

Remarks of John Hume MP MEP to The Socialist Group Conference :-

"1992 : The Significance of the Single Market for Northern Ireland"

In the Europa Hotel, Belfast, 19 November 1988

Other speakers today have examined the likely impact of the single market upon various sectors of the economy. They have given us vital information which everyone engaged in business and trade should be aware of. It is our intention to publish, in booklet form, the entire proceedings of today's conference, and to make that booklet available to everyone here today, and indeed to everyone who is interested in this subject.

I believe I should not avoid making the criticism that government here in Northern Ireland have not been as active as they could have been in raising the level of consciousness of the major changes which 1992 will bring in its train. Throughout the European Community, the governments of the member states are engaging in a variety of educational programmes to disseminate knowledge and information about the completion of the Single Market. In the South, Government Ministers have been bringing a "1992 roadshow" to every major town and district centre in order to engage the attention of the general public. In the North we have had relatively little input from government into the effort to make people aware of the importance of what is happening. It is not, however, too late.

The completion of the Single Market will affect not only those engaged in trade and industry. It will affect the life and opportunities of every single citizen. I have often remarked, in other contexts, that the changes which will be wrought by 1992 will have a greater impact on this community than most of the political developments which agitate us day and daily.

That is why we have organised this conference today and why we have published the pamphlet on 1992 which you will have found in your document packs. It is incumbent upon all politicians and political parties who take their job seriously, to help prepare this community for the future.

Northern Ireland is one of the least developed and most disadvantaged regions of the European Community. The great danger for such regions is that the impetus to new development and growth which the completion of the single market will bring, will pass us by - or even that it will have negative effects! There is a danger that existing disparities between the developed and less-developed regions will increase, and that the gains will be made by the 'golden triangle' in the centre of Europe and by no-one else.

That is why I have chosen to speak today on the social dimension of 1992. One of the new Community objectives established by the Single Act is that of strengthening economic and social cohesion, in particular by reducing disparities between the various regions, and the backwardness of the least-favoured regions. Greater cohesion, in terms of living standards and incomes is obviously desirable for its own sake. However, measures to accomplish greater cohesion will result in benefits for all regions <sup>and not only those</sup> in which they apply. If prosperity is spread more widely in Europe then the potential markets for goods are also expanded, to the benefit of manufacturers and producers everywhere. That has spin-off effects on industrial growth, the reduction of unemployment and on the market for farm produce.

This is the aspect of 1992 which should be of major concern to all of us in Northern Ireland. Since we entered the European Community, the numbers of workers engaged in manufacturing here have been cut in half. By almost

any of the ordinary criteria our economy is in a state of catastrophic decline. This is not a consequence of our joining the Community. The late seventies and the eighties have been periods of contraction and decline all over the western world. Indeed the effects of that decline might well have been greater here were it not for our membership of the Community, the stabilising effect which it has had upon agriculture, and the transfers from European resources which have allowed certain developmental projects to go ahead in spite of the British Government's policy of budgetary constraint.

However, it is clear that we have not benefited from membership of the European Community as much as we should have. Part of the reason for that has been the negative approach of successive British Governments to the European Community. Part of the reason, also, is the failure of the Community to elaborate a real and effective regional policy. However, it must also be accepted that we joined the Community at a time when the initial rapid growth which followed the Treaty of Rome had slowed dramatically. Much of the creative energy of the Community since the mid-seventies has been absorbed by successive enlargements, from a Community of six to a Community of twelve. We must hope that the completion of the Single Market will bring to an end that period of absorption and adaptation, and unleash a new rising tide of creative energy which will lift all boats.

Clearly, Northern Ireland stands to benefit from being part of a dynamic growing Europe which is on the move again. There is evidence that weaker economic regions do disproportionately well during periods of rapid economic growth. Furthermore, the removal of barriers and frontier controls is of most importance and benefit to the outlying regions which have most barriers to cross before their products reach the large central markets.

And there is every reason to believe that the completion of the single market will bring a new dynamic to Europe. The Commission Working Paper of September 1988, referring to the Cecchini Report and other studies, estimates that :-

"The economic and social advantages of completing the internal market could include 4.5% growth and the creation of close to 2 million jobs. However, if economic policies aimed at cushioning the impact of the single market are put into effect, making the best use of the room for manoeuvre provided by that market, the Community could achieve 7% growth and 5 million new jobs".

After so many years of stagnation and decline, the prospect of renewed growth is exciting and challenging. It is the task of politicians and political parties to ensure that each region of Europe shares fairly in that expansion, and that each section of society benefits fairly as well. In this context we welcome the statements of Commission President Jacques Delors to the European Confederation of Trade Unions in May 1988, and to the British Trade Union Congress in September last. And indeed this approach - the strengthening of the Social Dimension - was fully endorsed by the European Council of Heads of Government and State in Hanover in June 1988. There are no takers in Europe for the Thatcherite vision of an unrestrained market 'free-for-all' - even among European conservatives.

If there is to be a strong social dimension to 1992, then obviously it must involve addressing and dealing with the principal problems affecting society. And there can be no doubt that the most important problem facing European society is unemployment. The statistics published this week show that we have almost 16% unemployment. That is 50% higher than the European average which has remained fairly constant for the last ten years at around 11%. However, these figures hide a wide range of regional and sectoral

disparities. Regional unemployment rates range from 3% in parts of the 'golden triangle' to 30% and over, in the more depressed regions. In Cookstown and Strabane this week's figures show rates of almost 30%. And more than half of the unemployed in Europe live in the 42 regions whose unemployment rate exceeds 12%. Fifty percent of unemployed workers have been unemployed for more than a year, 30% for more than two years. The unemployment rate for those under 25 years of age is over 22%, more than twice the rate for other workers.

The most tragic aspect of this is the enormous waste of peoples' lives and capacities. Chronic unemployment, of the kind we are all too familiar with here in Northern Ireland, involves the loss of knowledge and skills, the loss of initiative, the loss of hope. It is the main reason for social exclusion and marginalization, the main factor explaining worsening income distribution and the appearance of new forms of poverty. There is a generally accepted link between the growth of violent and anti-social behaviour and unemployment.

Any serious social policy, whether community or national, must have as its priority the solving of the problem of unemployment. The completion of the Single Market is the first real opportunity for years to generate growth and create jobs. Growth will be all the greater if the Member States can be persuaded to cooperate more in their economic strategies. And the impact on unemployment will be all the greater if the member states can be persuaded to support ever greater use of the structural funds in programmes of development for the more disadvantaged regions of the Community.

As most of you know, in the early months of this year Mrs Thatcher attempted to write Northern Ireland out of the new structural funds. She proposed a formula which would have limited the application of the increased funds to the Republic, Spain, Portugal and Greece. I raised the matter with her in the House of Commons and we spared no efforts to publicise what she was attempting to do. Fortunately she was eventually forced to abandon her position, and Northern Ireland is now included as an Objective Number One region for the purpose of the new structural funds.

The amount of money involved is very considerable. In 1987 expenditure from the structural funds in Northern Ireland was of the order of £100 million. In a situation where the structural funds have been doubled, and are to be concentrated in a smaller number of regions we could reasonably expect at least £100 million of extra expenditure in Northern Ireland, but more likely £150 million. That would mean total structural fund expenditure of about £250 million.

However, this raises the whole question of additionality. We have struggled, and with some success, to win European funds for projects in Northern Ireland. Yet all along the way we have been handicapped by a government which has used increases in European Community expenditure here as an excuse to reduce its own expenditure. We have struggled for years to overcome this handicap. In 1984 we achieved a breakthrough in respect of the Urban Renewal Regulation when the European Parliament successfully persuaded the Commission to demand of the British Government that the £63 million devoted to the programme should be demonstrably additional. The Commission are now working on a similar formula to insist that the new structural funds will be demonstrably additional; and I am quite sure that everyone at this Conference wishes them total success.

I regard the constructive use of the new structural funds over the next four years, and longer, as crucial to our development. Again I quote from the Commission Working Document on the Social Dimension of the Internal Market (September 1988)

"... productive capital does not move, as is sometimes claimed, to areas which have very low wage levels. Although this factor may have a certain relevance, especially in the case of some highly labour intensive industries, there are other more decisive factors in decisions on location, such as the supply of infrastructure, the quality of the public services and the availability of a sufficiently well trained workforce".

Infrastructure, the public services and worker training are what the structural funds are all about - the Regional Fund, the Social Fund and the guidance section of FEOGA.

Within the next two weeks we will be publishing a further pamphlet, precisely on this subject, in order to explain the operation and nature of the new funds. The most important point to be grasped is that projects are no longer to be submitted to the various funds in the sort of haphazard way that has prevailed until now. Instead member states are being asked to think in terms of the achievement of five objectives:

Obj 1 the development and structural adjustment of less favoured regions, ie regions with a per capita GDP lower than 75% of the Community average. Both parts of Ireland are included among the Objective No 1 regions. The achievement of Objective No 1 will be supported by all three funds and there will be a concentration of resources on it, in that 65% of the structural funds will be spent there, and the rate of intervention will rise to a possible 75%



- Obj 2 regions seriously affected by industrial decline - Northern Ireland is not covered by this objective.
- Obj 3 combatting long term unemployment throughout the Community through the Social Fund
- Obj 4 integration of young people into employment through use of the Social Fund.
- Obj 5 speeding up the adjustment of agricultural structures and the promotion of rural development.

The major part of the new funding will be available to Northern Ireland under Objective 1 but we will also qualify under Objectives 3,4 and 5. In order to achieve these objectives member states are required to submit to the Commission by April 1989 detailed development plans covering a three to five year period. These plans will set out the priorities which have been chosen, the aid which is being sought from the different structural funds and the strategy which is being followed to achieve the new objectives.

In most member states work on the implementation of this process is well under way. Governments are engaged in a process of consultation with regional authorities and councils, with special interest groups, and with both sides of industry. Northern Ireland is now possibly the only Objective Number One region where such discussions have not been arranged. It is a matter of extreme urgency that work on development plans for Northern Ireland get underway immediately and that the opportunity is given for all interested parties to make an input.

And it is important to bear in mind that there will be no predetermined amount of aid to be given to each region, or Member State - no quota system. The Commission will have a wide range of discretion in the disbursement of aid; if Northern Ireland comes up with high quality development plans and proposals under the different objectives, its level of aid will be accordingly higher.



If unemployment and by implication social deprivation and civil division is to be tackled effectively a major expansion of the productive base in manufacturing; agriculture and private services is necessary. The long term aim must be to create an economy less dependent for its development and prosperity upon major inward exchequer transfers and foreign investment.

A New European Infrastructure programme of expenditure is required; in order to promote Economic Linkages and Cooperation; with the South through crossborder programmes; directly with the European continent, and with the UK economy. The linkage priority would apply to policy and investment in electricity, gas supplies and energy, telecommunications and transport. With the completion of the Channel tunnel by 1993 Ireland will be the only land area without a fixed physical link to the rest of the Community. In order to minimise the costs of peripherality Ireland, North and South should jointly develop programmes involving the upgrading of harbours, passenger and ferry services, air services and together with the UK authorities transit routes to the Continent.

Within Northern Ireland there should be:

- Increased expenditure on human resources especially language training, training in the new technologies and the establishment of links with European universities through the COMETT and ERASMUS programmes.
- A revitalised industrial development programme based on partnership between the public and the private sector, and with special funding for export marketing, the improvement of local technology capability and venture capital for local initiative. Priority should be given to the promotion of joint ventures with Continental firms.

- A integrated rural development programme (which is now explicitly provided for under objective No 5) involving the promotion of forestry, fish farming, horticultural products, and the promotion of industry based on agriculture, tourism together with the decentralisation of government departments and agencies (which continue to be almost exclusively sited in Belfast).

- A drive to eradicate poverty by focusing and targetting development programmes on the poor and on particularly deprived areas. The rural poverty projects which are being funded in Northern Ireland by the European Commission could serve as a model for large scale programmes.

The reform of the funds and the doubling of their resources is the first practical sign of the Commitment - as renewed and strengthened in the Single Act - of the European Community to bring about the catching up of the less developed regions. The stimulus given by the doubling of the funds, if it is accompanied in the less-developed regions by an increase in the efficiency of investment and by the right macroeconomic and structural policies has been calculated by the European Commission to lead to the catching-up of these regions over a 10 to 15 year period.

We believe that a target of not more than 10 years be set to accomplish this catching-up process, that progress towards it be monitored and that further increases in the Structural Funds (to be financed out of the overall economic benefits from the Single Market) be made available if necessary. It is time to stop the rhetoric about convergence and cohesion and to begin a planning process.

The real test, however, of the success of the drive to complete the internal market will be whether or not the peoples of Europe are ready to subscribe to it, and support it. If, in future elections, there is an endorsement

of those parties who take a positive attitude to it, then narrow national and sectional interests will not prevail. If we are to engage the support of the general public, however, then 1992 must be made relevant, not just to business but to people. The European Community cannot achieve its aims unless this is realised.

An indispensable requirement of this process is that the trade union movement should become totally involved. The Commission has made it clear, and in particular Jacques Delors, that they wish to bring the Trade Unions along in partnership, that they wish to promote dialogue and agreement about objectives between the social partners. It is very gratifying that the Trade Union movement in these islands has begun to respond positively to the Commissions proposals. As Ron Todd put it, with his usual elegance of expression, - "It's the only game in town".

For our part we welcome the proposals made in Stockholm and in Bournemouth by President Delors:

- 1 that there should be agreement on a platform of guaranteed social rights, such as every worker's right to be covered by a collective agreement, and that this should be translated into Community Law;
- 2 the extension to all workers of the right to life-long education, after full consultation with unions and management;
- 3 the introduction of a new statute for European Companies which would encourage and promote workers participation.

If the Community succeeds in implementing meaningful policies in relation to economic and social cohesion, and in relation to social policy, then not only is it more likely that the target of achieving a single market by 1992 will be achieved, but the considerable benefits of 1992 will be distributed in a more socially just way. The European Community is subject to democratic control - primarily through the European Parliament

- and it is the interests of the people of Europe, all the people of Europe, which must prevail.