some of those deficits over an agreed period of years.

The most important point that Professor FitzGerald and Professor Morgenroth have brought to the table is the same one they made on the previous day. It is that the inequalities in education at the very basic level prevent ordinary people in the North reaching their full educational capacity and that those who do get that advantage do not work there to any significant extent. Too many of them leave the North and work elsewhere.

What we need is a plan for the coming years. Senator McGreehan mentioned that each Department would have a dedicated unit to examine where it might go and how it might converge. We need people like the Minister for Further and Higher Education, Research, Innovation and Science, Deputy Harris, before the committee to itemise some of those other issues. In any event, it is a huge task and if we do not have consensus in that regard, it will not work. That is my view. We need to deal with all the issues such as the deficit in infrastructure, health and education in a planned way before a united Ireland, if it were to happen tomorrow, would really work. Does any other member wish to speak before I call our witnesses?

Deputy Brendan Smith: To go back to an initial comment I made, I referenced the six implementation bodies that were established as part of the Good Friday Agreement. There are six other areas for co-operation. Would Professor FitzGerald or Professor Morgenroth see merit in a seventh implementation body being established in the area of further and higher education and innovation to give a structure to the type of issues we want to see addressed? Professor FitzGerald rightly referred to the fact that in the late 1960s or early 1970s when the regional technical colleges were established, their remit was to be a driver and a major contributor to much-needed regional and economic development. They have been hugely important. He rightly cited their importance in attracting particular industry clusters and providing the skilled people and the people with expertise to service and lead those industries. My understanding is that the further education colleges were established with a similar remit. Having chaired one of those colleges in its early days, I have seen that one of their great traits and successes has been that they have improved access to education. They catered for many people who, after the leaving certificate, would not have gone on to an institute of technology or a university. In many instances, those young people went to a college of further education and then progressed

to institutes of technology and universities. We all know plenty of young people who not alone went on to get primary degrees but got master's degrees as well. Access and progression are important. Would the witnesses see merit in a structure being put in place on an all-Ireland basis to try to tackle those particular issues?

Like Professor Morgenroth, I very much regret the low numbers of students from Northern Ireland who are in colleges in the South and, similarly, the low numbers of students from the South who are in colleges in the North. There was better participation years ago when the participation rate in general was much lower on both sides of the Border.

Chairman: Senator Blaney's questions have to be answered and Professor FitzGerald and Professor Morgenroth have to give a summary of their responses. In order to provide balance, a Sinn Féin speaker might wish to make a quick contribution.

Ms Michelle Gildernew: I will say a quick word, if I may. I thank Professor FitzGerald and Professor Morgenroth. The more of these types of conversations we have, the better prepared we are. Since the last time they were before the committee, we know that the British Secretary of State could call a border poll at any time and we know that we must prepare for that for now. I am thinking specifically of various areas of concern such as higher and further education, education in general and health, about which we spoke at length today, as well as the areas of implementation that we want to see in the future to ensure we are ready for a border poll and preparing for one as best we can. Knowledge is power and the more information we have, the more research we do and the more reading we do on all of this, the better we will be able to cope.

Yesterday was one of the centenary anniversaries. I think we would all agree that partition has failed people across the island of Ireland. We have struggled in the past 100 years in terms of punching above our weight. While we have done well in some areas, economically the issues we have had for decades around emigration and the current housing issues show that partition has failed us. The more we plan and prepare for the future of this island, the better it will be. I thank the witnesses for sharing their thoughts with us today.

Chairman: I advise all committee members that we will have a private meeting later this week or next week. We can ask our research officer, Donna Maguire, to bring together some of the trends following today's meeting so that we will have a cogent practical plan to propose as a committee. We might have a special committee meeting to advance that process in the next week or so, if that is agreed.

I will hand over to Professor FitzGerald and Professor Morgenroth to give us their wisdom and a final summary.

Professor Edgar Morgenroth: I will start with Deputy Brendan Smith's question about a seventh implementation body. That would be a good idea if such a body would be allowed to work and function properly. That has not always been the case with some of the implementation bodies. That is another can of worms we could open and on which we could talk for a few hours. The big proviso here is that it should be a body that ends up doing what it is supposed to do.

On Senator Blaney's question, affordability is a bit like a beauty contest. What someone thinks is beautiful, another person might not see that way. I can only talk about what we have seen in the past. In Germany, the cost was extremely high but, by and large, people were will-

ing to pay the price. As academics and economists, the part we can contribute is to identify the costs and let people decide whether it is a price they are willing to pay. To do that, it is necessary to elaborate in much more significant detail on what it is we are looking at if we are thinking about a united Ireland. That is the thing nobody did in Germany. It happened overnight, there was total consent. I do not think you would have found too many people who would have been against a united Germany at the time. Also, there was no referendum. Germany does not have a culture of referendums in any event. It happened and then people reacted to it.

We should learn from Brexit and the referendum relating to it, which had absolutely no plan attached. We have the opportunity to look at the issues we have - we have discussed quite a few but there are many more - look at the economic implications and then let people make a decision on that basis, if and when the time comes. That is the important thing. Ultimately, we are all agreed that we are looking at Northern Ireland, the Border region and Ireland, as a whole, having the best outcome. We all want to achieve the highest level of prosperity in the broad sense. Obviously, different people have different views as to how we might achieve that but that is ultimately the aim and it should be the aim regardless of whether there is a poll. We are all hoping that people have a better life.

To respond to a question from Mickey Brady, life expectancy in the Republic of Ireland is nearly a year longer than in the North. There are issues in that regard. We might think the NHS is a better system, it still does not get a person longer life expectancy. There are many issues we could continue thinking about that. Ultimately, we need to consider the sorts of scenarios we can envisage and what are the costs. The rest is politics and not in my domain

Professor John FitzGerald: Senator Blaney referred to external support from the US and the EU. Remember that Ireland is one of the richest countries in the EU. The EU will contribute a token but it will be a token. The case in terms of the US is similar. Even with the complications involved, a united Ireland would still be one of the richest countries in the world. I do not think expecting the rest of the world to provide a subvention is realistic. In the context of an exit, the UK might be prepared to run down its subvention over a period of ten years. I would be nervous about that, first, in the context of trusting whether it would continue and, second, that the window of opportunity would be well used. In other words, when making the change, in order to avoid the need for a huge transfer from South to North in order to make it sustainable, there would be a need to transform the Northern economy. Would this lead to delays? For example, instead of dramatically changing the educational system on day one, would people say that we could delay doing so for?

The substance of our paper is that Northern Ireland needs to make the change now, whether it is for unification or to continue within the United Kingdom. If it does not do so, it will find itself in a difficult place within the United Kingdom or will make a united Ireland very difficult. It is the urgency of using the opportunity rather than expecting a *deus ex machina* or a fairy godmother or godfather to wave a magic wand and make it all come right. We have to do it for ourselves.

I share Professor Morgenroth's opinion on North-South co-operation and implementation bodies. If it can work, it can work. Energy and climate change would be priorities for me. That is where we need to work together. I represented Northern Ireland, among others, in the negotiations with the Republic on setting up the all-island electricity market. One of the reasons it worked was there was no implementation body and it passed under the radar. It still works. It is up to the politics of Northern Ireland to determine whether there should be a formal body or what will work there. We need greater co-operation on energy, the environment and climate

change. That will also involve co-operation with the other island. That is important. Until now, the United Kingdom has been a leader on climate change, although I am a bit suspicious as to whether that is going to continue. There has been a lot of talk.

We have talked about Germany. Our job as researchers is to be honest with the people and tell them the costs involved. This committee is discussing all the issues, and the economic costs are probably the least of the issues compared with how to create an integrated system. Civil servants will probably need to be fired, North and South, to produce a more efficient system. We must consider how to tell the people, North and South, what it means to set up a system. We have to be upfront about the economics.

I have worked extensively in Vietnam over the past decade. It is another country that has reunified. The process there was pretty bloody and, thankfully, that is not relevant to Ireland. It is interesting that I have not met anybody in the Administration from the rich south of Vietnam who is living in the north. They do not work in the north because they are paid much more in the south. The situation in Vietnam was that the poor North Vietnam took over South Vietnam and left the south of unified Vietnam to be rich. That system that has worked in Vietnam but on a small island, I am not sure it would work. To integrate, consideration would have to be given, as it was in German reunification, to the integration of the welfare system, wage rates and so on.

There has been a lot of talk about subvention. The economics of this situation are far more complicated and much work has to be done. Keep up the good work.

Senator Niall Blaney: I have a remark to make. I appreciate the approach of Professor FitzGerald and his honesty but I fundamentally disagree with him about EU subvention. The EU subvention I was talking about would relate to those areas in Northern Ireland, particularly west of the River Bann and in small pockets of the more urban areas around Belfast, that have very poor educational outcomes. That is especially true in areas west of the Bann that have very poor infrastructure and have made no financial or infrastructural progress for the past 40 years or more. I believe there is a possibility of EU subvention. I also believe there is a possibility of support and help for those areas from the US, particularly given the Administration there at the moment. I think help during a transition period can be part of a negotiation process and overall settlement.

Chairman: I thank Professors FitzGerald and Morgenroth for their excellent contributions, analyses and openness. Perhaps when we draft a document, we might ask for the professors' comments on it because that would be helpful.

The joint committee adjourned at 11.29 a.m. until 9.30 a.m. on Tuesday, 11 May 2021.