

Six months on from the first COVID case in Northern Ireland, even the most pessimistic forecaster would not have predicted the whirlwind that has hit the economy in that period. We haven't received the official confirmation, but there is little doubt that Northern Ireland has experienced its fastest, deepest recession on record. The government induced lockdown saw aspects of the economy - including car sales, which saw a 99.4% decline in April - grind to a halt and many other aspects severely disrupted.



Those extreme falls in activity perhaps now seem like another world with the economy reopened, people queuing outside restaurants, car sales picking up and the housing market currently buoyant. There is almost a sense of relief and indeed you could be forgiven for thinking that the storm has passed. Unfortunately it hasn't and the more accurate description would be to say that we are actually in the eye of the storm.

The virus itself is largely under control, albeit that there are pockets of infection across the country. And whilst there are discussions about whether there will be a second spike in virus cases, there will certainly be a second wave of the economic crisis. The massive fall in economic activity hasn't come back fully and is expected to take around five years to return to pre-COVID levels. Furthermore, the collateral damage thus far has been severely limited due to the unprecedented levels of government support. For instance the furlough scheme and Eat Out to Help Out. When this support runs out we will see a wave on two fronts - job

losses and business failures.

The second economic wave needs dealt with. On the positive side, to date the Chancellor Rishi Sunak hasn't been found wanting, and it is expected that he will unveil more radical thinking to cope with the crisis in the Autumn Budget. This will provide some additional fiscal firepower to Stormont to deal with the crisis. When the furlough schemes expires at the end of October, it would be a major surprise if there isn't some form of wage subsidy to take its place. While not as generous as the furlough scheme, which provides funding for people not working, some government financial support for job retention seems likely. A cut in employers' National Insurance Contributions and other incentives to reduce staff costs and encourage firms to hire staff are other possibilities, particularly for the younger generation.

The Eat Out to Help Out scheme has just ended but it has undoubtedly been an economic success to date. Watch out for this scheme to return again in the coming months and potentially rolled out in other areas such as entertainment, leisure and the arts. Help may also come for other sectors beyond the much supported hospitality sector, including aerospace, a sector that is clearly vital to Northern Ireland.

But whilst measures are needed to deal with the ongoing immediate nature of the crisis, we also need longer-term thinking and planning. We can't afford to be short-termist, something that has been a long-standing problem in Northern Ireland policy-making.

Indeed, we are currently seeing our underlying economic health conditions becoming increasingly clear. The economic problems dating back to the last recession, and indeed before, haven't yet been addressed. This includes our chronic infrastructure deficiencies, low levels of educational attainment and chronic pressures on our health service to name but a few. And this is all before the full effects of Brexit hit. Arguably Northern Ireland's

efforts were too focused on delivering the holy grail of a lower corporation tax rate above everything else.

In short, we can no longer sustain not dealing properly with these challenges. And indeed, it could be argued that we shouldn't waste a good crisis to do so.

It could be said that the NI Executive has done a very good job of dealing with the health crisis. When we look at the worst-case scenario projections for infections and deaths from COVID that were published earlier this year, the reality has been significantly less severe. Indeed, Northern Ireland has fared relatively better than other parts of the UK when it comes to the health crisis. Unfortunately the same isn't true for the economy with Northern Ireland lagging behind the rest of the UK.

This though isn't a result of decisions made in the face of COVID-19. Indeed the economic response to the immediate crisis has much to be complimentary about with the scale and speed of grants going out to businesses alongside rates relief. The reality is that it is more about aggressively addressing the long-term deficiencies.

In some respects, we need to see the NI Executive learn from its handling of the health crisis to deal with these long-term deficiencies. For the large part there was good and clear decision making on the health crisis and there was good collaborative working across the Executive, with the First and Deputy First Ministers projecting a unified position. We also saw the Executive take expert health and scientific advice and guidance, communicate difficult but important messages, and take difficult and radical steps. This approach needs to be applied to inform the electorate of the reality of our public finances, the consequences of continuing to underfund our water infrastructure and our unsustainable health service that is crying out for reform. Economic commentators in the UK have warned that Rishi Sunak cannot play Santa Claus forever. Likewise for the Executive, distributing money is the

easy bit, delivering long-term improvements and better outcomes is much more difficult. Our obsession with money needs to be replaced with an obsession with delivering better outcomes. Let's hope a decade from now we will look back at the COVID-19 emergency as a critical turning point and we can clap on our front doors to give thanks to an Executive for displaying bold leadership and courage and delivering on better skills, infrastructure and public services.

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