

Income, Income Trends

and their Implications for Recovery Strategies on the Island of Ireland

RSA Winter Conference 2013
London November 22nd



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Outline

1. Context
2. Regions & Income Defined
3. Regional Outcomes
4. Implications for Regional Policy

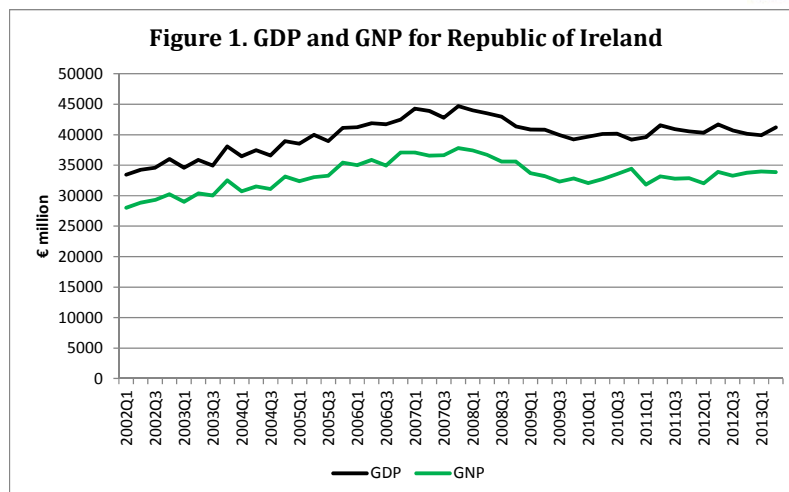


1. Context

- Since 2008: Both jurisdictions experience similar economic crisis
- Combined fiscal, banking, property collapse
- For Ireland - International rescue: 'Troika'
- For Northern Ireland – UK spending review
- Outcome for both economies - Imposed austerity
- Living standards decline for most households
- Some characteristics:

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Source: CSO Quarterly National Accounts Online database

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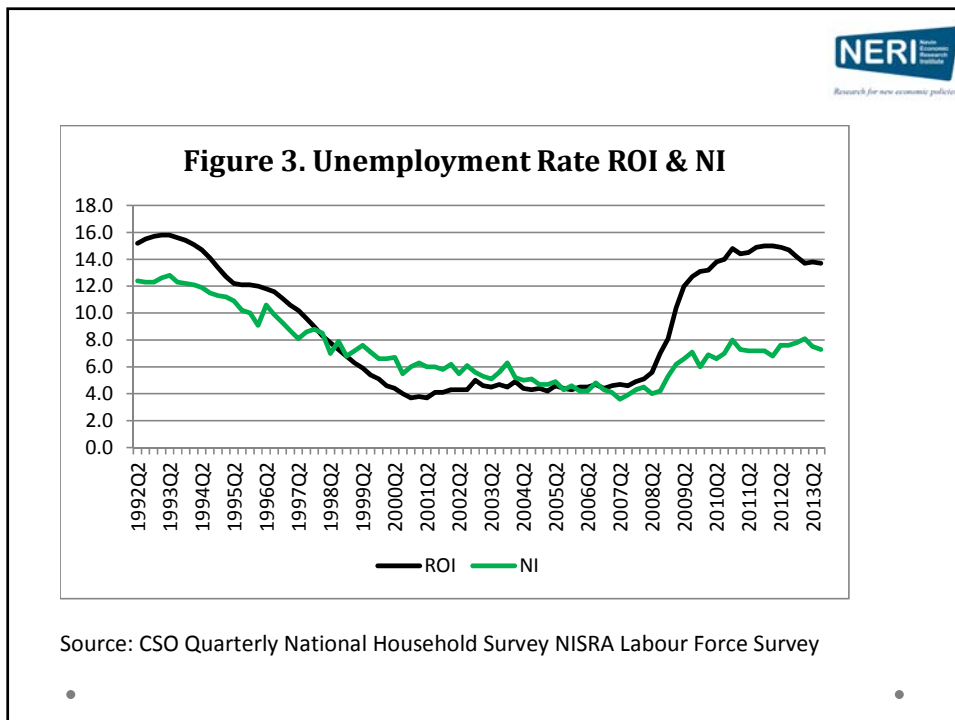
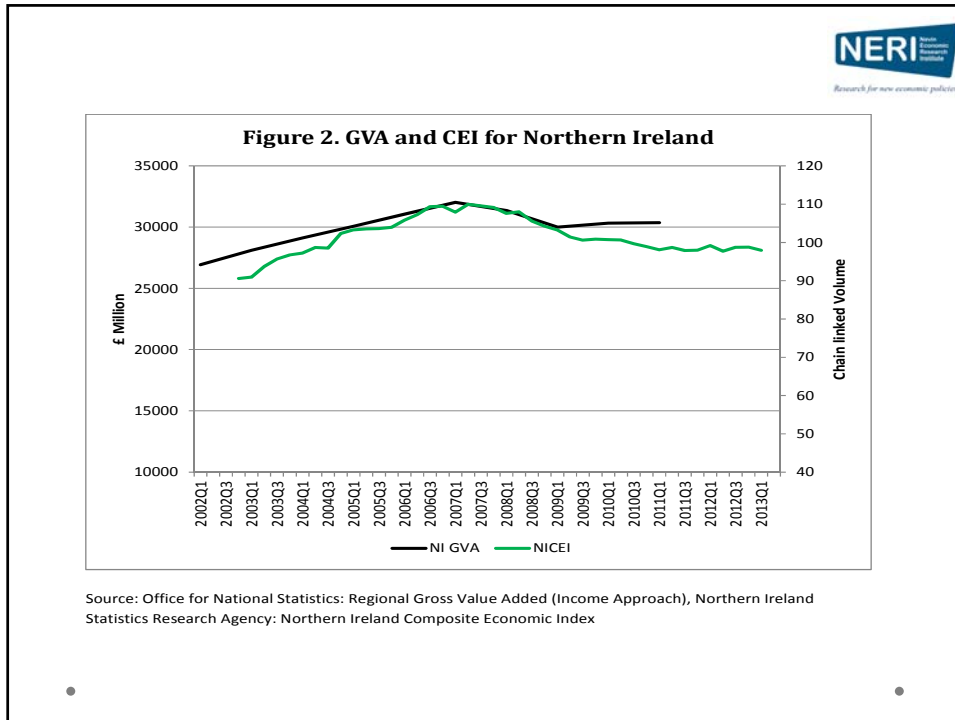


Table 6.1: Budgetary Adjustments 2008-2015 (€m)

Adjustment Description	Tax ↑	Expenditure ↓	Total	Running Total
Adjustment July 2008		€1,000	€1,000	€1,000
Budget 2009	€1,215	€747	€1,962	€2,962
Adjustments Feb/March 2009		€2,090	€2,090	€5,052
Supplementary Budget 2009	€3,621	€1,941	€5,562	€10,614
Budget 2010	€23	€4,051	€4,074	€14,688
Budget 2011	€1,409	€4,590	€5,999	€20,687
Budget 2012	€1,600	€2,200	€3,800	€24,487
Budget 2013	€1,432	€1,940	€3,372	€27,859
Budget 2014	€880	€1,600	€2,480	€30,339
Budget 2015*	€700	€1,300	€2,000	€32,339
Total of Adjustments	€10,880	€21,459		
% Division of Adjustments	33.6%	66.4%		

Note: * indicates projected adjustment from Dep. of Finance SPU April 2013.

£ million

	2010-11	2011-12	2012-13	2013-14	2014-15
Current DEL (NI Spending Review Settlement)	9,886.7	9,836.7	9,858.9	9,927.1	9,985.4
Real terms % decrease on 2010-11		-2.4%	-4.3%	-6.1%	-8.0%
Capital DEL (NI Spending Review Settlement)	1,222.9	903.4	858.9	780.6	803.8
Real terms % decrease on 2010-11		-27.5%	-32.6%	-40.3%	-40.1%

*Not including Welfare spending which is not calculated through block grant, but will be subject to reductions equivalent to % share of UK total

1. Context

- Looking at the spatial impact
- Within the Republic of Ireland and UK
- Income as a proxy; allows both household and regional examination

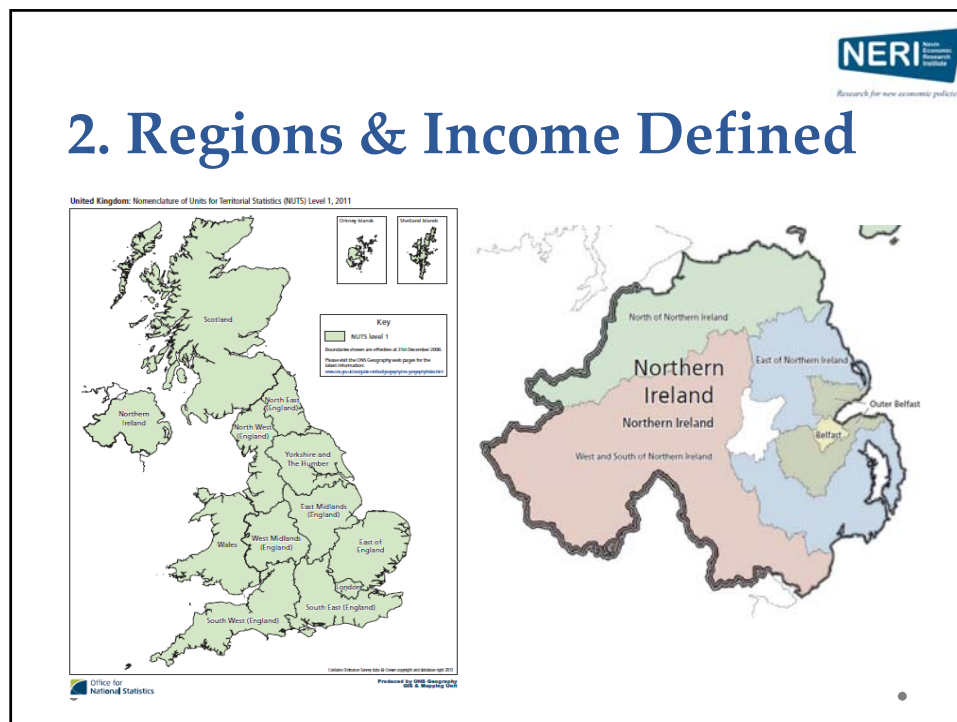
2. Regions & Income Defined

Regional Authorities - NUTS III Regions



Regional Assemblies - NUTS II Regions





NERI Northern Economic Research Institute
Research for new economic policies

Income Data - ROI

- Central Statistics Office
- Survey on Income and Living Conditions (SILC)
- Part of European Living Standards surveys (Lisbon)
- Microdata
 - 5 years: 2007, 2008, 2009, 2010, 2011
 - Each 5,000-6,000 households
 - Approx. 12,000 individuals
 - Corrected for sample bias...

Income Data - NI

- Office for National Statistics & National Centre for Social Research
- Households Below Average Income
- Subset of Family Resources Survey
- Microdata
 - 5 years: 2006/07, 2007/08, 2008/9, 2009/10, 2010/11
 - Each 1800 - 1900 households
 - Approx. 2200 individuals
 - Corrected for sample bias...

Income Concepts

- Direct or market income EU SILC
- Gross Income HBAI
- Disposable income
 - after transfers and income taxes
- Equivalised Disposable income
 - adjusted for household size and composition

3. Regional Outcomes

Overall

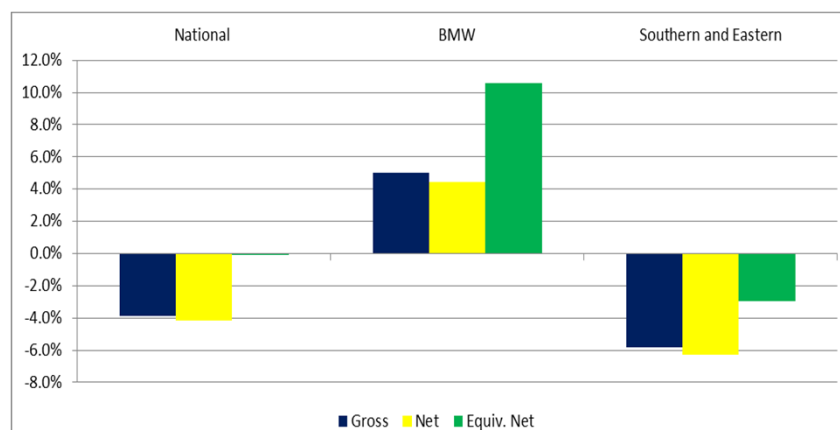
- ROI
 - Nationally incomes just below 2006 level, falling from 2008 onwards
 - Border, Regional and Midlands (BMW) - less affluent above 2006 levels
 - South East – more prosperous, sharper falls – still below 2006 levels
- NI
 - 2010/11 income above 2006/07, but much later peak – further to fall?

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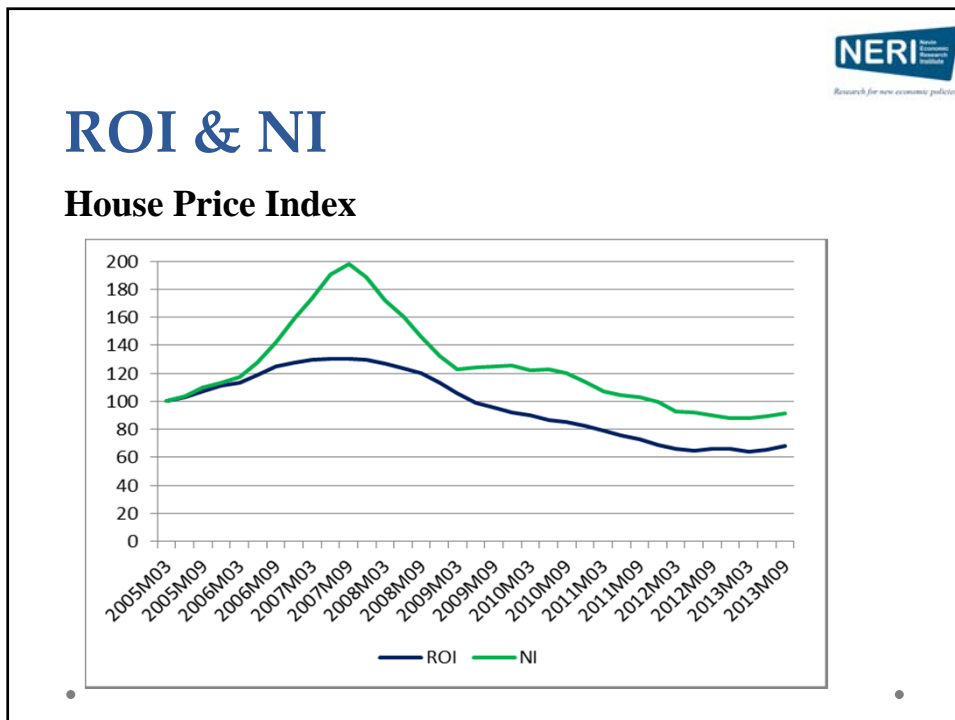
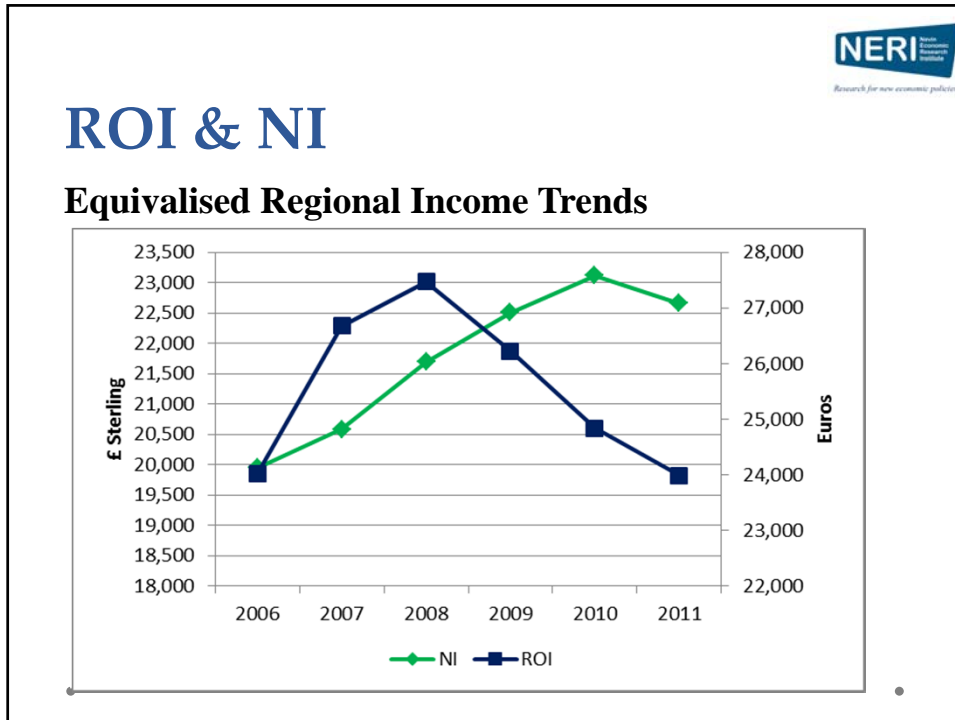
ROI

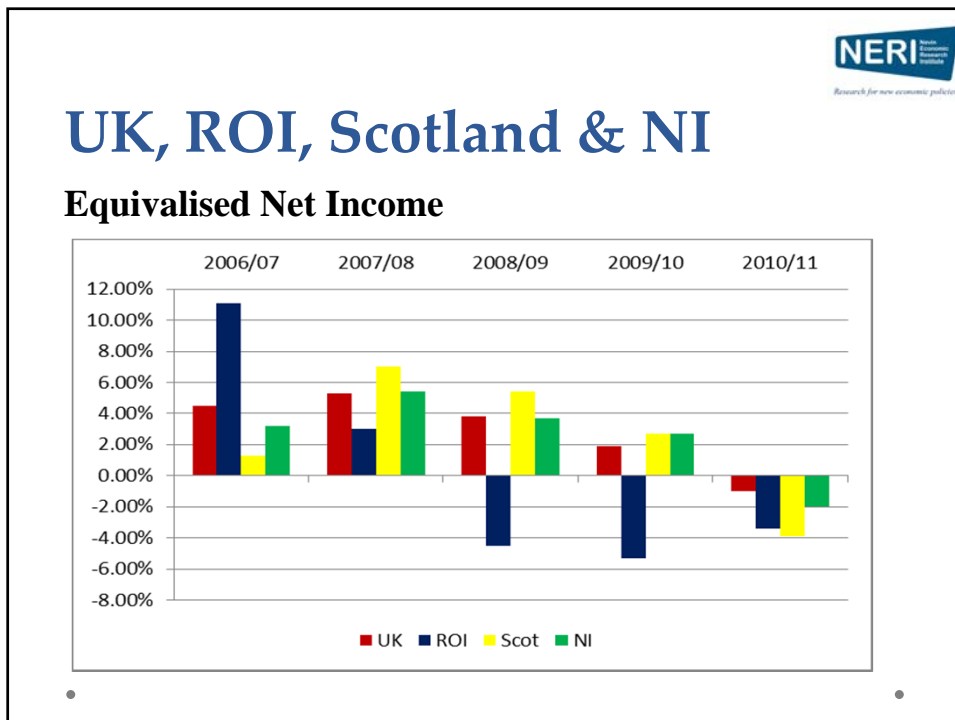
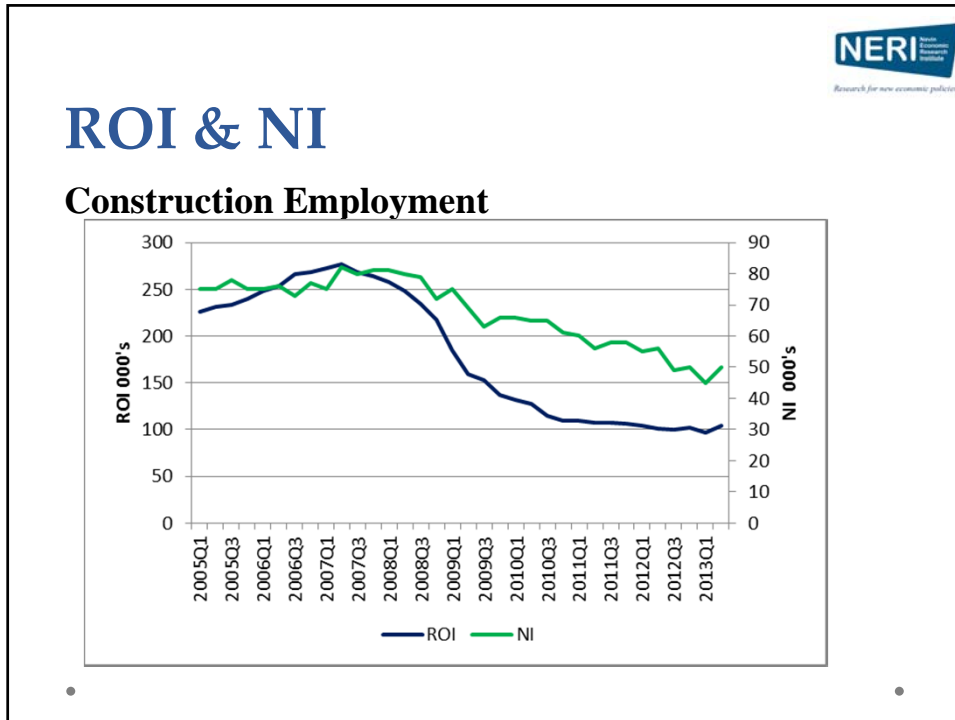
Direct, Disposable and Income Changes, 2007-10



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4. Implications for Regional Policy

Recovery on the Island of Ireland

- ROI fall, deeper and more prolonged than NI
- Data will tell if NI will trend toward ROI or rest of UK from 2011 onwards
- NI worse in 2010/11 than UK, but also Scotland
- Raises questions:
 - about a regionally balanced UK recovery
 - about whether strategy for recovery in NI should instead be reoriented toward complementary efforts in ROI

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