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**Mapping Frontiers, Plotting Pathways: Routes to North-South Co-operation in a Divided Island**

**Study Group 3 - *Does the border matter? North/South trade and mobility since the 1920s***

**InterTradelreland,  
Old Gasworks, Newry,  
13 September 2005**

**Organised by the Centre for Cross Border Studies (CCBS), Armagh and hosted by InterTradelreland**

**REPORT**

**INTRODUCTION**

The study group opened with a welcome by Mr Aidan Gough of InterTradelreland, who stressed the importance of on-going research into the area of economic development on the island, and the feasibility of an “island economy”. He went on to welcome the Study Group as a contribution to the debate among economists on borders which had previously been limited to people like John Bradley and Michael D’Arcy.

The event chairman, Mr Andy Pollak of CCBS, spoke of the wider “Mapping Frontiers” project and how public events of this nature were crucial in engaging with practitioners and community leaders. He also noted a particular difficulty in making northern politicians focus on the economy, as political difficulties often seemed to hog the headlines.

The object of this Study day was to explore the impact of the Border on economic life on the island in the specific areas of trade, business co-operation and migration patterns. Central questions included  
to what extent did the Border actually have an impact - in discouraging North-South or more narrowly cross-border trade, in encouraging settlement elsewhere within the boundaries of the newly defined state rather than in the other state (or, by contrast, in encouraging “flight” to the other state), and in modifying the transport network (railways and roads)?  
To what extent are today’s firms engaged in cross-border cooperation, and what are the causal factors in the levels of activity?

Two papers were presented by Professors Cormac O’Gráda (UCD: a paper developed in association with Prof. Brendan Walsh) and Stephen Roper (Aston University), both noted experts in this field. At the conclusion of each presentation a short response was made by a pre-designated member of the audience, after which the presenters took questions and comments from the wider audience.

**PAPER 1. “*DID (AND DOES) THE BORDER MATTER?*”, PROF. CORMAC Ó GRÁDA (UCD)**

## **Summary Of The Paper**

The paper highlighted the trade gravity model in use by economists to determine levels of cross-border trade, and suggested that the actual levels of north-south trade in Ireland surpassed what could be expected if the gravity model were to be applied (i.e. in comparison with trade in other areas with a border). This counterfactual i.e. the position of north-south trade relative to what could realistically be expected if no border existed, or to other border situations, was arguably important to bear in mind. In a general sense, it was noted that the general trend since partition has been for the UK market including NI, to decrease in terms of the percentage share of Irish exports.

*Migration:* The paper presented several detailed data analysis and trends relating to patterns of migration north-south. Migration has increased from 1991 onwards from North to South, with 2001 seeing the highest migration levels ever, in absolute and relative terms. The 1970s also noted an increase in migration from north-south, most likely due to the violence of the “troubles” at that time. Northern Irish born persons resident in the Republic now greatly outnumber ROI born persons resident in NI. A marked tendency for female migration to dominate throughout was noted.

In terms of the skills profile of migrants workers from north-south, a recent de-skilling was noted, relative to the situation in the 1920’s when northerners living in the South were proportionately white-collar workers. The Celtic Tiger and its “construction boom” was discussed as a causal factor in this regard. Almost in reverse however is the recent migration of ROI born migrants to NI, in which case there is a noticeable over-representation of managerial and professional categories. A broader research question is around whether migration tends to improve the quality of the destination labour force?

*Railways: Passenger traffic.* The paper noted an increase in Belfast-Dublin passenger traffic, but with significant interruptions; however taken as a percentage of all island rail traffic, this route accounts for 10% at best. In addition, when compared with the Dublin-Cork line, cross-border traffic is not increasing disproportionately. In general, south-south traffic is more prevalent than north-south.

*Border impact on population change.* The paper noted that overall, the border has had a mild impact on the levels of county population change; however there is some evidence that urban areas actually on or very near the border did suffer, in comparison to those further away from the border, during the period 1926-61. In more recent years, the proximity to the border did not appear to have had much of an impact on population change.

In conclusion, it was suggested that caution be applied in terms of policy dedicated to resourcing north-south trade to the detriment of a (historically) more “natural” East-west trade pattern on the island.

## **Response by Dr Eoin Magennis (CCBS)**

Dr Magennis noted the obvious decline in importance of the NI market for Irish exports, but pointed out recent data from InterTradeIreland which demonstrated some upswing in this regard. He also noted a need for more sectorally-focussed data when studying changes in north-south exports and sales activities.

The importance of the border during times of conflict, vis-à-vis migration, was noted, however a query over data relating to official and unofficial levels of migration – and the impact of short-term migrants such as students, was raised.

Regarding transport, Dr Magennis noted the likely lack of a case, on a cost/benefit analysis basis, for such lines of transport as a “western railway” e.g. from Derry to Limerick – however he queried whether other opportunities for broader cultural contact that could not be so easily measured were being lost.

## **Questions and Comments**

1. Prof. Bradley asked if the trade-gravity model used was appropriate in view of the importance of structural causality – i.e. the driving-forces behind the economies North and South?

As regards the use of variables in assessing migration, it was noted that ‘flows’ were more important than ‘stocks’ and that both economies were affected by flows outside the island (e.g. the scarcity of work in Ireland). In addition, it was noted that the restructuring of both economies, for example, a great demand for certain types of trades, had led to a deskilling of migrants. All of the above factors were fundamental causes of North-South movements.

### *Answer*

Prof. Ó Gráda confirmed that he had used “flows”, e.g. destinations of Northern migrants to the South 1981-2002.

He agreed that trade statistics can obscure the sectoral input and that it was possible that the North-South focus was diverting resources or forcing the economy out of its natural flows, e.g. east-west or west-south east.

He accepted that cross-border research into Border towns might seek to distinguish between those such as Newry and Belcoo.

In his view, the best method of improving North-South trade was for both economies to boom.

2. Were these population growth figures net of migration, inasmuch as they might show that the Border has a significant effect on population?

### *Answer*

The statistics used are “crude data” from the census, therefore they do not show the net figures.

3. Several members of the audience commented that it was unsurprising that women were more likely to migrate than men (for example, passing-on of farms to the oldest son).

4. It was also suggested that the Border had created a substantial effect on mobility. Queries also arose on the meaning of a town “on or near the Border”. It was felt that this would need to be defined or that a town would need to be affected in some way by the Border to be classed as a “border town”. For example, was Drogheda in this category?

### *Answer*

The paper had not defined Drogheda in this way and, moreover, it would be difficult to find its equivalent in the west of the country.

5. Prof. Roper observed that the paper showed how much we still didn’t know about the wider effects of the Border.

6. Prof. O’Dowd referred to the importance of the state itself (North and South) as an employer, especially over time (cf. the situation in the 1920s and 1980s), i.e. the concept of a “political economy”.

### *Answer*

While agreeing with this last point, and noting that the bloated public sector in the North was a disincentive to entrepreneurship, Prof. Ó Gráda observed that the focus of his paper was on North-South movement rather than an analysis of both economies.

7. Mr O'Doherty made the point that migration figures might have been affected by psychological factors such as the impact of such rules as the (up to 1975) need for a work permit in the North for persons born outside NI, including Great Britain!

8. Mr Gough: it was important to use the political change and N-S policy engagement timelines alongside raw or aggregated economic data. Mr Pollak echoed this, stating that cross-border co-operation should be examined in the pre- and post-1998 (pre- and post-Good Friday) periods.

### **PAPER 2. "CROSS-BORDER AND LOCAL CO-OPERATION ON THE ISLAND OF IRELAND: AN ECONOMIC PERSPECTIVE", PROFESSOR STEVE ROPER, UNIVERSITY OF ASTON, BIRMINGHAM.**

#### **Summary of the Paper**

The paper began from the premise that in the modern global economy cooperation between firms can often be an aid to competitiveness. Taking this as a starting point Prof Roper had looked at the results of a survey compiled for InterTradelreland part of which dealt with the extent to which firms on the island of Ireland cooperated with other firms, either locally or on a cross-border basis.

The paper then went on to outline the motivation for companies to cooperate from greater access to productive resources to reductions in costs or risk while cross-border cooperation also allowed market access. Barriers to cooperation involved distance from a partner and country uncertainty.

The survey results revealed that country and market uncertainty were encouraging firms to choose local over cross-border cooperation which labour costs encouraged South to North cooperation but not vice versa. Energy costs were encouraging South to North cooperation but not vice versa also. The distance from the Border was also a limiting factor.

The policy conclusions fixed on the need for greater certainty about potential for cross-border cooperation (especially in terms of markets). Also the survey needed to be more nuanced in future to take account of differing firm sizes and the effect of 'churn' in R&D and innovation.

#### **Response by Mr Dermot O'Doherty (InterTradelreland)**

The response centred on the role of InterTradelreland in redressing some of the policy obstacles identified in the paper. The starting point for this was also the 2002 survey results which revealed formal and informal business linkages on the island. A third of all companies were involved in some level of export activity with counterparts in the other jurisdiction. One in six Northern firms and one in twelve Southern firms had other collaborations (including joint training, etc) and 40% of all firms wished for more cross-border cooperation.

The InterTradelreland corporate strategy is now based on giving rise to this potential through the adoption of network enabling tools. This has begun with a mapping study of the networks already existing on the island which has thrown up interesting results in terms of numbers and spread across the island.

### **Questions and Comments**

1. Ms Cividin referred to the paper's use of the terms "local" and "cross-border" co-operation. What if the two overlapped? For example, in the north-west area "local" meant "cross-border". Would it be possible to differentiate between the two terms?

#### *Answer*

Prof. Roper agreed that it might be possible to define "local" as "within the jurisdiction", although the drivers or inputs were often the same for both forms of co-operation. It was important to focus on both factors from a policy point of view, i.e. how to boost cross-border links.

2. Prof. Ó Gráda inquired whether: (a) the paper could distinguish between indigenous and multinational firms; (b) could results be focused on the sector (i.e. type of firm/work done); (c) was there an optimal level of linkages or co-operation?

#### *Answer*

Prof. Roper replied that: case (a) was not possible at present; case (b) was feasible, as the survey had not concentrated on manufacturing alone. As regards (c), more co-operation was not necessarily a good thing. The internal level within the South might be the island-wide benchmark. Previous examples of cross-border networking had proved counter productive.

3. Ms Arthurs referred to the impact of funding for cross-border activity, with particular reference to SMEs. Funding was often "a carrot", for example the 50% of cross-border costs that can be recouped.

#### *Answer*

Prof. Roper observed that the concept of an incentive might help explain why SMEs appeared to be more enthusiastic about cross-border networks.

4. Dr McWilliams asked if research had shown the Euro to be a driving-force for cross-border links? For instance, he was aware that the profits of the North's largest printing firm, W&G Baird of Antrim, from business in the South, had suffered due to fluctuations in the Euro.

#### *Answer*

The Euro carried more importance for South-North links, rather than the reverse, although the effect can fluctuate with the Euro.

5. Prof. Bradley asked if this survey mightn't make it a little difficult to get a real picture of even local co-operation? For instance, cross-border co-operation is very clustered into certain axes/corridors and urban areas, therefore the lesson for the smaller non-border firms is that there was little to gain from cross-border activity and that they should focus on local co-operation.

#### *Answer*

Prof. Roper replied that the data in the paper were anonymous and that only the respondent's distance from the Border was known. This meant that it was not possible to identify their locality.

6. Mr Gough informed the group that recent work has updated the mapping of both cross-border and local co-operation, and that indigenous companies were the drivers of cross-border links.

7. Prof. Roper was asked if specific sectors appeared to be left behind in cross-border activity? His answer was that the data do not provide an answer to that question but that it was clear that cross-border networks were more prevalent in certain sectors.

8. Mr Paterson noted a very important propensity towards networking, which was certainly the case for the East Border region. Here, North-South co-operation equated to a local market, comprising Monaghan, Louth, Down and Armagh. In support of this idea, he noted that agencies North and South had exploited the opportunities provided by joint-jurisdiction to send trade missions to the USA to drum up business for firms in the Newry/Dundalk area.

He also considered that Partition had often created peripherality, for example the city of Newry, and felt that it was worth discovering if the geographic location of companies in the South made a difference to North-South links.

9. Mr D'Arcy referred to a lack of trust as a factor in cross-border networks; certainly this was the case the SMEs and perhaps for the South generally. He noted that fast-growth businesses were the quickest to engage in cross-border co-operation.

In the context of the wider "Mapping Frontiers" project, he queried the "pathways" to be plotted. Were these always necessarily North-South? For example, Donegal migrants to England went through Belfast, not Dublin. He also observed that the "Celtic Tiger" and Anglo-Irish Agreement had changed the overall dynamics.

10. Mr Pollak observed that the Euro had consolidated the regulation of financial institutions and that separate jurisdictions had often led larger companies to develop hybrid structures North and South.

### **Concluding Remarks**

Ms McCarron informed the meeting that a final study group would be held in Derry city on 13 October 2005 and that the final project conference would take place on 19 and 20 January 2006 in Armagh. Full details of the project, including the public forum, were available on the project website:  
[www.mappingfrontiers.ie](http://www.mappingfrontiers.ie)

The Chair thanked everyone for their attendance and the meeting closed at 1 p.m.

Patrick McWilliams  
Patricia McCarron  
Eoin Magennis  
September 2005.

## Attendees

Name	Position
Anne Anderson Porter	Director of Operations, Co-operation Ireland
Pamela Arthurs	Director, East Border Region Partnership
Jane Dawson	Invest Northern Ireland
John Bradley	Research Professor, Economic and Social Research Institute
Paul Brennan	Sectoral Manager, North/South Ministerial Council
Emma Crossan	Social Inclusion Analyst, Louth County Development Board
Alessia Cividin	University of Venice/QUB
Michael D'Arcy	Managing Partner, D'Arcy Smyth Associates
Ivo Damkat	Queen's University Belfast
Anne-Marie Fryers	Clones-Erne East Partnership
Aidan Gough	Director of Strategy and Policy, InterTradelreland
Orla Jackson	Executive Officer, Newry and Mourne District Council
Eoin Magennis	Centre for Cross Border Studies
Patricia McCarron	Institute of British-Irish Studies, UCD
Patrick McWilliams	Queen's University Belfast
Mary Mooney	Project Officer, Newry/Dundalk Chamber Forum
Brian Ó Caoindealbháin	Institute of British-Irish Studies, UCD
Dermot O'Doherty	Senior Policy Adviser, InterTradelreland
Liam O'Dowd	Director of the Centre for International Borders Research, Queen's University Belfast
Cormac Ó Gráda	Professor of Economics, University College Dublin
Conor Paterson	Chief Executive, Newry and Mourne Enterprise Agency
Andy Pollak	Director, Centre for Cross Border Studies
Stephen Roper	Research Professor, Aston Business School
Christopher Ryan	Research Manager, InterTradelreland