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for Mtg...

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PSDED 614/87

- c.c. PS/PUS (L & B) *M*
- (PS/Sir Kenneth Bloomfield *M* *2 Point 2*
- Mr Burns *M*
- Dr Quigley
- Mr McAllister *M*
- Mr Chesterton
- Mr Mayne
- Mr Dowdall
- Mr Gowdy
- Mr Bell *M*
- Mr George
- Mr Wolstencroft
- Mr Wilson
- Mr McConnell *M*
- Dr Harbison
- Mr Wood
- Mr Sheinwald
- Mr Cowper-Coles

- 1. PS/MR VIGGERS (L & B) *M*
- 2. PS/SECRETARY OF STATE (L & B) *M*

MACBRIDE CAMPAIGN: POLICY REVIEW

PURPOSE OF SUBMISSION

- 1. The purpose of this submission is to bring Ministers up to date on the MacBride issue; to highlight key issues; and to put forward strategy proposals for consideration at the proposed meeting with Ministers on 27 July. The paper reflects the joint advice of DED, IDB, NIO and FCO, as agreed at a review meeting of officials on 7 July.

INTRODUCTION

- 2. Ministers are familiar with the background to, and impact of, the MacBride campaign. A summary note is at Annex A.
- 3. The balance sheet shows that we have failed to neutralise the threat to US investment posed by the campaign. Companies are still under pressure: a number have expressed concern at the attention the MacBride campaign is demanding and at the burdens that compliance with the Principles would

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represent, particularly if monitored from a multiplicity of sources in the US. Legislation is in place in 4 States, awaits Governor's signature in one and has a good prospect of success in 3 more. Unless the legislation can be overturned in some way, and the shareholder pressure contained, US investment both existing and potential will continue to be under threat.

4. The more optimistic view is that in 2½ years no company has totally capitulated to the MacBride lobby, State and City legislation has been limited, and there has been no progress at Federal level. To date, the campaign has not led to any withdrawal or cancellation of investment. In addition our opposition has forced the more extreme Irish-American groups to concentrate their resources on this issue and diverted their energies from other activities.
5. Nevertheless, given the very considerable demand on resources, and the continuation of the campaign, we must consider whether continued opposition to MacBride is desirable and practicable. If we were to conclude that it is not, we would have to consider whether we can step back without too much loss of face and without prejudicing our own proposals for change. If we conclude that we must maintain our opposition we need to consider how we can improve on our strategy and presentational arrangements.

KEY ISSUES

6. Our response depends on how we see the MacBride campaign. Is it genuinely about fair employment or is there a wider objective of political and economic destabilisation? Is accommodation with the MacBride lobby feasible or desirable? What can we do to encourage US companies to hold out? Can State Legislatures be persuaded of HMG's case? What audiences are we trying to influence? Can we afford the resource commitment necessary to combat MacBride?

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7. Officials do not consider that the MacBride campaign is motivated primarily by a desire to improve the employment prospects of the Catholic community in NI although its skilful presentation has attracted genuine supporters of the fair employment principle. The MacBride campaigners have shown no interest in trying to attract investment to Catholic areas. Instead the focus is entirely negative, the portrayal of NI and HMG is dismissive, abusive and, certainly among MacBride proponents such as INC, NORAIID and AOH - all key groups - with a clear Republican overlay.
8. Likewise officials do not consider that there is any prospect of persuading the INC/NORAIID etc off the MacBride issue, nor is it realistic to think in terms of reaching an accommodation with them. The issue is too productive for them, in terms of publicity and potential for attacking HMG, to say nothing of its contribution to their overall political objective, for them to give it up. Moreover, an accommodation on the Principles would leave US companies open to monitoring demands by MacBride activists and pressure to make concessions. It is hardly conceivable that the INC will ease up on companies. The precedent of the Sullivan Principles suggests otherwise.
9. Our conclusion is that opposition to MacBride must continue and indeed be made more effective in the interests of protecting and increasing US investment in NI; the opposition should focus on the effect of the MacBride campaign, particularly the disinvestment dimension, rather than on the Principles per se. Our main target in the US must be companies, State Legislatures and the genuine, well meaning, supporters of fair employment among the MacBride proponents.

STRATEGY PROPOSALS: US COMPANIES

10. Satisfactory employment practices by US companies, capable of standing up to scrutiny, are the best possible defence to the MacBride campaign. If companies can show that they are pursuing credible, common, non-

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discriminatory employment practices they should be in a strong position to answer shareholder resolutions and reply to enquiries from State Legislatures to the satisfaction of all but the most prejudiced. It might also be possible to persuade companies to take more of an initiative with State Legislatures where MacBride legislation is under consideration and demonstrate its irrelevance.

11. One way to advance this, which might also serve to defuse the current adversarial stance on the Principles and neutralise their impact in practice, would be for companies to embrace guidelines such as those in the draft Declaration of Practice contained in Government's recent Consultative Paper and to accept the requirement to monitor their employment profile. Responsible Nationalist interests should be able to endorse such an approach, which could form the basis for uniform fair employment practices across all US companies in Northern Ireland. The adoption of such guidelines would anticipate legislation and would put US companies "ahead of the game".

12. As a defence against a multiplicity of monitoring demands from State Legislatures, companies taking this approach would need to match the Declaration of Practice with a willingness to submit their employment practices to competent, independent, scrutiny to one body which could be a central reference point for enquiries for the purposes of shareholder resolutions or reporting demands from State Legislatures. The only independent authority with the necessary professional expertise and local knowledge essential to the interpretation of data in such a complex field is the Fair Employment Agency. Whether the Agency would be regarded as acceptable to US interests, including State Legislatures, would need to be tested (perhaps in discussion with States which already have monitoring requirements) but support for the Agency as an acceptable monitor from the Irish Government, if it could be obtained, and a positive attitude by companies for such an arrangement, may be persuasive. We would need to

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press the Irish on this issue. In the event that the FEA was not considered acceptable an international firm of management consultants or an independent US group might be considered - albeit very much as a second best option.

13. The development of a set of guidelines has already been discussed with GM and is consistent with recent proposals to Government by Gallahers who appear willing to go down this road. Gallahers also indicated a willingness to take the lead in an approach to all US companies. Their handling of the recent flags dispute raises doubts about entrusting them with this responsibility: on the other hand they should recognise that they need to make up ground for the future.
14. Whilst it is very important that this initiative is seen as belonging to the companies, Government will inevitably have to do most of the ground work particularly through contacts, and discussion, with US parent companies. Given DED's lead role on MacBride, the political/policy considerations involved, and the limited, and essentially apolitical nature of IDB's responsibility with companies, we have concluded that DED should undertake this work.

STATE LEGISLATURES

15. The development of uniform guidelines by US companies should be the main plank in HMG's effort to contain the MacBride campaign. However, Government cannot afford to step back from opposing the campaign in State Legislatures or among influential US opinion generally. Our main focus here, however, should be on the disinvestment aspect.
16. Our capability in this respect has improved over recent months but officials consider that more can, and should, be done. The following proposals are relevant:-

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- (i) We must as a matter of prime importance seek to move the Irish from neutrality (or tacit support for the Principles) to a public recognition of the disinvestment dimension of the campaign and endorsement of HMG's own proposals as the most promising way forward;
- (ii) a statement by the Prime Minister on the MacBride campaign would assist the presentation of HMG's case in the US. A draft has been sent to No 10 for possible use during the Prime Minister's visit to the US this month. A complementary statement by the Taoiseach would also assist. (It is considered that a statement by the US President is unlikely to be forthcoming, in the current US climate.);
- (iii) we need to improve our lobbying arrangements. This means identifying as lobbyists a significant number of suitable people (preferably NI Catholics) to give us the flexibility, credibility and speed of delivery required (often at short notice). This arrangement must be adequately resourced, and placed on a sound funding basis; discussions are proceeding with DFP and the Information Service on this aspect. We need to develop our briefing arrangements for lobbyists and make early contact with key people in State Legislatures. Some possible lobbyists are shown at Annex B;
- (iv) experience in California and elsewhere suggests that there is benefit in securing the services of a local lobbyist or political figure of note. FCO sees no difficulty in principle to the use of professional lobbyists to supplement the work of US posts. US posts should establish the appropriateness, and possibility, of such assistance in their locality. (It would be preferable, but unlikely, that this should be on an unpaid, or expenses only, basis.) We should explore with US companies the possibility of them contributing to the lobbying effort. The use of professional lobbyists could be expensive;

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- (v) we must also seek to develop influential contacts in the US eg Mr Tony O'Reilly or US political figures of standing among the responsible Irish-American community;
- (vi) the MacBride campaign derives considerable ecumenical respectability from the endorsement of the Interfaith Centre of Corporate Responsibility (an umbrella group for US churches, dominated by small Catholic Orders). We need to break this down and educate US church groups on the dangers of the MacBride campaign, the attitude of the NI churches and HMG's commitment to fair employment. A delegation from the US Presbyterian Church is due in NI in week commencing 26 July but a conference in the US on fair employment in NI, perhaps sponsored by the FEA, could provide a wider platform for representatives of NI churches, the Catholic community in particular, local business and trade union interests;
- (vii) we need a mechanism to facilitate visits to NI from key interests in the US eg to identify appropriate people and to issue invitations. US companies might be able to assist in this. Funding is not always the prime difficulty; some US groups are self-financing;
- (viii) we need to be more active in briefing NI interests on the MacBride campaign and on HMG's own commitment to further progress. The TUC, and Labour Party spokesmen should also be briefed, the former through NIC/ICTU;
- (ix) we must also consider whether, and if so how, existing MacBride legislation can be overturned. The FCO is exploring this; and
- (x) DED should continue to lead on MacBride, in liaison with NIO, FCO and IDB. DED should be the primary contact on the MacBride issue with the support of IDB as appropriate. FCO advises that it will continue to respond to the MacBride campaign in the US it develops.

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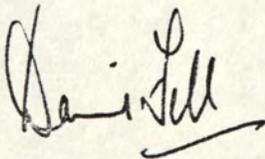
RESOURCES

17. The above proposals have resource implications, principally for DED. Additional staff will be required to take forward the initiative with US companies and to put in place improved lobbying and support arrangements for US posts. We will be exploring this aspect in more detail with DFP. The additional cost, including staff, is likely to be of the order of £0.4 - £0.45M in the first year.

CONCLUSIONS

18. Ministers are invited to approve:-

- (i) the proposed initiative with US companies as outlined in paragraphs 9 - 12 above;
- (ii) a programme of work aimed at translating into action the various proposals outlined in paragraph 16; and
- (iii) the principle of the additional resource commitment implicit in the above programme.



DAVID FELL
17 July 1987

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BACKGROUND NOTE

MACBRIDE PRINCIPLES

1. Problem

Since late 1984/85 US companies with plants in Northern Ireland have been pressurised to adopt the MacBride Principles (nine employment requirements ostensibly designed to improve the employment prospects of the minority). Pressure takes the form of shareholder resolutions, City and State legislation linking investment in the companies to their position on the Principles, proposals for Federal legislation and, in the case of Ford, a product boycott.

2. Motivation

At face value the Principles are designed to enhance employment prospects of the minority community and so redress years of discrimination and denial of equal opportunity in employment. It is clear, however, that many of the MacBride proponents (eg. The Irish National Caucus, NORAIID, Comptroller Goldin, AOH) see them as a means of embarrassing HMG and contributing to a wider, anti-British, United Ireland strategy.

3. The Balance Sheet to Date

So far 12 companies have faced shareholder resolutions on at least one occasion. No company has yet endorsed the Principles but Ford has agreed to review its employment practices in Northern Ireland. All companies are becoming increasingly irritated by the issue. MacBride-related legislation has been passed in four states (Massachusetts, New York, Connecticut, and Rhode Island) awaits the Governor's signature in New Jersey (this is certain to occur); is pending in Michigan, Illinois and Pennsylvania; has been deferred in California and Minnesota and defeated in Florida. A number of City Council resolutions have been passed linking city investment to company performance on MacBride. There has been no progress on the D'Amato/Fish Bills at Federal level which seek to block NI imports unless the manufacturer is giving effect to the MacBride Principles (and which appear to be contrary to GATT).

4. HMG Position

HMG has consistently opposed the MacBride campaign which is seen as an attempt to embarrass HMG politically and adversely affect the NI economy

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rather than as a genuine fair employment initiative. HMG's line is that the Principles are unnecessary because of Government's own action and commitment in this area and counter-productive in that by imposing extra-legal burdens on US firms they will adversely impact on investment and new jobs in Northern Ireland which are vital if progress is to be made in this area. The campaign undermines the legitimacy of the FEA, alienates the Unionist population, and damages the climate for Government's own initiative.

5. Other Interested Parties

The ROI sees no difficulty in the Principles as such. The last administration was critical of the disinvestment lobby but the present administration has been somewhat coy even on this aspect, clearly wishing to keep HMG under pressure on employment equality. The SDLP (John Hume) does not take issue with the Principles but has been highly critical of the campaign's potential for damaging US investment in Northern Ireland. The RC hierarchy has not taken a position in the matter but its silence is more likely to be seen as consent rather than disapproval. Both the Presbyterian and Methodist Assemblies in Northern Ireland have criticised the MacBride campaign. NIC/ICTU is privately opposed but has maintained a low profile in the interests of TU unity in Ireland. At the ICTU Conference last month a number of pro-MacBride resolutions were remitted. In adopting a NIC/ICTU paper which advocated strengthening of NI fair employment law ICTU effectively rejected the MacBride Principles as a solution.

6. Legality

The legality of the Principles is a matter of dispute. The MacBride proponents claim that they can be given effect within NI law and have a legal opinion from Mr Archer QC, MP and a decision by a US District Court in respect of American Brands, to support them. The FEA, however, is on record with a contrary view considering that a number of the Principles could bring US companies into conflict with NI law and criticising the Principles as likely to confuse companies regarding what it, and is not, acceptable employment practice. Legal advice to US companies supports the FEA line (which is reflected in HMG's recent statement on MacBride - in booklet "Fair Treatment for All"). Our own legal advisers consider that action in pursuit of the Principles is the touchstone and have indicated that certain actions would be lawful but other forms of action (eg reverse discrimination) would be illegal. Government policy has been to refer to the views of the FEA on this aspect: the FEA is the relevant statutory authority. Ultimately only NI courts could decide the issue.

NI Lobbyists

The following have already been involved in lobbying in the US and are likely to be used again in the future:

Mr J Eccles - Businessman/FEA member
 Mr R Cooper - Chairman FEA
 Mr Paddy Devlin - Journalist and Vice Chairman NI Labour Party
 Mr H Burns - FEA Member and District Official ITGWU
 Mr V Mageean - Director, Northern Ireland Small Business Institute
 Mr R Galway - Member of FEA staff

Potential lobbyists include:

CBI

NIC/ICTU (various)

Father Seamus Enright - YTP Community Workshop, Clonard

Sister Genevieve - St Louise's Comprehensive College

James Doherty - Businessman, Housing Executive, International Fund,
Londonderry

T G McLaughlin - Thomas McLoughlin Ltd and Director Northern Bank

J F McEvoy - Chairman Newry & Mourne DC

Dr R Osborne - University of Ulster

Professor Desmond Rea - University of Ulster

R J Cormack - QUB

John Cushnahan

John Hume#

Messrs T Carlin and J Freeman have written supporting letters to State legislators but have not so far agreed to participate in visits to the US.

#has written supporting letters but has not so far been available for visits.