

Thoughts on Quality of Life, North and South: A Response to 'Who is Better off' by Adele Bergin and Seamus McGuinness

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## Thoughts on Quality of Life, North and South

## A RESPONSE TO 'WHO IS BETTER OFF' BY ADELE BERGIN AND SEAMUS MCGUINNESS

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Adele Bergin and Seamus McGuinness's paper makes a useful contribution to understanding the differences in living standards between Northern Ireland and Ireland. It emphasises that quality of life depends on much more than real income, highlighting the importance of other vital factors such as the distribution of income, opportunities for young people, well-being and life expectancy.

On the standard of living, the authors look at range of different measures, including personal disposable income per head and consumption per head, both adjusted for differences in price levels between the two jurisdictions.

Using total consumption per head, public and private, Northern Ireland comes out as slightly better off than Ireland in 2016. However, this outcome depends on the price adjustment for public consumption, where Northern Ireland appears to have a substantial advantage. However, this price adjustment does not take account of the quality of the services provided. While, as noted by the authors, Northern Ireland's health service provides superior universal access, the value for money, in terms of pupil outcomes, for the expenditure on education in Northern Ireland, is inferior to that in Ireland.

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In addition, there is a problem in using the price level adjustment to convert income or consumption per head to a common standard. At the very least, these price level data are national averages, and in the Irish case, the capital has a higher weighting than is the case in the normal consumer price data. Thus, the price comparison between the two jurisdictions takes no account of the fact that the cost of housing in Northern Ireland is much lower than for the UK as a whole. This means that in the case of both the comparison of personal disposable income and of consumption per head the adjusted figures will tend to underestimate the standard of living in Northern Ireland. This is significant given the greater role of social housing in Northern Ireland than in the rest of the UK or Ireland. Using the latest Eurostat data on personal disposable income per head in Ireland and Northern Ireland, before taking account of the potential overestimation of the cost of living in Northern Ireland, the standard of living comes out as very slightly higher in Ireland (by around 2%). When taken together with the other measures, it would appear that the inhabitants of the two jurisdictions on the island experience a broadly similar standard of living measured in terms of income. However, in the case of Northern Ireland this standard of living is underpinned by the transfer from central government in London amounting to 20% of regional output.

In the case of life expectancy, the authors highlight that life expectancy in Ireland has caught up on that in Northern Ireland in recent decades. The superior performance of Northern Ireland in terms of life expectancy opened up in the 1940s, possibly as a result of the NHS. As the paper indicates, the gap was closed by around 2000 and since then the rise in life expectancy in Ireland has exceeded that in Northern Ireland. A factor in the superior performance in Ireland in recent years may be the higher level of educational attainment.1

One dimension of the sustainability of living standards that is not considered by the authors is the impact of the current lifestyle in the two jurisdictions on emissions of greenhouse gases. The UK and Ireland are committing to reaching net zero emissions of greenhouse gases by 2050. Tough targets are being set for 2030 for the UK and Ireland. Northern Ireland, which has devolved responsibility for the environment, has not yet set itself a target for emissions reduction by 2030 consistent with the UK target. However,

<sup>&</sup>lt;sup>1</sup> John FitzGerald, David Byrne and Nusa Znuderl, 'The impact of changes in educational attainment on life expectancy in Ireland', Journal of the Statistical and Social Inquiry Society of Ireland XLII (2012–13), 42–63. Available at: http://www.tara.tcd.ie/handle/2262/68202 (5 January 2020).

emissions per head of greenhouse gases in Northern Ireland were 20% lower than in Ireland in 2018. In addition, emissions in Northern Ireland have fallen by 10% since 2010 whereas in Ireland they have only fallen by 4%. Both jurisdictions face serious challenges in meeting the new ambitious targets for 2030 and this will have some limited impact on the future growth in the two economies if they are to move to a sustainable path.

Read Adele Bergin and Seamus McGuinness' article, 'Who is Better Off? Measuring Cross-Border Differences in Living Standards, Opportunities and Quality of Life on the Island of Ireland',

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