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TP16911

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NEW YORK CITY COUNCIL BILL TO LIMIT CITY PENSION FUND INVESTMENTS IN CERTAIN COMPANIES WHICH DO BUSINESS IN NORTHERN IRELAND, AND OTHER SIMILAR MOVES IN THE US.

*PIA (Economic interest)  
your design*

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to see these papers. Please  
file them  
j.p.  
25/1/85*

Background

The Irish National Caucus, which is a fellow-traveller with the Provisionals, has prompted a New York City Councillor to promote a Bill requiring the New York City Council Pension Fund to withdraw its investments from companies which invest in NI and do not implement the MacBride principles. (These are attached at Annex A). In parallel, the Sisters of St Joseph of Peace of New Jersey are writing to shareholders of companies investing in Northern Ireland asking them to put shareholder resolutions to companies. These resolutions, if adopted, would require companies to adopt the MacBride principles. The Bill is now in the Government Operations Committee. It could now be passed; or remain indefinitely in Committee; or be the subject of hearings. We understand that Cllr. Albanese and the INC are likely to press for hearings. The Mayor, Mr Koch has the power to veto the Bill and has expressed opposition, but may not be prepared to exercise it. The City Comptroller has expressed support for the principles in the Bill, but has called it premature and thinks the Sisters' strategy better.

We have no precise information about shareholder resolutions in US companies investing in NI; but we know that resolutions have been filed with General Motors and TRW Inc.

Argument

The NYC Bill could, in itself, be serious, but the indications are that it is not likely to make rapid progress. \$247M of investment could be withdrawn if the principles were not followed. But if the Sisters' campaign gains momentum, it could affect many, if not all US companies operating in Northern Ireland. The campaign gains some force by being associated with a campaign against discrimination in South Africa.

Insofar as the campaign is directed against discrimination, it will be hard to argue against its aims. We need to examine carefully the

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possible effect of the MacBride principles. Attached at Annex B is an analysis of the MacBride principles prepared by DED. This analysis shows that while much of the MacBride principles is consistent with the Fair Employment Act and the FE Agency's Declaration of Principle and Intent, the principles' principal defects are that:

- (a) they are sketchy and have not been fully thought out;
- (b) if the principles would require quotas or preferential treatment for particular groups, they would require companies to operate illegally (see Principle 1);
- (c) they would require companies to guarantee individuals' safety from home to work, which is probably beyond companies' power (Principle 2);
- (d) the principles do not define "minority" - is it shorthand for Catholics throughout Northern Ireland? Or would the minority depend on the local demography C.S. in Derry Protestants are a minority? If minority is intended to equate to Catholics, it is objectionable that principle 2 should only apply to them; many Protestants have been killed travelling to work and at work;
- (e) the banning of provocative religious or political emblems (Principle 3) is best left to local conciliation; it would cause difficulties if the Union Jack or the Irish Tricolour (or, indeed, the Stars and Stripes) were seen as invariably provocative. Such questions are best left to local management;
- (f) the principles would, to some extent, conflict with existing legislation and would certainly confuse employers - most US companies have already signed the Fair Employment Agency's Declaration of Principle and Intent.

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Therefore, any US company which decided or was compelled to adopt the principles, would have some difficulty reconciling the conflicting demands and the law; and would have duties placed on it which would be difficult to carry out. This could well put off potential investors.

#### Tactics

We have several audiences: NY City Council, and concerned shareholders; potential investors; and existing investors. Each require slightly different tactics. It is important to adopt a low-key approach to avoid giving credibility to INC. The following should be approached by officials informally on the following basis:

(a) NYCC, Shareholders and other concerned individuals

It will be important to stress in the US that the Government is opposed to discrimination and that indeed, its whole political strategy is aimed at reconciling the two communities. (The situation is totally different from South Africa where racialism is institutionalised.) We should point to the Fair Employment Act; the Fair Employment Agency and the fact that many US companies have signed the FEA's declaration of Principle and Intent. We should argue that NYCC, shareholders of companies and other concerned individuals should encourage companies to accept and implement the FEA's Declaration of Principle and Intent rather than the MacBride principles. We should criticise the MacBride principles on the basis of the analysis above. We should point out that discrimination would be best eliminated by increasing investment, rather than discouraging it.

#### Potential Investors

We should explain that all responsible people opposed discrimination in NI; that there are anti-discrimination laws; and that firms are encouraged to sign the FEA Declaration. The MacBride principles are sketchy and are not adapted to the realities of Northern Ireland. The Government is explaining the realities of the MacBride principles to NYCC and others. The indications are that support tends to be concentrated amongst a small minority of Irish Americans, who take an extreme

nationalist point of view. Discrimination can be best eliminated by increasing the amount of employment in the Province to increase opportunities for all.

#### Existing Investors

The Government is opposed to discrimination and existing investors will be aware of the requirements of the law. The MacBride principles are unrealistic, and the Government is opposing any wider adoption in a low-key way. We do not wish to give too much credibility to the Irish National Caucus, who represent relatively few Irish-Americans.

#### The FEA

Besides direct Government lobbying with groups in the US and investors, there might be advantage in the FEA (Mr Cooper) writing to NYCC to explain the deficiencies of the MacBride proposals and suggesting that NYCC look to existing bodies and procedures. There might also be advantage in the SDLP being encouraged to comment on the MacBride principles (assuming they are opposed). The Irish and US Governments might be asked to lend their assistance.

#### Statistics

We will need to provide copious statistics on:

- (a) unemployment amongst Catholics vis a vis Protestants;
- (b) practice in US firms (INC has already produced some rather selective figures;
- (c) progress in the Civil Service and elsewhere to show that the Governments' policies do bear fruit.

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The credibility of the FEA and its present legislation will probably be called into question. We will have to find arguments to refute the suggestion that it is "toothless".

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