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PS/Secretary of State

HARLAND AND WOLFF - POLITICAL IMPLICATIONS

1. This note attempts to assess the political and security implications of a phased closure of H & W in line with option 6 as described in the draft E(A) Memorandum.
2. Although no longer the largest employer in the Province H & W is perceived in Northern Ireland as successful. It is seen as a symbol of all that is best in local industry - traditional and skilled workmanship producing world class goods for a world market. The Yard's psychological significance is therefore much greater than its present economic importance.
3. It is thought that, within the loyalist community, reaction, particularly in East Belfast, would be along the lines of the opposition which followed the signing of the Anglo-Irish Agreement. Like the Agreement, the closure of H & W would be perceived as an act of betrayal by HMG and a further step towards withdrawal from the Province. One restraint on the opposition to the signing of the Agreement was a fear of unemployment. The closure of H & W would remove that restraint and those affected could well believe they have little to lose. It is likely that this mood would be exploited by Loyalist paramilitaries and very ugly gatherings could well occur.
4. The effect on political progress could also be serious. Closure might not of itself provide sufficient reason for unionists to break off political dialogue but it would be taken as a signal of HMG ill-will towards the majority community. This might well be added to other reasons for ending dialogue.
5. The closure of H & W with its largely Protestant workforce is, of course, unlikely to arouse strong protests from the minority community. The Provisionals would view and represent closure as a major slap in the face for the Protestant community and would delight in their discomfiture. Privately, they would see the closure as helpful to their campaign to destroy appearances of commercial normality.
6. Closure of H & W would not provoke protest in GB although it would undoubtedly concern Protestant Irish communities in North America. These communities are normally less militant than the Catholic lobby but there is evidence of their increasing support to loyalist paramilitary groups.
7. The security implications of closure are difficult to assess although there will inevitably be a knock-on effect on the level of violence.

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8. A decision to close the yard almost immediately as in Option 3 would clearly exacerbate the difficulties outlined above and the more time which is available to develop new employment opportunities the less serious the opposition is likely to be. Nevertheless, whatever the timescale considerable opposition can be expected.

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