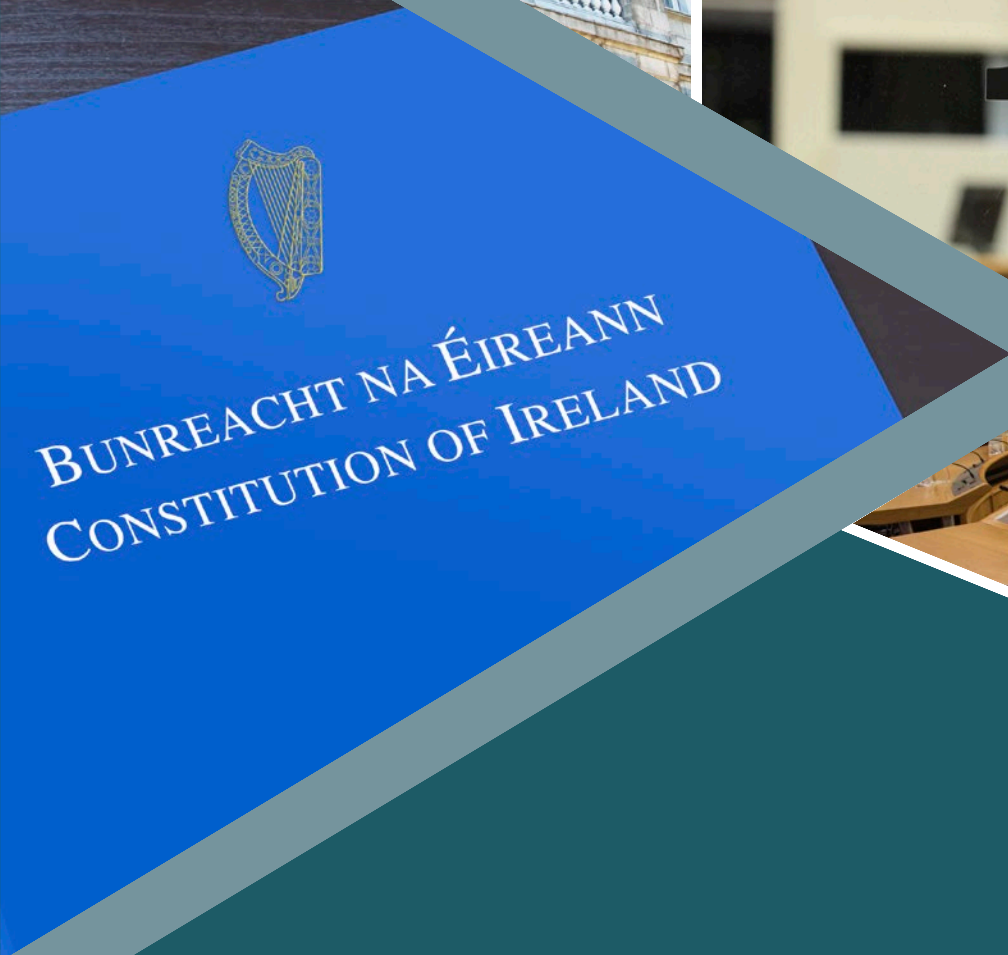

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Léargais ar Athrú a dhéanamh ar an mBunreacht: An tAirgeadas agus an Eacnamaíocht

Iúil 2024

Joint Committee on the Implementation of the Good Friday Agreement

Perspectives on Constitutional Change: Finance and Economics

July 2024

33/JCIGFA/14

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Senator Malachai O'Hara
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Witnesses	Date	Transcript
Dr. Ciara Fitzpatrick, Lecturer in Law, Ulster University Dr. Tom Boland, Senior Lecturer in the Department of Sociology and Criminology, University College Cork	20 April 2023	Pensions and Social Security
ESRI: Dr. Alan Barrett, Director Dr. Adele Bergin, Associate Research Professor Professor Seamus McGuinness, Research Professor	04 May 2023	ESRI
Mr. Neil McDonnell, Chief Executive Officer, ISME (The Irish Small and Medium Enterprise Association)	01 June 2023	Business Opportunities and Differences ISME
Economists: Professor John FitzGerald, Adjunct Professor, Trinity College Dublin (TCD) Professor John Doyle, Vice President for Research, Dublin City University (DCU) Mr. Gareth Hetherington, Director of Economic Policy Centre, Ulster University	13 July 2023	Finance and Economics Discussion (Economists)
Mr. Owen Reidy, General Secretary, Irish Congress of Trade Unions (ICTU) Mr. Justin McCamphill, President, ICTU Mr. John Boyle, General Secretary, Irish National Teachers' Organisation (INTO) Mr. Gerry McCormack, Deputy General Secretary, SIPTU	21 September 2023	Finance & Economics Discussion ICTU & INTO

Mr. Fergal O'Brien Executive Director Lobbying & Influence, IBEC Mr. Michael D'Arcy, Programme Lead for the IBEC-CBI Joint Business Council	28 September 2023	Finance and Economics (IBEC)
Nevin Economic Research Institute (NERI): Mr. Paul Mac Flynn, Co-Director Dr. Tom McDonnell, Co-Director, NERI	23 November 2023	All island Economy
Trade NI: Mr. Glyn Roberts, CEO, Retail NI Mr. Colin Neill, CEO, Hospitality Ulster Mr. Stephen Kelly, CEO, Manufacturing NI	14 December 2023	Retail NI, Trade NI, Hospitality Ulster, Manufacturing NI
InterTradeIreland: Mr. Martin Robinson, Director of Strategy Dr. Stuart Mathieson, Research Manager	01 February 2024	IntertradeIreland
Professor John FitzGerald, Adjunct Professor, TCD Professor Edgar Morgenroth, Professor of Economics, DCU	02 May 2024	All-Ireland Economy
Professor John Doyle, Vice President for Research, DCU ESRI: Dr. Adele Bergin, Associate Research Professor and Professor Seamus McGuinness, Research Professor	23 May 2024	All-Island Economy

Cathaoirleach’s foreword

The Joint Committee on the Implementation of the Good Friday Agreement is undertaking a series of hearings exploring what a new and agreed Ireland would mean. Our report is the first output from this series.

The report first examines the current economic relationship between the jurisdictions on the island and the potential of an all-island economy. The all-island economy is a major success of the Peace Process. Cross-border trade increased from around €2 billion in 1998 to €12 billion in 2022, supporting prosperity across the whole island.

The report touches on the need for full implementation of the Good Friday Agreement and the importance of North/South and East/West cooperation regardless of any future constitutional change.

Our report examines the cost of a potential united Ireland and makes the case for planning and preparation for a united Ireland to begin. We hope to explore other aspects of a united Ireland in subsequent reports. I would like to thank the witnesses who came before the Committee and shared their time and expertise. I would also like to acknowledge the assistance of the Committee Secretariat in preparing this report.

Constitutional change would have profound consequences for Ireland and Northern Ireland; voters in referenda will need in-depth information on what the decision would mean for their daily lives, including answers on political institutions, healthcare, taxation, education, social welfare, and pensions. Providing detailed answers to these questions will require immense preparation, which will need to begin well in advance of referenda being called.

For all of us, this is a challenging topic. On behalf of the Committee, I would like to emphasise that everyone on this island has the right to pursue their ideal future for Northern Ireland, whether they are unionist, nationalist, or do not identify with either tradition. These visions are equally valid and equally deserving of respect.

Creation of a constitutional path towards a united Ireland remains an integral to the peace process. It is vital that the possibility of a united Ireland is treated with serious consideration and careful preparation. Referenda on a united Ireland could be difficult and divisive unless the Irish Government makes serious efforts to prepare for the possibility of a united Ireland.

Preparations for the possibility of constitutional change must be underpinned by listening to and understanding and including the perspectives of all communities on this island. Our approach should be guided by the spirit of John Hume who said;

> Ireland is not a romantic dream; it is not a flag; it is 4.5 million people divided into two powerful traditions. The solution will be found not on the basis of victory for either, but on the basis of agreement and a partnership between both. The real division of Ireland is not a line drawn on the map, but in the minds and hearts of its people.

Fergus O'Dowd

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Fergus O'Dowd TD

Cathaoirleach

Joint Committee on the Implementation of the Good Friday Agreement

July 2024

Executive Summary

As part of its Work Programme the Joint Committee on the Implementation of the Good Friday Agreement agreed to undertake a series of meetings to explore a range of issues that would arise in the event of constitutional change. This report examines the all-island economy as well as financial and economic aspects of potential constitutional change. The committee believes from the testimonies and information it has received from these hearings that there are no insurmountable economic or financial barriers to unification. That the economic success of a new Ireland is in our own hands. What is needed now is detailed and ambitious preparations.

Work on this report began shortly after the 25th anniversary of the Good Friday Agreement. The Peace Process brought profound change to the island of Ireland. In the quarter of a century since the Good Friday Agreement, there has been a dramatic increase in prosperity on the island, including through foreign direct investment (FDI) and through an increase in cross-border trade. Peace has meant that the island of Ireland has become a more attractive place to live, to work, and to visit.

It was clear however that the peace dividend has not been spread evenly. There is a major gap in levels of prosperity between Ireland and Northern Ireland, resulting from low productivity levels in Northern Ireland. This has been attributed in part to Northern Ireland's education system, with socio-economic background closely tied to educational attainment. Many of Northern Ireland's graduates choose to work and live outside of Northern Ireland after their studies. Northern Ireland also has a high proportion of early school leavers. There was a consensus among witnesses that the use of academic selection has a detrimental impact on the prospect of academic success for children from lower income families. The Committee also heard evidence of the need for reform of the further education sector in Northern Ireland as well as efforts to make Northern Ireland a more attractive place for graduates to live.

The Committee met with a range of industry representatives on the topic of the all-island economy. Witnesses expressed optimism about the economic potential of Northern Ireland and the ability of businesses to find opportunities to trade in spite of political challenges. Cross-border trade has increased significantly. The Committee heard evidence that companies trading across the Border are more resilient than those that do not, with many companies that trade across the Border going on to trade to Great Britain and then further afield.

The report considers the potential to attract FDI on an all-island basis. While Ireland has been extremely successful at attracting investment, Northern Ireland's experience has been more modest. Investment has become over-concentrated in Dublin and there is untapped potential to attract investment to Belfast. Belfast is the closest city to Dublin, is of sufficient scale to attract multi-nationals and has a complementary skills offering to that of Dublin. However, some witnesses tempered expectations on the scope for attracting FDI to Northern Ireland, pointing to factors such as lower education levels in Northern Ireland and the limited pool of FDI available. The Committee also explored the impact of constitutional change on the all-island economy with most witnesses agreeing the North would likely converge with the economic performance of the south over time though witnesses expressed a range of views on the likely speed of economic convergence in a united Ireland.

The Committee also heard evidence of the negative impact of Brexit in Northern Ireland – while the Northern Ireland Protocol and Windsor Framework did much to alleviate the worst concerns of industry bodies, difficulties remain and several witnesses expressed concern at the impact of future regulatory divergence. Other obstacles to the full potential of the all-island economy under the current constitutional arrangement of partition, include poor infrastructure connectivity, obstacles to labour mobility, as well as tax and social welfare challenges to cross-border working.

The next section of the report explores economic and financial challenges and opportunities that are likely to arise in the event of unification. Due to low productivity in Northern Ireland, the tax intake is lower than public expenditure leading to a budgetary deficit. This shortfall is often conflated with the 'subvention' an accounting instrument of the British government that does not directly equate to the budgetary deficits of the North. The subvention amounts to approximately £10 billion but the real size of the deficit is contested. As such, estimates vary as to how much of this cost would transfer to the newly formed state in the event of reunification. Some costs such as the assumed contribution to Britain's defence spend would not transfer. The extent of the transferred costs will also depend on variables such as the timing of convergence in public sector pay and social welfare payments as well as the outcome of negotiations with the United Kingdom including liability for pensions arising in Northern Ireland as well as the treatment of Northern Ireland's share of the United Kingdoms assets and debts.

The subvention is only one factor in the cost and benefits of a united Ireland. Additional costs would arise, such as an increase in Ireland's EU budget contribution. Social welfare payments and public sector salaries are significantly higher in Ireland and the timeframe for converging these costs will have a major impact on the cost of a united Ireland. Reunification will involve many major policy decisions on public services such as healthcare, social welfare and education.

On social welfare, the Committee heard calls for a united Ireland to be taken as an opportunity to design a new welfare state for the 21st century, underpinned by respect for socio-economic rights. Witnesses advised against emulating the UK's approach to social welfare in a united Ireland, calling for a more generous approach and pointing to Scandinavian countries as positive models and the potential for a strong welfare system to drive economic growth by reducing inequality and avoiding poverty traps.

On healthcare, the Committee heard that at present there is not sufficient data to compare the two healthcare systems on the island. The people of Northern Ireland have a strong attachment to the NHS (National Health Service). However, this does not fully reflect the reality on the ground; the NHS in Northern Ireland performs poorly in comparison with the rest of the UK, especially in respect of waiting lists. A united Ireland could present opportunities for economies of scale with regarding to healthcare, in particular with regard to development of centres of excellence. However, the scale and complexity of integrating the healthcare systems may mean that it is necessary to have a transition period after unification.

On teaching, the Committee heard that there are challenges to recruitment and retention of teachers in both jurisdictions on the island. In the event of a united Ireland, there would be major decisions to consider including the curriculum, the age at which examinations are taken, how to promote social inclusion, and the treatment of the Irish language. The complexity of designing an education system post-unification means that a transition period will likely be necessary.

Regardless of the constitutional future of the island, there is scope for much stronger co-operation North-South, and better policy making to address major challenges such as climate change. In many policy areas, there is insufficient data available to meaningfully compare the two jurisdictions on the island. There is also scope for greater people to people contact including through an increase in students studying across the Border, all-island training opportunities, and professional exchanges.

The Committee heard strong calls for planning to begin for referenda on Irish unification. Witnesses said that this could include citizens assemblies, Forums, an Oireachtas

Committee, a Government Department or, government produced Green Paper. Examples of other referendums including the Scottish Independence referendum and Brexit underline the importance of accessible, verifiable information for the public and policy makers ahead of any referendum.

The Committee also heard calls for the political system to work to build a consensus on what a united Ireland would look like; if the range of policy options for a united Ireland were narrowed down, researchers could better provide information on the costs and benefits of these policy choices.

Preparation for referenda on Irish unification will be a historic task. The Committee calls for preparation to begin immediately.

RECOMMENDATIONS

Recommendation 1 to 6

The Committee calls for increased co-operation North South across all areas of our economy and society regardless of future constitutional change. Deeper cooperation should include:

1. Education, including measures to facilitate teachers crossing the Border or working in both jurisdictions throughout their careers, including supports to meet the Irish language requirement for primary school teachers.
2. Further and Higher Education, including reducing barriers to cross border student enrolment particularly for students from the North studying in the South and strengthen North/South co-operation on apprenticeships and training.
3. Energy and on climate action, including increased co-operation through Strand Two of the Good Friday Agreement that builds on the progress of single electricity market.
4. Transport infrastructure, including implementation of government commitments on the A5 as soon as possible.
5. Attracting FDI, including closer co-operation the IDA and Invest NI and part of this should be to ensure greater benefit for areas outside of Dublin and Belfast from FDI.
6. Civil service and governance, including developing a North/South exchange programme for civil servants.

Recommendation 7

The Committee recommends that the Department of Enterprise, Trade and Employment, the Department of Finance, and the Department of Social Protection should examine aspects of the all-island economy such as taxation, welfare, pensions, and the risks of post-Brexit divergence between EU and UK, report back to the Committee.

Recommendation 8

The Committee recommends that a study be commissioned on economic development of regions within Northern Ireland and the Border regions since the Good Friday Agreement.

Recommendation 9

The Committee recommends that discussions around a united Ireland include a first principles consideration on the role of social welfare, as an opportunity to build a new welfare state from the ground up, adapted to the 21st century and built on respect for socio-economic rights. A new welfare system should take greater account of the rights of carers and children.

The Committee recommends that any consideration of welfare reform would include detailed consideration of the cost of poverty for provision of other public services.

Recommendation 10

The Committee recommends efforts be made to enhance the adequacy, comparability, and timeliness of economic data North and South.

Recommendation 11

The Committee recommends that planning and preparation begin for the possibility of change to constitutional arrangements for the country. A whole of government approach is needed, with comprehensive examination of the implications of constitutional change across all Departments and State Agencies, led by the Department of the Taoiseach.

Recommendation 12

The Committee recommends that government prepare and publish a Green Paper setting out a vision for a united Ireland. Production of this Green Paper should include consultation, potentially a Forum, open to all political parties, North and South, to ensure the Paper reflects a political consensus on a vision for a united and new Ireland insofar as possible.

Recommendation 13

The Committee recommends an Oireachtas Committee should be mandated, adequately resourced and dedicated to the preparation for a united Ireland.

Existing Oireachtas Committees should be mandated to do a body of work pertaining to the future governance and possible changed constitutional arrangements for this country and examining all issues that fall within the remit of each Committee.

Recommendation 14

Preparation for a united Ireland should include extensive and thoughtful public engagement, North and South. This should draw on best practice from fora for deliberative democracy and civic engagement in recent years such as Citizens' Assemblies, the National Economic Dialogue, the All-Island Civic Dialogue on Brexit, and the Shared Island Dialogues. Engagement should take place on a sector-by-sector basis. These forums should be as inclusive as possible. Arrangements should facilitate participation by vulnerable groups and sectors of society that are traditionally underrepresented in policy making. Every effort should be made to ensure public engagement is inclusive of unionist perspectives.

Recommendation 15

The Committee recommends preparation to begin immediately.

Introduction

The Good Friday Agreement enshrines the principle of consent and the possibility of change in the constitutional status of Northern Ireland. Ireland's position on this issue is further determined by Article 3 of the Constitution, as amended by referendum in 1998. This constitutional choice was part of the finely balanced settlement reached as part of the Good Friday Agreement. It created a peaceful and democratic means for the pursuit of constitutional ambitions for the island, breaking from decades of political violence.

The Good Friday Agreement enshrines the right of everyone on the island to pursue the ideal constitutional future for Northern Ireland that they wish to see, whether they are unionist, nationalist, or do not identify with either tradition.

The Good Friday Agreement requires the Secretary of State for Northern Ireland to call a referendum in Northern Ireland "if at any time it appears likely to him that a majority of those voting would express a wish that Northern Ireland should cease to be part of the United Kingdom and form part of a united Ireland." The Agreement does not specify on what basis the Secretary of State would reach that conclusion.

Reunification of Ireland would also require a referendum in this jurisdiction, in accordance with Article 3.1 of the Constitution;

> It is the firm will of the Irish nation, in harmony and friendship, to unite all the people who share the territory of the island of Ireland, in all the diversity of their identities and traditions, recognising that a united Ireland shall be brought about only by peaceful means with the consent of a majority of the people, democratically expressed, in both jurisdictions in the island. Until then, the laws enacted by the Parliament established by this Constitution shall have the like area and extent of application as the laws enacted by the Parliament that existed immediately before the coming into operation of this Constitution.

Since the Brexit referendum in 2016, conversations about possible referenda have become more prominent. This is due both to the destabilising impact of Brexit for the carefully balanced status of Northern Ireland and due to the lack of planning ahead of the Brexit referendum itself. There have been increasing calls for the Irish government to begin planning for the possibility of referenda. In the event that referendum are called, the public will need reliable, accessible information on the implications of constitutional change for their daily lives. Providing such information will involve extensive planning and preparation.

The Joint Committee on the Implementation of the Good Friday Agreement is exploring a range of issues that would arise in the event of constitutional change. This report examines the all-island economy as well as financial and economic aspects of potential constitutional change.

The report begins by exploring the current economic relationship between the two jurisdictions on the island. The first section of the report outlines the prosperity gap between Ireland and Northern Ireland, including the role of education. This is followed by a section exploring the potential of the all-island economy to increase prosperity across the two jurisdictions on the island.

The third section explores the potential costs of a united Ireland. This includes differing perspectives on the subvention arising for the Irish taxpayer to cover public services in Northern Ireland, as well as policy choices to be made on public services such as welfare, health and education.

The final section outlines the need for increased North/South co-operation and enhanced public policy making. Finally, the report outlines the need for preparation for unification to begin, well in advance of any possible referenda.

Prosperity gap between Ireland and Northern Ireland

There is a substantial prosperity gap between Ireland and Northern Ireland. Dr Alan Barrett outlined that GNI* per capita in Ireland was around 51% higher than GDP per capita in Northern Ireland in 2018. OECD (Organisation for Economic Co-operation and Development) data show a gap in household disposable income of 12% in 2017 in favour of Ireland. The proportion of individuals at risk of poverty in Northern Ireland was 14.3%, compared with 8.9% in Ireland. In 2018, life expectancy at birth in Ireland exceeded that of Northern Ireland by 1.4 years.

Professor John Doyle commented that while there has been an economic dividend since the Good Friday Agreement, it is largely concentrated in the South, with a sluggish Northern Ireland economy causing low standards of living in the North. While the two parts of the island had similar productivity levels in 1998, the South is now 40% more productive per hour worked. This is largely due to declining productivity in Northern Ireland and marginal increases in productivity in the South.

Other witnesses questioned whether a peace dividend for Northern Ireland could have been expected to automatically follow the Good Friday Agreement. Professor Seamus McGuinness highlighted that Northern Ireland had compared poorly with the other UK regional economies prior to the Troubles and that the Troubles aggravated this dynamic further, with structural gaps emerging in particular in relation to education and health. He said, “There was no investment at the time of the Good Friday Agreement to address those structural gaps. There was no extra money to overcome those difficulties. The funding arrangements that have pertained since then have never and will never address those structural gaps. Irrespective of the quality of policymaking, it will be increasingly difficult if the basic infrastructural system is not in place to try to grow the economy.”.

Dr Alan Barrett highlighted that in Ireland a 1% increase in the share of graduates employed generates a 1% increase in sectoral productivity. Dr Barrett did not find evidence of causal relationships between the usual factors that drive productivity – such as education, investment and exports – and Northern Ireland's productivity. In his view this suggests productivity in Northern Ireland is likely to be relatively unresponsive to single policy levers such as changes in education and skills provision. Rather, a comprehensive strategy is needed aimed at improving competitiveness among Northern Ireland firms, reforming education and skills provision and increasing investment in an integrated way.

Professor John FitzGerald highlighted low human capital in Northern Ireland's workforce, with an exceptionally high share of early school leavers "destined for very low productivity and low-paid employment, if they find employment." While a high proportion of school leavers in Northern Ireland progress to third-level education, many then choose to work outside of Northern Ireland. Addressing the early school leaver problem would take decades before the full benefits mature. For this reason, Professor FitzGerald advocates tackling the problem immediately.

Professor FitzGerald suggested that a quick win would be to make society more attractive for Northern Ireland's graduates to return to for work, citing the successful example of Intel investment in Ireland in 1990 which saw the return of Irish engineers from abroad. He later outlined the development of the IDA's approach whereby they abandoned a policy of trying to spread foreign direct investment widely and instead encouraged companies to invest where graduates want to live, "It was the supply of graduates that made the decision. It was not a decision of the firms. They went to Dublin, Cork and Galway. Why Galway? One of the studies we did for the Department of Finance stated that Galway has two prominent theatre groups. The Department of Finance had a canary. It thought we were going to suggest it should subsidise theatre groups across the island. However, Galway was the only place, other than Dublin, that was culturally attractive. Irish people returning from abroad would relocate there even if they were not from Galway and foreigners were keen on it. There is a cultural factor to where graduates want to live.".

As pointed out by Dr Alan Barrett, the cohort who emigrate and then come back to Ireland tend to have higher earnings than those who remain, with the market valuing the skills and experiences they have gathered elsewhere. He contrasted Ireland's experience with that of Northern Ireland, "When they bring them back, they offer a new dynamic in the economy of the Republic of Ireland. We are now seeing that not only with regard to returning migrants. Immigrants in the Republic of Ireland are a very highly qualified group of people. They provide another injection of skill, talent and ingenuity that Northern Ireland does not seem to be enjoying. There are issues in respect of the movement of people, migration, return migration and inward migration. It is all part of the mix.".

Social integration in education

Several witnesses linked the use of academic selection in schools in Northern Ireland to poor educational outcomes. In Northern Ireland, school children take exams at the end of primary school which are used to determine eligibility for prestigious grammar schools.

Professor Seamus McGuiness told the Committee that social class is the biggest predictor of educational failure in Northern Ireland. Its impact is three times greater in Northern Ireland than in Ireland. He later outlined to the Committee the detrimental role of academic selection for children from low-income families. Many primary schools in Northern Ireland do not prepare pupils for the transfer test that determines eligibility for the top 30% of the secondary level schools. Instead, parents typically pay for tutoring at a cost of £20 to £30 per hour, thus excluding many children from low-income families from realistically competing for places in the best schools. He added that the use of academic selection explains why “the educational system in Northern Ireland is not a good vehicle for intergenerational progression in terms of education or earnings. It is a real problem.”.

Professor John FitzGerald called for Northern Ireland to develop an inclusive educational system by moving to mixed ability intake into second level, noting that the current system particularly excludes children from a disadvantaged background. This was echoed by Professor John Doyle who similarly identified the “11 plus” exam as a barrier to better completion of school and to creation of a pipeline of young people going on to further education. He said, “Statistically, a child's chances of coming back from not getting into a grammar school at age 11 are small. Those are overwhelmingly the kids who leave school at 15 or 16 years of age. They do not get A-levels and therefore they do not go on to further education. That is the biggest gap...”.

Dr Adele Bergin commented that early school leaving in Northern Ireland is twice the rate it is in Ireland. She pointed to the success of the DEIS (Delivering Equality of Opportunity In Schools) programme in Ireland in reducing early school leaving, among other positive impacts, and asked whether something similar could be tried in Northern Ireland.

The Committee heard calls for reform to the further education sector in Northern Ireland. Ulster University’s Gareth Hetherington identified the need for clearer pathways for young people transitioning in the education system. While the path to university is clear, the journey to further education is more complex and less well understood by young people, parents and employers. This results in an undersupply of mid-level skills such as for professional trades. The undersupply of these skills is constraining growth in the Northern Ireland economy.

Dr Adele Bergin highlighted the increased popularity of post-leaving certificate courses in Ireland as the status of further education has been improved. This has resulted in clearer progression pathways, “Younger people have a better sense, if they take the further education option, what their potential pathways are to further higher education, to the labour market, etc. They can see those paths much more clearly than they can in Northern Ireland. In the configuration of further education in terms of duplication of courses and what young people can see are their options, there seem to be quite strong differences, North and South.”.

Professor Seamus McGuinness also pointed to the success of the post-leaving certificate programme in Ireland in terms of employment outcomes for young people from lower-income backgrounds. He said, “The post-leaving certificate system in the Republic of Ireland works very well as a vehicle for vocational education. Approximately 30% of young people in the Republic of Ireland have these post-second level qualifications. It is only 10% in Northern Ireland and this is the large gap in terms of skills provision and skills output. Further education college provision and vocational education provision is a key gap. If it were addressed with a matter of urgency, it would have tangible impacts in terms of human capital structure and outputs of the Northern Ireland economy.”.

Economic North/South Co-operation and the All-Island Economy

This section examines the opportunities and challenges arising from the all-island economy from the perspective of trade, investment and regional development. Cross-border trade is increasing, reaching a high of €12 billion in 2022. Blended working has created new opportunities for remote working, increasing the scope for the island of Ireland to be marketed as a single destination for the purposes of foreign direct investment (FDI). Integration of the economies also offers advantages of critical mass in term of skills available in the labour market. There are a number of challenges to realising the potential of an all-island economy, including limited connectivity, labour mobility challenges arising from the Border, and taxation and welfare implications.

The Committee heard from a range of industry bodies regarding the all-island economy. A common theme was willingness of businesses to continue to find opportunities regardless of political challenges. Mr Neil McDonnell, CEO of ISME (Irish SME Association), told the Committee, “As representatives of traders, importers and exporters, we know that agreement on matters of business will usually triumph over matters of politics where livelihoods and profit are concerned. That is to be celebrated.” This sentiment was echoed by Mr Glyn Roberts, CEO of Retail NI, addressing the Committee during the prolonged absence of the North-South Ministerial Council, who said “… despite those cross-border bodies being down, our members are getting on and doing their trade cross-border. Many of our members' staff in Border areas come from the other side of the Border. Our members' customers come from there. There is no such thing a Border when it comes to retail on the island of Ireland. They have been getting on and doing it, and I hope they are making a contribution to the economy.”.

Similarly, trade union representatives emphasised the cross-community nature of their membership. According to ICTU’s Owen Reidy, “Regarding the cross-community issue, there are people on picket lines today who vote for Sinn Féin, the DUP and everything in between, but the one thing that unites them is that they want a fair day's pay for a fair day's work. We are very sensitive to and in tune with the fact that we represent people who are British, Northern Irish, Irish, a bit of all three, some of both and, crucially, international workers. If I may say so, I believe the trade union movement is quite unique on the island of Ireland in having that kind of breadth of inclusivity and it is something we want to protect.”. Mr Reidy emphasised the importance of the union not being perceived as either nationalist or unionist. On the constitutional question, Brexit has made these conversations more prominent and ICTU advocates that the variety of perspectives of workers must be articulated and to the fore in debates on constitutional change.

Cross-border Trade

At the time of the Good Friday Agreement, cross-border trade was worth around €2 billion. By 2022 this reached a record high of around €12 billion. According to research by the ESRI goods trade between Ireland and Northern Ireland has risen above the levels expected between two neighbouring economies of this size, demonstrating strong integration between both economies.[1]

InterTradeIreland told the Committee that this growth is taking place across all sectors, with almost 90% of commodity groups growing year on year. Manufacturing accounts for €4billion or around one third of all cross-border trade. Construction accounts for over €1 billion in cross border trade, while agrifood makes up €2 billion. Commenting on this growth in trade, InterTradeIreland's Martin Robinson said, "The key message, from our perspective, is to encourage businesses to look to the cross-border market. It is a thriving market on our doorstep… people do not think about a border when they are doing business. There are great opportunities for all businesses of all sizes across all sectors.".

Mr Robinson commented that the growth in cross-border trade has come against a background of economic challenges, including recessions, Brexit, the pandemic and the geopolitical shocks of the wars in Ukraine and in Gaza. He told the Committee that this is indicative of the resilient, innovative and enterprising nature of the businesses on this island. He added that InterTradeIreland's research shows that firms that trade across the Border tend to be more resilient and innovative and generally outperform their non-exporting peers.

Mr Robinson later elaborated on the relative strength of companies that trade across the Border in comparison to those that do not. According to a recent InterTradeIreland survey, one third of cross-Border traders reported increased sales compared to one quarter of those that do not sell across the Border; and three quarters of businesses with cross-Border sales reported they were profitable, which drops to two thirds of businesses that do not sell across the Border. A total of 31% of cross-Border traders reported they were enjoying rapid or moderate growth compared to 13% of those businesses that do not. Mr Robinson further commented that according to InterTradeIreland's research, three quarters of the businesses

[1] New ESRI research highlights strong trade relationship between Ireland and Northern Ireland | ESRI

that sell across the Border go on to sell off the island. Trading across the Border helps the companies develop the confidence and skills to do that outreach.

InterTradeIreland also support clusters of businesses across the island where additional opportunities exist on an all-island basis, supported through InterTradeIreland's "synergy" programme. Mr Robinson cited examples in the fintech and cyber sectors, where collaboration on technology and transfer of expertise adds value. He outlined the role of InterTradeIreland in supporting innovation on a cross-border basis, whereby academics in the North are sharing expertise with businesses in the South, and vice versa, via InterTradeIreland's Innovation Boost programme. By way of example, InterTradeIreland "support a company that manufactures orthotics for amputees. It was able to link up with one of the institutions in Northern Ireland, which provided it with lots of technology around 3D printing. As a result of that, the company is able to take its products to market much more quickly, reduce costs and sell more effectively… We have built up, through our programmes, very strong examples of how innovation really drives business growth.".

Foreign Direct Investment and the All-Island Economy

Foreign direct investment has had a transformative effect on Ireland's economy in recent decades. Executive Director of IBEC Fergal O'Brien underlined the high quality of jobs available in Ireland resulting from FDI, saying "Many young people no longer have to travel to London or another recognised major global capital to get leading-edge roles. They are happening here. That has been the transformation."

Foreign direct investment in Northern Ireland has been modest in comparison, at around 20% of that in the South. Some witnesses pointed out that Ireland is an exceptional performer by global standards with respect to FDI and that a comparison with Northern Ireland is unhelpful. Gareth Hetherington highlighted that Northern Ireland performs well compared to many UK regions with respect to FDI though he considered the questioned why Northern Ireland has not benefited more spillover from the success of the South to be valid.

The Committee were told that there is untapped potential for Belfast to attract foreign direct investment. Belfast is the closest city to Dublin and is the second largest city on the island. While Dublin has been very successful in attracting foreign direct investment, the city has become over-concentrated and is struggling with the challenges of housing and transport infrastructure. Professor John Doyle told the Committee that in the European model the second city is approximately half the size of the capital city, making it attractive to companies seeking to invest at scale. This is not the case in Ireland, with Galway and Cork both significantly smaller than Dublin. The other cities in Ireland are not of sufficient scale to attract major investment resulting in over-concentration around Dublin. The Belfast region has a population of around 750,000 once the nearby areas of Lisburn and Newtownards are included. However, despite this scale it has been unable to attract the level of inwards investment that Ireland has been able to attract to the Cork and Kerry region. Professor Doyle outlined advantages of Belfast as a place to invest; it has a large enough scale to be attractive for multinationals, it has strengths in engineering and would complement Dublin's offering rather than compete for the same jobs. Despite all this, Belfast's potential is not being realised. He added that, with a different policy or constitutional framework, Belfast would have a scale that Cork, Limerick, and Galway did not, complementing Dublin's offering and providing a larger labour market to attract companies.

Mr O'Brien highlighted the opportunity to present an all-island offering of skills to investors. A combined labour market of almost four million people offers strength in critical mass. Mr O'Brien called for investment to address shortcomings in skills offerings. He advocated the use of all-island apprenticeship models and all-island in-work company training programmes. He added, "The mindset of being able to present the offering of an investment anywhere on the island so as to be able to tap into what needs to be an improving and more advanced labour force represents a great opportunity.".

Ireland's success at attracting FDI has been attributed to a range of factors including corporation tax, EU membership, the English language. Dr Tom McDonnell, Nevin Economic Research Institute (NERI) noted that the move to a new global corporation tax system with a floor of 15% means that corporation tax will no longer be the basis upon which jurisdictions compete for FDI. Northern Ireland will only attract more FDI if the necessary human capital base is in place. He commented that attracting investment requires a range of reforms including to education policy, investment spending, infrastructure etc.

A Committee member asked whether there would be benefits to a merger between the IDA and Invest NI. Mr Hetherington responded that there is significant merit in having a greater level of co-ordination and co-operation between the two organisations. He noted however that Invest NI is criticised for the concentration of FDI in the greater Belfast area. Were the FDI bodies to merge, it is likely that there would be similar if not magnified criticism of insufficient geographic spread of project location. He added, "Much more co-operation and co-ordination regarding how we can bring more businesses to this island to invest would be good, but there is a need for a greater emphasis, even in the North, around some regional economic development. I refer to spreading and having an equity to the investment coming here.”.

NERI’s Paul Mac Flynn cautioned against expecting the success of FDI in Ireland to be replicated in Northern Ireland. He highlighted that while Northern Ireland performs well by European standards in terms of the level of output provided by foreign firms, the quality of the FDI in Northern Ireland is problematic. Northern Ireland has not had the same level of pre-development, particularly in terms of education. He described Northern Ireland’s FDI as “low-hanging fruit” in part due to lack of political stability and “going for easy wins rather than a longer-term investment...”.

Professor Edgar Morgenroth also tempered expectations around an all-island approach to FDI, saying there are essentially one pool of multinationals and if they invest in Northern Ireland it is an investment they will probably not make elsewhere on the island. While there would be some scale effects, these would be modest.

Supporting Prosperity in other Regions

The Committee heard that in addition to the strong potential to develop the Dublin-Belfast corridor, blended working has increased opportunities further outside of this region. IBEC’s Fergal O’Brien told the Committee that while previously FDI companies looked for locations to invest with people holding certain skills within a 30 or 60 minute commute, blended working has meant that this catchment area can stretch out much farther.

InterTradeIreland outlined to the Committee their success in promoting cross-border trade, including beyond the Dublin-Belfast corridor. They have supported companies in every county on the island. Martin Robinson outlined the role of InterTradeIreland’s “Acumen” programme which provides companies with 50% of the costs in taking on a new sales resource. By way of example, “…a County Cork-based manufacturer of milk cooling tanks for the dairy industry, which was a single-product company selling exclusively in the Irish market, recognised the potential of the cross-Border market as an opportunity it could not afford to ignore. With our support it has brought on board a full-time sales person who went into the market, shook hands with people and made introductions. As a direct result of this work, it was able to appoint three new dealers in Northern Ireland. It has given the company a platform. We are speaking about GB and this company was given a platform to access the GB market. This company saw its selling into Northern Ireland grow in a short period of time from 1% to 16%. It has also opened new market opportunities for it in GB and beyond.”.

Fergal O'Brien commented that there has not been a proper comparative study of Northern Ireland's regional development within Northern Ireland. He said, "Newry is a significant example of a place within the North that has benefited enormously, along with Strabane, post the Good Friday Agreement, compared with where it was previously. County Tyrone has always been an interesting stand-out, as the Deputy said. There has also been a certain amount of spillover into County Monaghan as regards the agrifood business that is less publicised by people from counties Monaghan and Cavan for some reason I do not quite understand.".

Glyn Roberts told the Committee that many of Retail NI's members feel left behind and that infrastructure needs in small towns are not being the priority they deserve. Retail NI has highlighted the need for a rural town infrastructure fund. Both the Levelling-up Fund from the UK government and Shared Island funding should support rural towns.

Co-operation and Investment in Energy

Both jurisdictions face major challenges in adapting its energy infrastructure. The Committee heard that despite the scale of the challenge, there is a lack of joint up thinking on all-island energy futures. John FitzGerald pointed out that that despite Ireland having an ambitious approach to offshore wind, there is no suitable port in Ireland. The only suitable port on the island is Belfast. However, the Northern Ireland Energy Strategy does not mention offshore wind and Belfast Port.

Fergal O'Brien identified the single electricity market as one of the most significant legacies of the peace process. He called for efforts to strengthen the single electricity market, including the North-South interconnector which he described as crucial to embedding greater energy security across the island. Mr O'Brien commented that the climate action targets being set separately in each jurisdiction. IBEC works closely with the Confederation of British Industry through a Joint Business Council. Both organisations are concerned about the lack of joined-up North South conversations on all island energy futures. Mr O'Brien pointed to the opportunity arising through the Shared Island Unit and the creation of a national infrastructure fund. The fund should include ring-fenced capital funding developing to delivering the national development plan and include projects that deliver on North-South connectivity.

Mr O'Brien also underlined the role of economies of scale with regard to infrastructure in particular, renewable energy which has very specialised international actors. He said, "Markets much bigger than the island of Ireland are attracting the capacity but the economy-of-scale opportunity associated with aligning investments on the island could be really significant in getting some of the players into the Irish market. The energy issue, particularly concerning offshore wind, is one in respect of which several players have said to us that there is a significant economy-of-scale opportunity".

Michael D'Arcy, Programme Lead, Ibec/CBI NI Joint Business Council, also called for greater joint up thinking on energy. He commented that unlike other major infrastructure projects such as transport, energy infrastructure is mostly the result of private sector investment, both from energy companies investing in generation and in companies adapting their internal systems to use renewable energy. The challenge for the Government is in policy and governance. He added, "Much of what will happen in the single electricity market is down to regulation, particularly now that the UK is out of the EU and the picture is not automatically joined up. The role of regulation in government policy, including that of the devolved Administration, will be critical in the two jurisdictions. Will the NSMC have a role in co-ordinating regulation? Will regulation be done jointly? These are important considerations for investors when looking to the future. Energy will raise these questions in a way that may be unexpected and it is important that people think about them in terms of Strand Two.".

Recommendation 3
The Committee calls for increased co-operation North South on energy and on climate action, including increased co-operation through Strand Two of the Good Friday Agreement that builds on the progress of single electricity market.

Challenges for the All-Island Economy

There are a number of obstacles to the realisation of the full potential of the all-island economy. Brexit has had profound implications for the economy of Northern Ireland, with increased obstacles likely to emerge in the future as regulatory regimes diverge. The border is itself an obstacle for labour mobility, as well as raising difficulties with respect to tax and social welfare for individuals and companies working across the Border. The Border region is also underserviced by transport infrastructure.

Impact of Brexit

The departure of the United Kingdom from the European Union has had profound and far-reaching consequences for Northern Ireland, partially mitigated by the Northern Ireland Protocol and later by the Windsor Framework. While Northern Ireland now enjoys opportunities arising from dual market EU-UK access, Brexit has created new obstacles to the all-island economy with further obstacles likely to arise over time as the EU and UK regulatory frameworks diverge.

Industry bodies addressing the Committee expressed mixed views about the Windsor Framework. Some were optimistic about the potential opportunities for Northern Ireland. Mr Glyn Roberts of Retail NI spoke of the “untapped potential” of Northern Ireland due to its skilled work force, dual market access and emerging clusters in new industries. He cited tech, cybersecurity and health and life sciences. Commenting on the Framework he said, “The Windsor accord gives Northern Ireland opportunities to be the gateway to the European Union and to be a truly global-facing region and above all else to make Northern Ireland an ecosystem of innovation.” He emphasised in this context the importance of the powersharing institutions and the north-south bodies. Mr Stephen Kelly CEO of Manufacturing NI commented that the Windsor Framework had done little for the manufacturing industry, besides maintaining dual market access, described as “the jewel in the crown”.

Industry body representatives expressed concern at potential divergence between the UK and EU post-Brexit and the re-emergence of barriers to trade on the island of Ireland. Stephen Kelly pointed out that manufacturers in Northern Ireland cannot lead on public procurement projects in Ireland. Services are not covered by the Windsor Framework. An entrepreneur in Northern Ireland cannot establish a business in Ireland unless there is an Irish resident on the Board. He also expressed concern about potential future divergence, saying “We do not have proper sight of what may be coming. Equally, the EU does not have proper sight of the impact that its decisions may have in the North.” He underlined the need for a voice representing businesses and communities in Northern Ireland in the EU. He highlighted the importance of having MEPs in Ireland with an interest, and potentially a presence, in Northern Ireland.

SIPTU Deputy General Secretary Gerry McCormack outlined the trade union movement’s concerns at the impact of Brexit on the economy. He acknowledged that the Northern Ireland Protocol and the Windsor Framework had mitigated much of the threat to jobs and trade that would otherwise have arisen due to Brexit. He nonetheless outlined the significance of Brexit for the economy, “The disruption of supply chains due to Brexit between the Republic of Ireland and the UK has caused job losses, not least in the retail and transportation sector, and has contributed in no small way to the withdrawal of some UK-based retailers from the Republic. It has also undoubtedly contributed to the cost-of-living crisis which has caused such hardship to working people over the past number of years. Migrant workers and others crossing the Border for work or business have also been affected by Brexit and related barriers to the free movement of labour. On the other hand, the development of the all-island economy has without question been boosted. Trade North and South, and vice versa, has increased exponentially, while trade routes from the island to Europe have been expanded and some sectors such as agrifood, compensated for the reduction of trade between the Republic and the UK.”.

In his evidence to the Committee, ISME’s Neil McDonnell sounded a note of caution regarding the impacts of Brexit on cross-border trade. He said that while the majority of ISME’s trading members expect to trade across the Border in the coming years, this was grounded in the current trading arrangements. He said, “There is huge goodwill in the Republic towards a deepening trade relationship with Northern Ireland. This goodwill will evaporate, however, if there is a diminution in workers’ rights north of the Border, particularly in respect of issues such as the working time directive. Wage rates are already lower in Northern Ireland. Were businesses there able to extend working hours beyond those businesses here must observe by law, it would have serious implications for services businesses, especially those that can operate on a cross-Border basis such as distribution, electrical, plumbing, energy and insulation services.”. He underlined the need to ensure that implementation of the Windsor Framework does not impede cross-border trade.

Trade Union bodies expressed concerns at divergence in the labour market post Brexit. ICTU’s Owen Reidy outlined to the Committee that ICTU had campaigned vigorously against Brexit and then following the referendum result, had called for the softest possible Brexit. As the Union represents workers on both sides of the Border, ICTU was concerned at the possibility of divergence of workers’ rights and employment law. As a result of Brexit, a progressive new EU Directive on minimum wage and collective bargaining will not apply in Northern Ireland. The directive has the potential to significantly strengthen industrial relations infrastructure and increase collective bargaining coverage. ICTU is calling for employment legislation in Northern Ireland that mirrors the directive as far as possible to ensure “that our members and all workers in Northern Ireland do not fall behind and to seek as much positive and progressive alignment of workers’ rights in the two jurisdictions on the island of Ireland as possible.”.

Connectivity

In discussing the relative success of the mid-Ulster region – which supplies 40% of the world’s crushing and screening equipment – the Committee explored the role of connectivity.

A member queried whether the success of the region could be attributed to the motorway network and the development of the A4, in contrast to the A5 North-West Transport Corridor. In response, Stephen Kelly from Manufacturing NI attributed the success of the region primarily to the local entrepreneurs themselves, but added that good connectivity to ports was also important. He said, “Undoubtedly, connections to the ports have helped. These are big pieces of equipment. On getting those to the ports, the Senator's comment on the development of the A4 road was correct. Equally, the absence of good infrastructure further west from there is the reason that area has been held back.”. He added that the upgraded A6 route from Belfast to Derry has been “transformative” in terms of the attitude towards the northwest and ease of travel. He described bringing leaders from the manufacturing industry to Derry after the upgrade to the A6, “... They began to see the opportunity that exists in the north west, the expertise and experience that people have up there and the availability of labour. More particularly, they recognised that it is easy to connect with the city. Finishing the job on the last section of the A6 from Drumahoe, to connect into the city's network itself, is absolutely critical...”.

He contrasted this with the A5, the upgrade of which he described as “long overdue”. Mr Kelly told the Committee that his father was one of dozens of people who have died due to the poor state of the A5. He said, “The Irish Government gave commitments in terms of its development, which were greatly appreciated. Those commitments were rowed back on a little bit. It would be great to see them remade. The road will be critical to the economic ambitions of people in the west and critical to the safety of people travelling there. It is important that both of those are considered. What price do you put on a life? I know the pain and hurt that was caused when my father was lost on that road, and that has happened dozens of times. It continues to happen to this day. That is the real cost. It is not the cost of the tarmac, the central reservation or whatever else; it is the cost of people's lives that needs to be borne in mind.”.

Mr Glyn Roberts, Chief Executive of Retail NI, also called for greater connectivity on the island and a re-energised approach to North-South co-operation. He pointed to the role of the business community in developing North South relations beyond politics. He highlighted PEACEPLUS and the all-island strategic rail review as major catalysts for change, saying “€1.1 billion PEACEPLUS fund launched in September has been delivering economic regeneration as one of its core objectives and the all-island strategic rail review that has the objective of the delivery of the 200 km intercity service connecting Belfast, Dublin and Cork. If we look at what could be a big game-changing infrastructure project for this island, having a high-speed rail service between Belfast, Dublin and Cork would surely be one and move us towards a much more connected island.".

In February 2024, the Irish Government committed €600 million through the Shared Island Initiative to the A5 North-West transport corridor, and plans to advance work on linked road projects including the N2 Clontibret and Donegal TEN-T upgrades in 2024. It also announced €12.5 for a new hourly-frequency rail service between Belfast and Dublin. The Committee welcomes this development and urges that the projects progress as quickly as possible.

Labour mobility

Limited labour mobility across the Border is an obstacle to the all-island economy. Mr Kelly outlined to the Committee the challenges this poses to manufacturing firms; "Many of our businesses which are headquartered in the North have facilities in the South. Just moving people between those two facilities has become incredibly difficult. One of the largest pharmaceutical firms in the North works on a cross-Border basis. It is constantly trying to do a kind of 3D jigsaw to try to work out which members of staff can actually go and support work in other parts of its business elsewhere on the island. This is down to some of them not being an Irish or UK national and not having the rights under the common travel area.".

Tax and Social welfare

Mr O'Brien highlighted tax and social welfare as obstacles to an all-island labour market. He called for practical steps from the Irish government, including reinstatement of temporary measures put in place during the COVID pandemic to facilitate cross-Border working. He said, "One step the Irish Government could take would be to reinstate the temporary measures that obtained during Covid. This would give significant relief to companies that are struggling with the complexities of cross-Border work. Ultimately, though, it will be for His Majesty's Revenue & Customs, HMRC, with Ireland's Revenue, to agree a bilateral agreement on supporting increased labour mobility on the island of Ireland. There may be wider international issues. For example, there may need to be engagement with the OECD, which is examining the new world of work, tech nomads and so forth. It is very much a changed world of work, but we believe that Revenue and HMRC could advance this issue if there were the political will to do so.".

All-Island Economy in a United Ireland

The Committee discussed the potential for economic convergence in the event of a united Ireland. Professor John Doyle suggested that with the same policies in place North and

South – such as the same tax regime, education system, and regulatory framework – there would be a convergence to an economic mean over time, with the Belfast region potentially reaching a level of economic development on a par with Cork. He outlined the experiences of economic convergence of countries that joined the EU over time. The economies of the poorest performers grew by 1% higher than the average EU growth over a decade. The average performers grew by 2% and the best-performing economies grew by 3%. He said we can expect Northern Ireland to converge economically with Ireland at similar rates.

Other witnesses tempered expectation on increasing prosperity in poorer regions. Professor John FitzGerald pointed to the lack of the economic convergence within Ireland at present saying "It is worth noting that despite having the same education system, Irish regions like the west continue to lag in terms of productivity, with regions diverging in terms of gross value added per capita. There is also no evidence of convergence across counties in terms of disposable income. This is consistent with the extensive academic literature on regional development that shows regional disparities tend to be persistent.".

This caution was echoed by Professor Edgar Morgenroth, citing the example of the reunification of Germany, "On changes, productivity changes and potential benefits, none of us knows the future, but we have many decades' worth of research that looks at regional development and convergence, including about the Republic of Ireland and the regions within it. That research shows there are no miracles. They are just not there. With German unification, shock therapy was applied to East Germany, with some very costly mistakes. There was some initial convergence and it has stalled out. We are now 30 years into German reunification and we are looking at least another 20 or possibly 30 years before that process is actually completed.". He later commented on the experience of Italy which has seen 100 years of regional subvention and policy intervention without economic convergence.

It should be noted that other witnesses questioned the usefulness of comparing eventual Irish reunification to the German experience. As pointed out by Professor Seamus McGuinness, East Germany had been run under a Soviet-style planning system with huge structural gaps between the economies of East and West Germany. While there are structural gaps between the two economies on this island, they are not of that scale.

Asked by a Committee Member about the positive role of the all-island economy on the Border region, Professor Morgenroth agreed that there are benefits without which the Border regions and Northern Ireland would be worse of than they are today. However, he added that despite these benefits the Border region is a relatively poor region of Ireland and Northern Ireland is poor relative to the rest of the UK and to Ireland. While there are benefits, they are not sufficient to have equalised GDP or productivity in these regions.

Professors FitzGerald and Morgenroth also caution about the negative impacts for Northern Ireland arising a united Ireland; as Northern Ireland is deeply integrated into the UK economy, costs will arise from separating Northern Ireland from the UK economy. While these costs would reduce over time as Northern Ireland integrates with the rest of Ireland, Professor Morgenroth warns that the initial costs would be substantial.

Recommendation 7
The Committee recommends that the Department of Enterprise Trade and Employment, the Department of Finance, and the Department of Social Protection should examine potential barriers to the all-island economy such as taxation, welfare, pensions and the risk of post-Brexit divergence between EU and UK, and report back to the Committee.

Recommendation 4
The Committee recommends deeper cooperation on transport infrastructure, including implementation of government commitments on the A5 as soon as possible.

Recommendation 8
The Committee recommends that a study be commissioned on economic development of regions within Northern Ireland and the border region since the Good Friday Agreement.

Recommendation 5
The Committee recommends deeper cooperation on attracting FDI, including closer co-operation the IDA and Invest NI and part of this should be to ensure greater benefit for areas outside of Dublin and Belfast from FDI.

COST OF A UNITED IRELAND

This section explores the economic implications of reunification of Ireland. It will address differing perspectives on the subvention that would arise for the Irish taxpayer, including on liability for Northern Ireland's share of the United Kingdom's debt and the question of whether of not the UK will continue to meet the cost of pensions in Northern Ireland. It should be noted that reunification of Ireland will have myriad interlocking economic impacts, much of which is beyond the scope of this report.

The Committee heard starkly differing perspectives on the cost of unification of Ireland. One of the most contested aspects is the United Kingdom's subvention to Northern Ireland. The subvention refers to the difference between tax revenue raised in a region and the public expenditure in that region. Northern Ireland receives significant support from the UK government for the provision of public services in Northern Ireland, estimated at around £10 billion. As outlined by Professor John FitzGerald, transfers of wealth from rich regions to poorer regions are not unusual. In Ireland, there are large transfers from Dublin to other regions, in particular the North and West, while in the UK there are large transfers from London to poorer regions including Northern Ireland.

While the UK government subvention to Northern Ireland is approximately £10 billion, the equivalent figure falling to the central Irish government in a united Ireland is unclear. Some elements will be subject to negotiation including debt and pensions (outlined in more detail below). Some elements of the UK subvention would not arise in the event of a united Ireland, such as Northern Ireland's contribution to the Trident missile system, and to the Foreign, Commonwealth and Development Office. Corporation tax receipts from Northern Ireland would be higher in the event a united Ireland as companies with their headquarters outside of Northern Ireland report their profit where their head office is located and not where the activity takes place. This means that businesses in Northern Ireland with headquarters, for example, London are reporting profits on their Northern Ireland activity in London.[2] Professor FitzGerald also highlighted that some additional costs would arise not currently included in the subvention such as increased EU membership contributions, and increased expenditure on overseas development co-operation.

[2] John FitzGerald and Edgar Morgenroth, "Northern Ireland Subvention - Possible Unification Effects", published by the Institute of International and European Affairs, p 4

Some commentators have raised the possibility that the European Union might help to meet the cost of a united Ireland. The Committee heard that while some funding might be available, it is unlikely that it would be significant as a united Ireland would be one of the wealthiest countries in the EU. According to Professor FitzGerald, "It is very hard to see a large enough contribution from Europe to make a difference. Given that Ireland will still be one of the richest countries in Europe, we cannot expect the rest of Europe to subsidise Ireland when we have chosen to unify.".

Professor John FitzGerald and Professor Edgar Morgenroth presented a recent paper titled "Northern Ireland Subvention - Possible Unification Effects" (the IIEA report), published by the Institute of International and European Affairs in which they set out the likely revenue and expenditure in Northern Ireland in the event of a united Ireland. They estimate the subvention to Northern Ireland would amount to around €10.9 billion, or 5% of Irish national income. They estimate that to raise Northern Ireland welfare rates and public sector pay rates to those prevailing in the Republic would add another 5% of national income. They warn that funding the needs of Northern Ireland in a united Ireland would place huge financial pressure on the people of Ireland, resulting in "an immediate major reduction in their living standards."

Their findings were challenged by some Committee members and by other witnesses. Professor John Doyle described the figures in the IIEA report as "not just the worst-case scenario" but "completely wrong". In his opening statement he disputes the following aspects of the IIEA paper:

- The report forecasts €4.2 billion per annum to increase public sector wages to southern levels but does not factor in that public servants would, overwhelmingly, pay 40% tax on the marginal rate of increase, as well as PRSI and pension contributions, meaning that more than half of the €4.2 billion would return to the exchequer.
- The report assumes that public sector salaries would increase on day one of unification.
- A cost of €3.8 billion per annum is forecast to increase pensions to southern levels. According to Professor Doyle, this would give every pensioner an increase of €10,000 per year regardless of their circumstances. He described the likelihood of the Irish Government doing this from day one as "close to zero as it is possible to calculate". He added that the report does not factor in the collection of income tax from those on a contributory pension.

- The report also makes no allowance for taxation of pensions. If the Northern Ireland contributory and non-contributory pensions were increased to southern levels in year one the full cost of that for a full year, after tax, would be €400 million per year, not €3.8 billion.
- Professor Doyle also disputes the IIEA report's assumptions around debt and pensions. This is set out in more detail below.
- The report does not include analysis of economic growth. Professor Doyle asserts that it would be not unreasonable to expect economic convergence, citing the experience of countries joining the EEC as evidence that we can expect economic convergence of between 1% and 3% per annum, gradually eroding the need for the subvention.

Professor Doyle estimated the subvention in the event of a united Ireland to be in the region of €1.5 billion, assuming that Ireland did not accept responsibility for pension liabilities in Northern Ireland and for Northern Ireland's share of UK debt, or up to €5 billion in the worst-case scenario. Professor Seamus McGuinness cited a 2020 paper with Dr Adele Bergin in which they estimated that, depending on how negotiations go, between 39% and 74% of the subvention costs could come across to the Irish state.[3] He said, "Based on our Cambridge Journal of Economics paper, we estimate a bottom threshold of €3.6 billion in core subvention starting to an upper level of €6.8 billion starting, which translates to a lower estimate in our published work of €4 billion up to €7.2 billion." Professor McGuinness added that the lower threshold is what Government spending would typically increase by in a year and would not result in a reduction in living standards for the Irish population. These costs also do not factor in future policy interventions addressing low productivity in Northern Ireland.

Professor McGuinness raised concerns regarding the utilization of static methods of analysis employed in the IIEA report. He emphasized that the subvention costs were heavily influenced by Northern Ireland's low productivity, suggesting that strategic policy changes could enhance productivity and subsequently decrease subvention costs. Additionally, Dr Bergin criticized the €20 billion estimate, highlighting that injecting approximately €10 billion

[3] *McGuinness, S., and Bergin, A. (2020). The political economy of a Northern Ireland border poll, Cambridge Journal of Economics, Volume 44, Issue 4, July 2020, Pages 781–812, https://doi.org/10.1093/cje/beaa007*

into the Northern Ireland economy overnight would likely lead to inflation, given that it represents around 20% of Northern Ireland's GDP.

Liability for Pensions in Northern Ireland

The range of estimates of the cost of the subvention reflect disagreement regarding the likely treatment of the issues of liability for pensions and UK national debt in the event of a united Ireland.

FitzGerald and Morgenroth expect that pensions in Northern Ireland would continue to be paid through social insurance contributions paid in Northern Ireland with any deficit made up by a subvention from the central Irish Government. This is in line with the precedent set when Ireland departed from the United Kingdom in 1922. The UK pension scheme is run on a pay-as-you-go basis rather than a funded basis, with the social insurance pensions paid out in the UK generally equal to the social insurance contributions taken in each year.[4] In their view, the idea that “the UK would continue to pay pensions while a united Ireland collected the related social insurance contributions seems most improbable.”

This view was countered by Professor Doyle who thought it unlikely that the UK “would entirely renege on any responsibility for the pensions of those who have contributed over their working lives for their pension contribution.” He noted that, despite the difficulties of Brexit negotiations, the UK did not at any stage suggest abandoning its pensioners retired from EU institutions. Professor Doyle said, “Even in the most unlikely circumstances, the notion that a future British government would, even if it legally could, abandon military veterans, former police officers, nurses and others who had paid into a pension for 40 years and leave them high and dry, as no longer being the government's responsibility, seems unlikely. I accept that it is possible but it seems extraordinarily unlikely.”

A member of the Committee also highlighted that the UK government pays pensions to expatriates abroad who have paid contributions in the UK. Professor Doyle responded, “In the event of what the Deputy is referring to regarding the IIEA report, it would mean either that English expatriates in the south of Spain would lose their pension, which seems highly unlikely, or, even more extraordinary, that somebody who moved from Newry to Dundalk in retirement would continue to receive their pension while a retired army officer living in, say,

[4] John FitzGerald and Edgar Morgenroth, “Northern Ireland Subvention - Possible Unification Effects”, published by the Institute of International and European Affairs, p9

Lisburn would lose his or her pension. The latter seems even less likely than the scenario with the expatriates…".

Liability for Northern Ireland's share of the UK's debt

Professor FitzGerald suggested that if the argument for the UK having a continuing liability for social insurance-based pension payments rests on a recognition of past liabilities, then this logic suggests Northern Ireland would also be liable for its share of UK debt on departure. He said "This would suggest that either the interest for the debt would be written off by the UK in return for the North writing off the pension liability, or both liabilities would be recognised. Under these circumstances, the most favourable option for Northern Ireland would be that … the UK would continue to pay pension payments due in receipt of past social insurance contributions made within the UK. However, on the basis of precedents in the case of other national break-ups, and also the potential deal for Scotland leaving the UK, neither option would be expected to be accepted by the UK"[5].

Professor FitzGerald pointed to the precedent of Ireland's departure in 1922. Ireland accepted a share of national debt on departure but this was subsequently written off in 1925. According to Professor FitzGerald, "On the British debt, my understanding is the file on the 1925 agreement between the Irish Free State and the United Kingdom was retrieved by the UK Treasury in the month before the Scottish independence referendum, and its view was that Scotland was not going to get away with what the Free State had got away with. It is interesting that during those negotiations, at one stage when the Irish had left the room, Lord Birkenhead said the Irish could not afford to pay, and as soon as he said that, the UK caved in and allowed the Free State to get away without the debt. The inability to pay was important." Had Scotland voted for independence at the referendum in 2014, it would have left the UK with a share of the UK debt. FitzGerald and Morgenroth expect that this will set a precedent for any eventual departures from the United Kingdom. They state, "To allow successive regions of the UK to depart leaving all of the debt to be serviced by the remaining population in the UK would seem difficult to justify.".[6]

Professor Doyle challenged the assumption that Ireland would accept liability for Northern Ireland's share of the United Kingdom's debt, arguing that officials negotiating would not

[5] 2023-07-13_opening-statement-professor-john-fitzgerald-adjunct-professor-department-of-economics-department-of-economics-trinity-college-dublin_en.pdf (oireachtas.ie)

[6] John FitzGerald and Edgar Morgenroth,"Northern Ireland Subvention - Possible Unification Effects", published by the Institute of International and European Affairs, p9

accept liability for both debt and pensions. He said “It is impossible to envisage a circumstance in which any government would agree to that. Pensions and debt are inextricably linked during those negotiations but there is no possible real outcome in which pensions are abandoned by a future British government and an Irish government would agree to pay a debt for which it has no legal responsibility. We cannot get caught for both. If a British government agreed to pay pensions, one can imagine an Irish government might agree voluntarily to take on some share of the debt, as part of the cut and thrust of negotiations, but if the Irish government got nothing on pensions, why would it pay a debt it did not owe? It is impossible to envisage that circumstance.” He further speculated that if negotiations were difficult, Ireland might accept some debt, allowing for asset transfers if the UK took responsibility for pensions. “One of the reasons the UK would agree to do pensions is not only that it is a reputational issue, as it would be very damaging for it to walk away, but inevitably pensions decline every year if they are based on a historical legacy. People pass on. If it were only paying on the basis of the number of years a person may have contributed to a UK pension, it would be £3.8 billion in year one and 40 years later, it would be zero as sure as night follows day….”.

Professor FitzGerald pointed out the possible weakness of Ireland’s position if negotiating after a referendum, saying “If we think about how Irish unification would happen, the trigger would be a referendum in Northern Ireland. We would then have to work out in detail what had happened and we would have to have a referendum in the Republic. Would we negotiate with Britain before the referendum in the Republic or after it? In either case, once Northern Ireland had voted for unification, our negotiation position would have been weakened because we would be going ahead with it whatever happened, if we got agreement from the people of the Republic.” He went on to speculate that in the negotiations, it would be unlikely that the UK would accept liability for Northern Ireland’s pensions but it was possible that “we would get away without the debt”.

A Committee Member asked, if Ireland united without accepting liability for Northern Ireland’s share of UK debt, what would this mean for Ireland’s debt to GDP or GNI ratio. Professor Doyle replied, “If we assume either that there will be no deal on pensions, in which case the issue of debt will not arise, or that whatever deal is done will not involve a debt transfer, given the UK might have other issues it brings to the table, we will inherit the North's GDP. I am struggling to recall what the proportion is. I think it is 20-something per cent, so there would be a reduction of something like 20% of 72% in the debt-to-GDP ratio. It would make our borrowing a little cheaper, although it is cheap at the moment and there is a limit on how great an advantage there would be. Certainly, the National Treasury Management Agency would find it easier to go to the markets if we were heading somewhere closer to 50% as a debt-to-GNI ratio.” The Member suggested that this improved debt to GDP ratio could be “really good debate point or selling point” to the Irish public regarding a united Ireland.

Professor Seamus McGuinness points out that if Northern Ireland is liable for a share of UK debts, it should also have a claim to its share of the UK’s assets and that the debt could be offset against the assets in negotiations on reunification. Separately, Professor John FitzGerald commented that while Northern Ireland’s share of the UK’s assets would feature in the negotiations these are tiny in comparison to the United Kingdom’s debts.

Timeframe for unification

Another factor explaining the divergent perspectives on the cost of a united Ireland relates to the timeframe over which Ireland would reunite. John Doyle, Seamus McGuinness and Adele Bergin criticised the assumption in the IIEA paper that the full costs of uniting Ireland would apply from day one. According to Professor McGuinness, “For the €20 billion to arise, there would have to be a border poll on a Friday and reunification on a Monday, with the Irish Government saying immediately that it would pay all the pensions bill, continue to pay Northern Ireland's share of the debt, immediately recalibrate public sector pay and immediately recalibrate the social welfare bill, at a cost of €10 billion to the Irish Exchequer. That is just not a realistic outcome.” He went on to call for proper planning for reunification with a transition period allowing for policy adjustments aimed at tackling low productivity in Northern Ireland.

The importance of considering a transition period when assessing costs of a united Ireland was echoed by Dr Adele Bergin, “…the timeframe and transition period is absolutely crucial because big reforms might cost a lot of money and take time to implement. If one is ambitious in those reforms, say, for example, in the North and investment happens then over time the Northern economy will grow quite strongly and all the rest, therefore, reducing the need for subvention in the future. We have got to take all those dynamics into account and the timeframe will matter quite a lot in terms of estimates and a range of figures.” Dr Bergin also warned that increasing pensions and social welfare immediately could be counterproductive as it could cause a surge in inflation.

Witnesses had differing perspectives on whether economic convergence needed to take place in advance of unification. Professor FitzGerald made the case for economic convergence in advance of unification; “A Northern Ireland that had to rely on charity within a united Ireland would be very painful financially for the existing Republic of Ireland. This would be likely to result in major tensions in terms of access to resources in subsequent years.”. He called for the Northern Ireland Executive to make difficult economic choices to increase the productivity of Northern Ireland, “If Northern Ireland starts immediately to reform its economy, in about 20 years it could hope to have closed a substantial part of the gap in living standards between Northern Ireland, the rest of the United Kingdom and Ireland. That would leave it with the choice of being either a successful regional economy within the UK or an economy that could join in a united Ireland without major economic disruption of the island.”.

Professor Doyle outlined the scope for economic convergence after reunification, based on the experiences of convergence within the EU;

“It is not unrealistic to expect that there would be economic convergence over a period. We can allow for this convergence, based on the European experience, at either 1%, 2% or 3%, from worst to best. If the convergence was remarkably slow, and there was the worst-case scenario of only 1% growth per year, subvention would not grow. It would slowly decline by around €100 million but gradually absorbing the costs of salaries and paid increases without any increase in the deficit over that time. It would basically be a steady-state situation, where the southern part of the economy would have to borrow approximately 0.75% of GNI to finance that. This is readily affordable for the Irish State at this moment. At 2% growth above EU averages, the deficit would be ended by around year ten and Northern Ireland, as a region, would be returning a surplus from year ten onwards. A 3% growth trajectory, similar to that of the Baltic states, where convergence was more rapid, would mean the deficit would end by around year six. After that, Northern Ireland would have no deficit. I do not think these are unreasonable assumptions, even allowing for the uncertainty of the future.”.

Public Services in a United Ireland

Reunification of Ireland would involve a vast array of policy decisions in respect of public services. A united Ireland would allow for economies of scale and reduce duplication in the provision of healthcare, transport and education. There would be significant challenges however in aligning different systems such as school curricula, differing levels public sector pay, and different models of healthcare provision. There would also be initial costs such as redundancies if a united Ireland results in elimination of some roles through the merging of public services. In some areas there is insufficient data at present to adequately compare the two systems operating on the island. The Committee intends to examine some of the areas in this chapter in further detail in subsequent reports.

Witnesses before the Committee suggested that the political system seek to build a consensus around what a united Ireland would look like. With a narrower range of possibilities, researchers will be in a better position to provide detailed analysis of likely costs and benefits of various policy choices.

Dr Adele Bergin highlighted the breadth of available approaches, “If we were talking about constitutional change there is a whole spectrum of outcomes that one would want to consider, which start with maintaining existing services in health and education. One may want to merge elements of both systems. One might need to align with the best system if research decides, North or South, whichever system is best or one might want to do everything new. So much of the discussion tends to focus on the presumption that we will keep education, health, etc. more or less the same, and make some changes here and there but there is a whole spectrum of opportunities. When we think about it, we are trying to think about the principles that we would want to apply in any kind of planning process. That is the range of outcomes for each area so it gets more and more complex as we go along.”.

Consideration must also be given to the timeframe for policy decisions. The complexities decisions such as integrating healthcare systems, or school curricula mean that in many areas a period of transition may be needed. The timeframe is also salient to the issue of cost; Professor John Doyle suggested that public sector wages salaries would need to converge gradually, noting that in Germany public sector salaries regularised over a period of 30 years. Terms and conditions will need to be negotiated with trade unions and these “will inevitably differ on a North-South basis”.

The Committee is currently holding a series of engagements on the topic of "Women and Constitutional Change". Witnesses in that series have underlined the importance of socio-economic issues. Many members of the public will feel more strongly about issues such as welfare rates, healthcare, education, and pension than about issues of identity. Engagement on socio-economic issues can offer scope to build common ground, reducing fear and uncertainty in conversations on constitutional change. Discussion on these issues also offers an opportunity to build a new state with respect for socio-economic rights at its core. These perspectives will be explored in more detail in the Committee's report on Women and Constitutional Change.

Social Security

The Committee heard that pensions and social security have not received sufficient attention to date in debate on the constitutional future of Ireland. As well as the practical and logistical challenges to coordinating the two social security systems on the island, there are significant ideological differences underpinning the security systems, reflected in differences in levels of generosity in social welfare provision.

Witnesses called on the Committee to view unification of Ireland as an opportunity to build a new welfare state from the ground up, adapted to the 21st century and built on respect for socio-economic rights. Ulster University's Dr Ciara Fitzpatrick said, "Ultimately, to answer all the crucial and difficult questions posed by creating a unified social security system will require going back to basics and revisiting normative questions such as "What is the purpose of social security?" If we do not get that right, and if we underestimate the value of comprehensive social protection in the creation of economic prosperity, the utopian vision of a new Ireland could be greatly compromised."

Earlier this report explored the prosperity gap between Ireland and Northern Ireland. Dr Ciara Fitzpatrick outlined to the Committee the relationship between poverty in Northern Ireland and expenditure on public services, "In the North, we talk about the cost of poverty, which is having huge impacts on other public services. We are seeing higher educational underachievement, lower skills attainment and huge impacts on our mental health services and accident and emergency services. It is actually the cost of poverty, so there would have to be quite a complex cost-benefit analysis in order that, in a new Ireland or a reunified Ireland, we would understand at what level it is acceptable to set an unemployment benefit payment…". Separately, NERI's Dr Tom McDonnell advocated undertaking a technical examination to consider whether welfare rates are adequate and what is meant by “adequate” for certain family types, with welfare rates then based on the outcome of that exercise to ensure they are evidence based.

Ireland also has significant rates of poverty before tax, relying on redistribution of wealth through taxation and welfare. According to Professor Seamus McGuinness, if we compare the poverty rates before the tax and welfare systems take effect, then the proportion of people at risk of poverty in Ireland is higher than in Northern Ireland. The rate of people at risk of poverty then falls well below that in Northern Ireland following the impact of the tax and welfare system.

The last decade has seen a divergence in generosity in the two welfare systems, particularly with regard to conditionality requirements for claimants. Witnesses advocated that the Irish government should not use the UK system as a model when designing a social welfare system for a united Ireland. They were critical of the low levels of social welfare provision and the use of an activation model underpinned by harsh sanctions. Dr Fitzpatrick cited evidence from the UK Department for Work and Pensions that a sanctions-based approach pushes people into low-paid precarious work, leading to destitution and increasing mental health difficulties.

Committee Members explored the pros and cons of an activation-based model and sought examples of best practice. The witnesses highlighted Scandinavian examples, as well as the approach in Scotland. On Scotland, Dr Fitzpatrick commented that the Social Security (Scotland) Act 2018 is founded on key tenets of dignity, respect and the humanity of individuals. These values have then shaped the provision of public services by the Scottish Government. Dr Fitzpatrick contrasted the approach of Scotland to that of job centres in Northern Ireland, “I do not think any of us would dispute that front-line workers in job centres, as we have in the North, do amazing work. They are so attentive and empathetic. However, they are completely at the mercy of very tough legislation and very strict boundaries, in the North anyway. I know there is a gentler approach in the South but it is very difficult to exercise empathy when we have so much inhumanity integrated into the legislation.”

The Committee heard evidence of positive models in Scandinavia, in particular in Denmark which moving away from an activation-based system. UCC’s Dr Tom Boland outlined that in Scandinavia, where is a greater focus on supporting people back into education and training. He added that there is evidence that when people are sanctioned they will generally accept any job at all, and may quickly revert to unemployment. In contrast, if people are given proper supports and training, they may spend longer in unemployment but will ultimately tend to find their way into a more secure job with a career progression path.

The design of a social security system in a united Ireland should also take greater account of carers and children. The long-term sick and those with caring responsibilities are economically inactive groups with potential to re-join the labour market. These groups number 50,000 in Northern Ireland, compared to 22,000 who are unemployed. There are challenges to these groups entering the workforce including lower levels of skills and qualifications and long gaps in employment history.

The Committee also heard that, while economically inactive groups have received significant attention in Northern Ireland, Ireland has a similarly large cohort. According to NERI's Paul Mac Flynn, when figures in relation to economic activity are adjusted so they are comparable to the statistical approach in Northern Ireland, rates of economic activity are similar. He commented that this is an area where "the two labour markets are actually much more like each other and extremely different from other UK regions. We have separate conversations about this issue, but it is one area where we need to bring the conversations together.".

Recommendation 9

The Committee recommends that discussions around a united Ireland include a first principles consideration on the role of social welfare, as an opportunity to build a new welfare state from the ground up, adapted to the 21st century and built on respect for socio-economic rights. A new welfare system should take greater account of the rights of carers and children.

The Committee recommends that any consideration of welfare reform would include detailed consideration of the cost of poverty for provision of other public services.

Healthcare

Operating a single healthcare system on the island of Ireland would allow for economies of scale and enable increased specialisation and the development of centres of excellence. However, the public in Northern Ireland have a strong attachment to the National Health Service, in particular to the free at point of access healthcare model. The Committee explored this view and considered how the strengths of the HSE can be better communicated. The Committee intends to examine the issue of healthcare in a united Ireland in further detail in a later report.

In a discussion on the need for the Government to prepare for a united Ireland, Professor John Doyle identified health as one of top priorities. He said, “It is almost impossible to compare the two health systems, North and South…one cannot compare cancer outcomes, North and South, or orthopaedic services, for example. Who has the better model? Which is cheaper? Which is better? We cannot answer those questions because the systems are so different that it is impossible to compare them. If I was to prioritise, it would be the process, the economy and the health system. If the Government could answer those questions, it would probably meet 70% or 80% of people's desire for more information.”.

Inadequate comparable data on the healthcare systems on the island was also highlighted by Dr Alan Barrett who described difficulties in conducting research on primary healthcare on the island, “Originally, the idea had been that we wanted to look at access to primary care North and South on the assumption that under an NHS system, there was greater and freer access to primary health care in Northern Ireland, and that might manifest itself in certain positive health outcomes. The project turned out to be much more difficult because the basic data and information were simply not available...When one attempts to integrate two health systems the data requirements are enormous. If systems are not talking to one another, even at that stage, a huge amount of work needs to be done to start blending things.”.

A Member of the Committee raised the issue of strong attachment to the NHS by the people of Northern Ireland, despite long waiting lists, and asked how we can better communicate the strength of the HSE. Dr Barrett responded, “…Economists are not psychologists but something that is fascinating is the extent to which people in Northern Ireland have an attachment to the NHS even though the reality of the system they confront is so far removed from what we would typically think of as the NHS. It is an ongoing mystery as to why there is ongoing attachment to something that is patenting not working. It is beyond our competence to explain how this can be.”.

Dr Bergin pointed out that there are four versions of the NHS and that the performance of the NHS in Northern Ireland with regard to waiting lists is quite different from the other regions, noting that perceptions do not stand up when compared to the data. Similarly, Dr Barrett commented that the differences between the two healthcare systems are sometimes exaggerated. While Northern Ireland has free at the point of access healthcare, it should be remembered that “something like 1.5 or 2 million people in the South have medical cards or GP cards” meaning they have similar free healthcare access to that provided in Northern Ireland.

Several witnesses highlighted the benefits of economies of scale in healthcare, including through the development of centres of excellence. Professor John FitzGerald commented that the NHS operates better in Britain than in Northern Ireland. In Britain the minimum population for a deanery is 5 million people and it is organized around a small number of large hospitals. He praised the role of the Progressive Democrats in concentrating cancer services in a smaller number of hospitals in Ireland and called for the development of a health system around centres of excellence, both North and South, with secondary care provided more widely. Dr Barrett raised the additional difficulties of rationalising the health service in Northern Ireland. The healthcare services often service different communities. Closure of a healthcare facility through rationalisation could be perceived as an attack on one community or the other. He added that healthcare rationalisation in the context of a united Ireland will be "phenomenally difficult".

Given the complexities of integrating healthcare systems, some witnesses suggested that an all Ireland healthcare model would not necessarily be unified or might not happen all at once. Dr Alan Barrett outlined to the Committee some research by the ARINS project (Analysing and Researching Ireland, North and South) between the Royal Irish Academy and the University of Notre Dame. The research involves reflections on what a unified Ireland would look like, including options such as a federal system or a transition where both systems operate within one state. He said, "… If we think about reunification possibilities, it does not have to be a big bang in the sense that everything is this way one day and then everything is a different way. There can be transitions across economic development, the merging of systems and a whole range of other circumstances. For practical reasons it could take a very long time to blend the North and South health systems.".

Teaching

Northern Ireland and Ireland have radically different education systems. Challenges for merging the education systems in a united Ireland include deciding the age at which examinations would be taken, and what range of subjects would be taught until final exams, the Irish language, differences in pay and conditions for teachers and differing funding models for schools. Salaries are significantly higher in Ireland than in Northern Ireland.

John Boyle from the INTO pointed to the value of high-level consultations between education stakeholders in Northern Ireland, intended to modernise the education system and proposed a similar engagement in Ireland. He outlined an increase in co-operation North and South in recent years on education. Research by ESRI has highlighted the need for closer co-operation in areas such as early school-leaving, special education, teacher well-being and socioeconomic disadvantage. There are strong links between teachers on the island through the Standing Conference on Teacher Education North and South. There has also been a welcome increase in research on this area through both the ESRI and the Shared Island Unit.

Both jurisdictions are experiencing challenges with regard to teacher recruitment and retention, in part due to young teachers going abroad for work. John Boyle advocated efforts to make teaching a more attractive career path. The INTO has encouraged the Department of Education to review financial incentives to encourage retired teachers back to work. Obstacles to encouraging teachers working abroad to return to Ireland originate from the cuts in the financial crisis from 2009 to 2013, which included allowances for teachers who upskill doing certain specialist courses. There has also been a reduction in middle management promotion opportunities, reducing career development opportunities for teachers. Mr Boyle also highlighted that Queen's University Belfast did not fill all its places for teacher education courses in 2023. He pointed to the challenges of living on a starting salary of £24,000 in the cost of living crisis. As a result of these concerns, INTO has called for a forum to be established by the Department of the Taoiseach to examine education on the island of Ireland.

There is relatively limited mobility of teachers from one jurisdiction to another on the island of Ireland. Justin McCamphill highlighted that while post-primary teachers in Northern Ireland are interested in work in Ireland, particularly due to the higher salaries, there is limited interest from primary school teachers. The Irish language requirement was identified as barrier. This barrier also falls along community lines in Northern Ireland with the unionist community less exposed to the Irish language. John Boyle highlighted that the Teaching Council are already looking into fast-tracking Irish qualifications for teachers from Northern Ireland. He suggested a creative approach in respect of specialised roles where Irish is not necessary, such as special needs education.

The Committee heard practical solutions to the issue of teacher mobility. Teachers who train overseas generally have to remain in that jurisdiction to complete their induction. Temporary exemptions were introduced during the COVID-19 crisis to address teacher supply issues in Ireland. John Boyle told the Committee that this exemption had immediately resulted in around 80 teachers returning to do their induction here, primarily from England, Scotland and Wales. They then entered employment in Ireland. Graduates who complete their training in another jurisdiction will become used to the curriculum and will be less likely to return.

Practical measures like this would signal to teachers that if they want to come back and work in Ireland they are welcome, whether they want to work in the North or the South.

Mr Boyle advocated strongly that movement of teachers on the island should be able to access jobs on both sides of the Border. INTO have been engaging with the Teaching Council to ensure that teachers registered in Northern Ireland who apply for registration in Ireland are fast-tracked and pay the same application fee as teachers in Ireland. Mr Boyle also advocated the full registration without conditions of primary teachers who graduate in Northern Ireland with Irish. They have urged the Department of Education to provide free courses for teachers from outside of Ireland who are trying to fulfil the Irish language requirement.

Education in a United Ireland:

The education systems in Ireland and Northern Ireland differ significantly in ethos, raising challenges for potential unification. Speculating on the difficulty of this issue, John FitzGerald asked asking if at the point of reunification, the education system in Northern Ireland has not been reformed, do we immediately force the Irish system on Northern Ireland? This would be unpopular with both middle-class nationalists as well as with unionists. He said that the alternative is leaving in place an “ethos that does not believe in equality of opportunity and does not look after kids from disadvantaged backgrounds in Northern Ireland?” He added that it is vital that Northern Ireland reforms itself first, “and then we can talk about unification.”

Reflecting on Irish language education in a united Ireland, Mr Boyle said, “In a new Ireland, we may, indeed, have to change our position on that because there is absolutely no way that we as a union would want to force teachers who had no basis for the Irish language, or maybe not that much interest in it, to have it in order to be accredited to work on the island.” He added that while there is a three year period to meet the required standard, the Government does not provide any support to do so. Training courses are generally available only from private institutions at significant cost.

ICTU’s Justin McCamphill outlined the complexities of the different education systems and suggested a transition period may be needed, “On the education systems, they are radically different. There was a great deal of conversation earlier about the Irish language, and that is an issue on which teachers in Northern Ireland would like to know they can continue on, still qualified to teach as normal, while still being able to access the new curriculum. Any new curriculum would need to be worked out. There are issues with the curriculum in Northern

Ireland as it is. The push for a lot of examinations at the age of 16, as applies in Northern Ireland, is not good. We should be looking at a model where more subjects are studied through to 18, but in the event of a new political arrangement, there would have to be a transition to that while, at the same time, protecting the existing rights of teachers in order that they would not be disadvantaged if they were to move to the South in the context of the Irish language requirement.”.

Recommendation 1
The Department of Education should explore measures to facilitate teachers crossing the Border or working in both jurisdictions throughout their careers, including supports to meet the Irish language requirement for primary school teachers.

Enhanced Public Policy Making, Co-operation, and Planning

In many evidence sessions in this report, the Committee heard about the need for better informed, better joined up public policy making. Witnesses pointed to inadequate comparable data between the two jurisdictions, the disruption to the operation of the Good Friday Agreement institutions, and the need to take a wider perspective on policy choices in the face of major economic challenges to come. The Committee also heard strong calls for planning to begin for the possibility of referenda.

Lack of data on the Northern Ireland economy

There has historically been insufficient data available on Northern Ireland's economy, both in the context of the United Kingdom and the all-island economy. The lack of economic data on the Northern Ireland economy is a challenge to understanding both the all-island economy and the financial implications of constitutional change. There are significant differences in how data is collected for the Northern Ireland Statistics and Research Agency and similar data produced by the Central Statistics Office. There are also timelags in available data in respect to trade in services.

There are a range of efforts under way to increase available data on the Northern Ireland economy and on the all-island economy. The Committee heard from IBEC's Fergal O'Brien regarding joint research efforts being undertaken with ESRI, in collaboration with the National Institute for Economic and Social Research, NIESR. The research programme is developing a macroeconomic model which it is intended will enhance insights into the economy of Northern Ireland, the all-island economy and links to the wider UK economy. Work on developing this macroeconomic model for Northern Ireland is at an advanced stage and is expected to be completed in 2024. In addition, the research programme will include a series of papers to present a comparative analysis of the Northern Ireland and Irish economies along with all-island trade issues, as well as a series of workshops and conferences. Mr O'Brien also highlighted IBEC's support for the ESRI's report, "Structure of International Goods Trade for Ireland and Northern Ireland"[7]. The report is significant as it reflects the availability for the first time of trade data with EU countries from a Northern

[7] New ESRI research highlights strong trade relationship between Ireland and Northern Ireland - IBEC

Ireland perspective. Northern Ireland is now reporting more data on trade with the EU as a result of Brexit.

The Shared Island Unit in the Department of the Taoiseach is progressing a wide-ranging research programme to examine the political, social, economic and cultural considerations of a shared future for all communities and traditions on the island, without prejudice to the constitutional future of the island. The Shared Island Unit is progressing a research partnership with the Economic and Social Research Institute - 'The Economic and Social Opportunities from Increased Co-operation on the Shared Island'. The 2023 programme of research examined student mobility, gender and labour market inclusion, social attitudes and housing supply across the island of Ireland. In the previous two years, the research focused on cross-border services trade; enhancing attractiveness to high-value foreign direct investment across the island of Ireland; primary care systems North and South; education and training systems; productivity levels on the island of Ireland; renewable energy supports; early childhood care and education on the island of Ireland and migrant integration on the island of Ireland.

Recommendation 10
The Committee recommends efforts be made to enhance the adequacy, comparability, and timeliness of economic data North and South.

Need to maximise the potential of the Good Friday Agreement institutions

During most evidence sessions as part of this report, the Northern Ireland Assembly and Northern Ireland Executive were not functioning. Consequently, the North-South Ministerial Council was also unable to meet. While the restoration of power-sharing is warmly welcomed by the Committee, it was clear in the course of work on this report that the stop-start nature of the institutions has had consequences for the Northern Ireland economy. Speaking while the power sharing institutions were not meeting, Mr O'Brien shared the views of IBEC's stakeholders, “Increasingly, we are hearing from the people we are interviewing on an off-the-record basis in companies and from investors themselves that even if the graduates were there, if they do not know what the political situation is going to be in 12 months' time, why would they set up in Fermanagh rather than Monaghan. It is known that Monaghan is going to be in the Single Market next year and the year after. There is also going to be a supply of graduates. Equally, it is known that if there is a need to get a Minister on board to do a final deal in San Diego or Boston, that prospect will be available to me. None of those things, unfortunately, is available to the people of Fermanagh".

He also outlined the role of political stability in attracting foreign direct investment, explaining that while investors do not feel strongly about which of the political parties are in power, the absence of political decision-makers is problematic. He said, "There is a big difference … between whether it is civil servants making a decision, who are afraid to make any decision because they do not have any political authority to do so, even if they have legal authority, versus a Minister in London or the power-sharing Executive. These are very different decision-makers from the perspective of chief executives in North America. They might get very different outcomes."

Several witnesses also pointed to a siloed decision-making culture across Departments in the Northern Ireland Executive as an obstacle to good policy making. Chief Executive of Retail NI Glyn Roberts commented that in Ireland the coalition agree a Programme for Government and then allocate Government Departments to Ministers while in Northern Ireland the process is reversed, leading to "disjoined policy, a silo mentality and a lack of collective, joined-up government…" He went on to call for stronger engagement between the NI Executive and the business community as well as civic society more broadly, advocating a "co-design" approach to policy making.

The Committee also heard about the underused potential of Strand Two of the Good Friday Agreement. Commenting on the need for of consideration energy co-operation within the context of Strand Two of the Good Friday Agreement, Michael D'Arcy said "To frame this within the overall observations about Strand Two, two phrases always leap out at me in the strand's preamble. The first is "the totality of relationships" and the second is "actions". The preamble does not just speak about co-operation, but about action. A great deal of enthusiasm, energy and thought was put into actions in the immediate aftermath of the agreement and a great deal of time has been spent on deciding how to implement these actions. In many ways, it has been such a slow process and it seems to me that we have forgotten to decide what the next actions are. Surely now is an important time to consider this matter."

The Good Friday Agreement made provision for a Civic Forum, made up of representatives of the business, trade union and voluntary sectors. The Forum was established in 2000 but has not met since 2002. The Committee heard strong criticism of the failure to re-establish the Civic Forum. Womens' advocacy groups highlighted that the Forum was intended to act as a mechanism for consultation on social, economic, and cultural rights and amplify the voices of underrepresented voices and of civil society. Witnesses also criticised the failure to implement the Bill of Rights, abuses of the Petition of Concern, and low levels of integrated education and housing. These issues will be explored in greater detail in a separate report on Women and Constitutional Change.

The return of the power sharing institutions in Northern Ireland presents an opportunity for progress. The Committee calls on the Irish and UK Governments as co-Guarantors of the Good Friday Agreement to renew their efforts to maximise the potential of the Good Friday Agreement across all three strands.

Enhanced co-operation on training and knowledge exchange

There is greater scope for people-to-people contact and exchanges to increase co-operation and mutual understanding on the island. Commenting on the EU Erasmus scheme, John Doyle said "[the EU] funds the initiative heavily because it knows that moving people across borders, mostly at a young age, has a considerable impact in terms of life opportunities, giving those people different perspectives and opening them up to different ways of thinking about things." He suggested a North-South Erasmus scheme for apprentices and for the higher education and school system.

Michael D'Arcy highlighted that education is listed as an area for North-South co-operation under Strand Two of the Good Friday Agreement, yet there are "almost no real conversations about how we offer someone on either side of the Border a joined-up pathway that firms can link into on the output side and schools and institutions can link into on the input side." He suggested that Skillnet – Ireland's national talent development agency – be expanded on an all-island basis in co-operation with the agencies in Northern Ireland.

John FitzGerald raised the possibility of an Erasmus scheme for civil servants. He said, "It is a good idea to swap civil servants occasionally. We now find in the Irish administration French and German civil servants and even, occasionally, British civil servants coming here. The problem, of course, is finding the language skills and we would need to send them abroad. However, I think a swap or a North-South Erasmus scheme would be very good for us both. Whatever happens in the future, it would be good preparation."

Relatively few third level students from Northern Ireland choose to study in Ireland. The Committee also heard evidence on barriers to students from Northern Ireland studying in

Ireland. Students in Northern Ireland are required to study four A-Levels to be considered equivalent to the Leaving Certificate. Very few students choose to do so as only three A-Levels are needed for entry to university in the United Kingdom. Mr John Doyle speculated that it would not be acceptable to treat Leaving Certificate and A-Levels as equivalent and but suggested that an exception could be made for people in the school system in Northern Ireland.

In December 2023, Universities Ireland published a report recommending changes to the CAO points assigned to A-Levels grades, in order to enhance the opportunity for students from Northern Ireland to apply for courses in Irish universities. The report recommended that A-Level candidates be allowed to use the best three A Levels, in combination with a fourth A Level or an AS Level or an extended project. The recommendation was welcomed by then Minister for Further and Higher Education, Research, Innovation and Science Simon Harris.

Recommendation 2
The Committee calls for increased co-operation North South on Further and Higher Education, including reducing barriers to cross border student enrolment particularly for students from the North studying in the South and strengthen North/South co-operation on apprenticeships and training.

Recommendation 6
Consideration should be given to developing a North/South exchange programme for civil servants.

Public Policy for 21st Century Challenges

The Committee heard calls for the need for public policy making to take greater account of megatrends such as an ageing society, climate change, deglobalisation and technological disruption as examples. These challenges will arise regardless of any constitutional change and will require North/South co-operation.

The Committee heard from the Nevin Economic Research Institute, a thinktank carrying out research on both economies on the island of Ireland. Paul Mac Flynn cautioned on the limits to comparisons of the two jurisdictions, noting they are very different economies. He observed a tendency for outcomes to be evaluated in a binary way, with the assumption that one model is superior to the other and that we should extend or replicate policies from one jurisdiction to the other. He said “The reality is that both economies have strengths and weaknesses and while Northern Ireland’s current underperformance is quite prominent, it does not naturally follow that simply emulating the policies of the Republic of Ireland in Northern Ireland would remedy that situation.” He called for a wider perspective when analysing the performance of the two economies on the island; “We should not focus inwards on relative performance between these two economies. We should instead be focused on driving both economies towards something different and better. Rather than seeking to vindicate the approach of one region over the other, we should instead look beyond this island and to many of the available academic research for models that are worthy of emulation.”

In seeking examples internationally of best practice, his colleague Dr Tom McDonnell from the Nevin Economic Research Institute cautioned that no one country will have the answers but rather we must identify successful policies in a range of areas and “being a magpie and applying them to Ireland but in a 21st-century context, which is changing all the time”. He added that we will need an open and agile approach to new policies.

Dr McDonnell went on to outline a four pillar economic model being designed by NERI. The first pillar is sustainable growth. Sustainable growth is generally based upon productivity but must also be inclusive. The second pillar is about full but also high-quality employment. Dr McDonnell pointed to the Scandinavian model based on active labour market policies, high wages, high-value-added activities. He added that the approach is not just about developing any job but being more selective because this will “ultimately decide the standard of living for people on the island and certain sectors can be traps.”. He identified tourism as such an example due to the seasonal nature of employment and low-value-added jobs.

The third pillar of the economic model is about social security and the welfare state. Dr McDonnell said “It is about poverty, the social wage, adequate income supports, child supports, and working age pension. It is about universal basic services and intergenerational equity and all of those policies coming together, which ultimately will be the same policies North and South, at least in the longer picture. It is very much not so in the shorter picture in all cases.” The fourth pillar is about stability, meaning “price stability, environmental and biodiversity stability, and fiscal stability”. He said that economic stability requires dynamism with a constantly evolving process of creative destruction but we need to have the security in place that protects people from those transitions. He described the need for conversations about just transitions, not just in relation to climate change but in respect of all economic changes.

Witnesses before the Committee discussing social security also called for a wider perspective on economic growth. Ireland recently introduced an automatic income scheme for certain artists of €350 per week. Dr Tom Boland proposed that when thinking about the welfare state of a united Ireland, consideration be given to creating a similar scheme for carers. He advocated an approach to social welfare and the labour market that is sustainable, saying “In a way, what we actually need is for the welfare state to act to cool down the labour market to say: "Slow down, you can go caring, whether it is for your children or somebody with a particular care need in your home, in order that we have an ecologically sustainable economy." At the moment, we are sort of addicted to growth, which means that we push people towards any job whatsoever to speed things up.” He advocated a low carbon approach to work. In the 1980s Ireland had one million people in the labour market, compared to 2.5 million today. Due to our ageing population, we will have fewer people in the workplace in the future, but it is possible for the reduced workforce to produce the goods and services we need. Dr Boland proposed that we think about how to organize degrowth due to the impact of economic growth on the environment.

Planning for Possible Referenda

Under the Good Friday Agreement, the decision to hold a referendum in Northern Ireland rests with the Secretary of State for Northern Ireland. The Secretary of State must call a referendum if it appears likely that a majority of those voting would express a wish that Northern Ireland should cease to be part of the United Kingdom and form part of a united Ireland. The Agreement does not specify on what basis the Secretary of State would reach this conclusion and does not specify a role for the Irish Government.

Professor Seamus McGuinness underlined the risks to the economy of not planning properly for reunification, warning that if Ireland reunifies without proper planning, it is likely that the country will incur higher costs and reap fewer benefits. He advocates that planning begin immediately, both due to the uncertainty of when a referendum might be called, and because of the scale of work required to prepare properly for a referendum. Planning efforts should use the full tools available to the State in terms of economic planning such as macroeconomic models and micro-simulation models. He added that this process must be democratically mandated, through mechanisms such as a citizens’ assembly. The call for planning was echoed by Professor John Doyle who said that any such research must be done in advance of a referendum being called as “the day a referendum is called the capacity to do research on a neutral basis ends because everybody is in campaigning mode.”.

A Committee member asked how fear among the public regarding the cost of a united Ireland can best be allayed. Professor Doyle replied that focus groups have indicated a strong desire for more information, for expert advice and to take part in debates. He identified a lack of knowledge across the border, with both the North and South lacking an understanding of the other jurisdiction. He pointed to incorrect assumptions among the general public regarding the implications of a united Ireland for pensions, EU membership, and healthcare, adding “There is a real lack of information. People are clear that they want certainty in regard to information. That is the first priority. That is similar to previous European referendums. It was probably a lack of information rather than substance that led to the defeat of the Lisbon and Nice referendums. They were subsequently passed when more information was made available.”.

The Committee discussed how other referendums have highlighted the need for clear and accessible information. Ahead of the Scottish Independence referendum the Scottish Government published a 640-page document providing information on policy plans for Scotland post-independence. According to Professor Doyle, despite the volume of information provided, the biggest criticism was that not enough information was provided including on issues such as currency and pensions. Rather than feeling overwhelmed, the public found the information welcome, “There was a sense that the public just wanted the assurance that somebody had talked about all those sorts of things, and then the public debate could focus on the narrower range.” Professor Seamus McGuinness contrasted this with the experience of Brexit where there was “no verified information, or a verifiable process to the information that was being produced”. Engagement of the Scottish Government in the planning and information gathering process meant “less spurious claims” were made in the run-up to that Scottish referendum.

Part of the difficulty of estimating the cost of a united Ireland, is the wide range of possibilities in terms of decisions on public expenditure. The Committee heard that if a political consensus could be formed around what some elements of a united Ireland would look like, economists could more effectively provide information on the likely costs and benefits.

John Doyle proposed the development of an all-party Green Paper identifying areas where there may be a consensus on what a united Ireland would look like, thereby narrowing the range of issues on which academics need to provide information. He said, “The Oireachtas could indicate that while politically we do not agree on everything, here are the sorts of things on which we could seek consensus. Only the Houses of the Parliament can really do that. Governments can like the use of citizens' assemblies or not, but an all-party committee in the Houses of the Oireachtas would have the authority to go beyond one cycle of a government and narrow the range. Of course, there would not be consensus on everything. However, it would narrow down what we need to give answers to around what X costs compared with Y. This would be a really useful contribution in addition to the research that clearly needs to be done.”

Professor McGuinness said that ultimately the scale and nature of the planning challenge is such as that there needs to be a Government Department established with responsibility for the planning process. It would need a cross-departmental remit, to commission research and to collate information in a way that is understandable for voters.

The planning process should also address the timeframe over which the transition to a united Ireland would take place. Dr Bergin underlined the importance of factoring in the timeframe when preparing for reunification, saying “…big reforms might cost a lot of money and take time to implement. If one is ambitious in those reforms, say, for example, in the North and investment happens then over time the Northern economy will grow quite strongly and all the rest, therefore, reducing the need for subvention in the future. We have got to take all those dynamics into account and the timeframe will matter quite a lot in terms of estimates and a range of figures.”.

Professor McGuinness commented that Northern Ireland has vast economic potential but this requires rapid policy change. Structural gaps will be expensive to plug but some decisions in this regard will be taken post unification, with a role for external actors such as the EU, the US and the UK. He said, “All of those knowns and unknowns need to be factored into a planning process and mapped out so that people know or have a good idea how the world will change in the period after a border poll - not the morning after a border poll because that is subvention-type analysis which is static - and what the dynamics of the reunification process will look like, over what period, and what the costs and benefits are likely to be.”.

Recommendation 11

The Committee recommends that planning and preparation begin for the possibility of change to constitutional arrangements for the country. A whole of government approach is needed, with comprehensive examination of the implications of constitutional change across all Departments and State Agencies, led by the Department of the Taoiseach.

Recommendation 12

The Committee recommends that government prepare and publish a Green Paper setting out a vision for a united Ireland. Production of this Green Paper should include consultation, potentially a Forum, open to all political parties, North and South, to ensure the Paper reflects a political consensus on a vision for a united and new Ireland insofar as possible.

Recommendation 13

The Committee recommends an Oireachtas Committee should be mandated, adequately resourced and dedicated to the preparation for a united Ireland.

Existing Oireachtas Committees should be mandated to do a body of work pertaining to the future governance and possible changed constitutional arrangements for this country and examining all issues that fall within the remit of each Committee.

Recommendation 14

Preparation for a united Ireland should include extensive and thoughtful public engagement, North and South. This should draw on best practice from fora for deliberative democracy and civic engagement in recent years such as Citizens' Assemblies, the National Economic Dialogue, the All-Island Civic Dialogue on Brexit, and the Shared Island Dialogues. Engagement should take place on a sector-by-sector basis. These forums should be as inclusive as possible. Arrangements should facilitate participation by vulnerable groups and sectors of society that are traditionally underrepresented in policy making. Every effort should be made to ensure public engagement is inclusive of unionist perspectives.

Recommendation 15

The Committee recommends preparation to begin immediately.

Conclusion

The Committee believes that there is a compelling case to begin planning for the possibility of constitutional change. Planning will require rigorous examination of policy options for a united and agreed Ireland. It will also require extensive and thoughtful engagement with the public, including with those who do not wish to see a united Ireland.

Many of the issues arising in this report will remain important when constitutional change takes place. We need greater North/South cooperation in a range of sectors, including reducing barriers to the all-island economy, greater student mobility, more cooperation on energy policy, health, education, transport infrastructure and foreign direct investment. In this context, efforts to promote cooperation are vital. Ireland and Northern Ireland will face challenges in the future such as addressing the climate crisis. Regardless of any potential future constitutional change, greater cooperation and better policy making are needed on many fronts.

We also need a revitalised approach to the implementation of the Good Friday Agreement itself. The partial functioning of the institutions and failure to implement some aspects of the Agreement has had negative consequences for the quality of policy decision in Northern Ireland. Northern Ireland has had prolonged periods without functioning institutions. Above all, the Good Friday Agreement has delivered peace but reconciliation remains a work in progress. The Committee calls for renewed efforts by both Governments as co-guarantors and by the political representatives of Northern Ireland to recommit to full implementation of the Good Friday Agreement across all three strands.

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