

Submission by John Hume

SUBJECT : RESOLUTION OF 14 NOVEMBER 1979 ON COMMUNITY REGIONAL
POLICY AND NORTHERN IRELAND

SUMMARY :

Northern Ireland has, at 11.5 %, one of the highest levels of unemployment in Europe. Forecasts suggest that the level could rise to 16 % before the end of the year. Housing is bad, emigration is high. There is a young, growing population. The level of violence is high. Employment has declined in the manufacturing sector, with major sectors such as textiles and shipbuilding under severe threat. New employment has depended on public expenditure on services and subsidies.

Membership of the Community has done little to stop the downward social and economic spiral of the region.

The establishment of a special economic development programme is called for. This programme, while increasing Community expenditure in the United Kingdom, should result in new policies, programmes measures, and structures. The experience gained could be applied to other regions.

The search for peace is linked with the winning of prosperity. The resolution seeks to provide a common basis on which a broad coalition of Members of the Parliament can show their practical concern about the situation in Northern Ireland and to establish a programme about which the broad majority of the people of Northern Ireland can agree.

I. CURRENT ECONOMIC AND SOCIAL SITUATION

1. One of the highest levels of unemployment and emigration in Europe.

The population of Northern Ireland is 1,500,000. It is a population which has always lived under the shadow of unemployment. Since 1945, unemployment has averaged over 7 % and currently (January 1980) stands at 11.5 %.

Within the region, unemployment is exceptionally severe in certain areas (see map, Annex 1). For example, unemployment is at 23.7 % in Cookstown, 21.5 % in Dungannon, 21.3 % in Newry and 23.6 % in Strabane. These are not minor limited blackspots as the map shows.

These figures underestimate the real gravity of the unemployment situation. Because of the difficulty in finding work, many persons - women in particular - are discouraged from seeking work and registering as unemployed.

Secondly, and more seriously, there is a very high level of emigration. Emigration reached 16,000 in 1974 and has averaged around 12,000 per year since then. This is a terrible loss for the region especially as it is concentrated among the young, skilled generation, the basis of hope for the future.

- ii. One of the youngest and potentially fastest growing populations in Europe, well educated and emigrating.

29 % of the population is under 14 years old (compared with 21 % for Germany, 23 % for France).

Over 45 % of the population is under 25 years. The average annual rate of increase of the population (1970 - 76) has been 7.9 per 1,000. Emigration however serves to prevent this natural rate of increase from turning into a real overall increase in population which has remained static.

Unemployment is very high among school leavers. Its shadow falls over the educational system which, despite its quality (with for example, the highest number of school leavers going on to full-time education in the United Kingdom) is educating a large proportion of the provinces' children for unemployment or emigration.

iii. Poor housing conditions

An official survey carried out in 1974 showed that some 20% of houses in the region were statutorily unfit for human habitation, and a further 17.5 % in urgent need of improvement or repair. The housing situation is particularly bad in the inner city of Belfast where an official survey carried out in 1979 showed that more than 20 % of the city's homes still lack 4 of the 5 basic amenities viz a bath, internal lavatory, wash basin, kitchen sink or hot and cold water.

iv. Major civil unrest

Since 1968, the region has been in a state of major unrest and tension.

The 1978 statistics are representative : 755 shooting incidents, 455 explosions, 66 civilian deaths, 31 army or police member deaths and 396 injuries; 548 civilian injuries.

II. THE ECONOMIC SITUATION. ITS STRUCTURE AND FUTURE OUTLOOK

1. A declining and heavily subsidised industrial structure ...

The industrial structure of Northern Ireland is heavily dominated by declining, old-fashioned or uncompetitive industry. Employment in manufacturing industry has fallen between 1970 and 1977 from 177,500 to 140,900. Substantial losses have been made in textiles (from 44,800 to 32,200) and clothing and footwear (from 24,600 to 17,900). Along with shipbuilding (currently employing 8,900) these major sectors face major problems in the 1980s.

The dependence of this structure on public support and expenditure is shown by the fact that over 45 % of manufacturing industry has been established with government financial support (1977).

ii... Compensated for by a heavily subsidised services sector

Employment has grown in the services industries - up from 247,200 in 1970 to 298,500 in 1977. But over 14,000 of these new jobs have been in public administration and defence and over 30,000 in professional and scientific services.

iii. The outlook

There have been two recent reports on the outlook for the Northern Ireland. 'Economic and Social Progress in Northern Ireland' (H.M.S.O. February 1979) produced by the Northern Ireland authorities and more recently, 'The Northern Ireland Economy, the Current Economic Situation and Prospects for 1980' (January 31, 1980) produced by an independent consultancy group (Coopers & Lybrand).

The first report concludes :

"Over the next few years, Northern Ireland will be hard pressed to maintain the existing level of employment, even on optimistic assumptions ... The scope for developing further special development policies for Northern Ireland is limited. Public expenditure resources are limited and rival claims abound".

The second report has been written in the light of extensive cuts in public expenditure in the U.K. and Northern Ireland; cuts to which Northern Ireland is particularly vulnerable because of its dependence for jobs on the public sector and on government supported industry.

The report concludes that unemployment could reach 14 % or even 16 % within a year.

The report estimates that even with net emigration of 10,000 per year, the region will need to find 6,000 jobs a year in order to stand still in terms of unemployment.

III. NORTHERN IRELAND AND THE EUROPEAN COMMUNITY

1. The Effect of Membership

1. Since its membership of the Community began in 1973, Northern Ireland has benefitted from the various funds and programmes which have been operating throughout the Community. Details of the sums allocated to Northern Ireland are given in Annex 2. These benefits must, of course, be offset against that part of the contributions of Northern Ireland to the United Kingdom Exchequer which is ultimately paid into the Community's budget. Furthermore, the real impact of these funds and loans on the economy and on living standards in the regions is very difficult to judge. This is because the monies are paid directly to the United Kingdom Exchequer. In many cases, the United Kingdom government uses these monies simply to offset expenditure which it was committed to in any event. Where this is true, the Funds can be said to have had no direct impact whatever.

2. Agriculture which provides 10 % of employment in Northern Ireland, has definitely benefitted from the higher prices prevailing under the Common Agricultural Policy. But even here, Northern Ireland has not gained as much as might have been expected.

The United Kingdom Green Pound policy has not been beneficial to Northern Ireland. Furthermore, important concrete opportunities are being missed. The Community has taken a new initiative by financing specific development programmes in poorer agricultural regions such as the West of Scotland, Southern France, Southern Italy and the West of Ireland. Despite the clear need for such a programme in the poorer regions of Northern Ireland which are characterised by

low land fertility, small holdings, high unemployment and high dependence on agriculture, no initiative has been taken.

Community finance could be available for a programme of soil and land improvement (drainage and reclamation), forestry development, fencing, reseedling and fertilization of pasture, development of processing and marketing of produce, improved advisory services, training and the development of infra-structure including roads, water supplies, communications and electricity.

3. The impact of membership on industrial structure and on jobs is only becoming slowly apparent. It is not clear that the exposure of the weak Northern Irish economy to the rigours of intra-Community competition has been beneficial.

Some sectors, such as man-made fibres, have been very badly affected by Community trading policy. Taken overall, Community membership has probably speeded up changes which would have been necessary in the long term in any case. However, the rate of job-loss is not being compensated by new job creation - an obvious pre-condition for socially acceptable industrial policy.

4. In the absence of any comprehensive economic assessment of the effects of membership (and which is called for in the Resolution), one is forced to the overall conclusion that despite the multiplicity of Community policies and despite many 'commitments' to give priority to Northern Ireland as a severely disadvantaged region, the downward spiral of the region's economy will continue under present policies.

The reasons for this failure are partly linked with the lack of direct representation of Northern Ireland's special interests in the Council of Ministers. But they are also caused by the lack of coordination in the use of the different funds and in the policy decisions taken in the Community. If Community expenditure is to be effective, its different elements must be integrated together and with national expenditure as part of an overall programme.

ii. Recent Community Developments

1. Cross-Border Programmes

Over the past six months, there have been signs of recognition that Community expenditure in Northern Ireland, as in other regions, must be based on the need : "to fix clear cut aims, no longer by Community aid to individual projects financed by Member States, but by overall programmes which correspond to the social and economic requirements of the regions and are of a nature to create conditions for their self-development" (Commission's Explanatory Memorandum of October 15, 1979 on 'Specific Community Regional Development Projects'). This approach has led to the adoption by the Commission (now before the Council) of a special action aimed at contributing to the improvement of the economic and social situation of the frontier zones of Northern Ireland and of Ireland.

These measures form part of the 'non-quota' section for expenditure under the Regional Development Fund. They allow for up to 70 % of financial participation by the Community in programmes to develop tourism, amenities, communications, and artisan enterprises in the areas of Northern Ireland directly adjoining the border viz Londonderry, Strabane, Omagh, Fermanagh, Dungannon, Amargh, Newry and Mourne. These local district areas have a total population of 384,000 or 25 % of the total population of Northern Ireland.

2. An 'Integrated Action' for Belfast

The Commission is drawing up in conjunction with the Northern Ireland authorities, a programme for an integrated operation in Belfast. Details of this programme are not yet available, but will involve a series of coordinated measures using all the Community funds over

a 3 - 5 year period to come to terms with the city's problems - viz declining traditional industry, poor housing and poor environmental conditions.

The operation will also integrate the 'non-quota' measures proposed for zones adversely affected by the restructuring of the shipbuilding industry.

Belfast Urban Area has a population of 569,500 or 37 % of the total Northern Ireland population.

3. Special Community action for Northern Ireland

In the context of the discussions on the U.K. budgetary contribution to the Community, both the Commission (in its Communication of January 30, 1980) and the U.K. government have proposed special aid to Northern Ireland as one of the elements in increased Community expenditure in the U.K.

In the Commission's proposals, specific programmes for Community intervention are put forward; 'in the first instance for the most disadvantaged regions, such as Northern Ireland'.

The United Kingdom government has stated in its briefing for United Kingdom Members of the European Parliament on this resolution that 'a new or greater role for the use of Community funds in Northern Ireland would be welcome both for their intrinsic benefits and because they would help to reduce the imbalance between the United Kingdom's payments to the EEC and its receipts'.

III. RECOMMENDATIONS

1. Need for an overall development programme

The logic of the way in which regional policy has developed and the experience gained by the Community in its use of funds points towards the establishment of an overall development programme for Northern Ireland. In particular, the independent drawing up of programmes for Belfast and the border regions which together will cover some 62 % of the population, seems incoherent.

The key to the future development of Northern Ireland and to effective Community aid for the region must be a plan setting out comprehensive and ambitious targets, indicating in a credible and realistic way, the resources necessary for their accomplishment and mobilising these resources. The targets should be to bring the region up to the average Community level as regards employment, income levels etc., and, structurally, to achieve in the long run an independent regional economy, possessing a strong mixed industrial structure, competitive on the basis of high productivity rates and capable of generating more of its own growth.

The Commission should carry out a review of the prospects for the Northern Ireland economy. This review should cover the following key points :

1. Population projections and job-creation needs.
2. Guidelines for land use and decisions on infra-structure (growth centres, ports, communications).
3. Guidelines for industrial structure.
4. Agricultural development and food processing (with special reference to regional programmes).
5. Role of local development agencies.

6. Role of subsidies to counteract 'natural' disadvantages (transport and energy costs).
7. Housing stock renewal and urban development.
8. Special programmes for areas of high unemployment.

On the basis of this review (which should be quickly carried out as a matter of priority), a plan should be drawn up. It should be extensively discussed with all the various local representative bodies and interest groups, and its implementation should be closely monitored by a local body which would have special responsibility for Community affairs within the framework of the plan.

This will involve a new approach and much reflection and discussion. How can high energy and transport costs be circumvented? What are the regions natural advantages? Can a new approach to the relationship between government and local initiative be worked out? How can small industries be developed? Can job creation programmes live side by side with a market economy? What sectors should Northern Ireland specialise in? How should it fit in with its neighbouring economies?

ii. The Resolution in the context of the United Kingdom Budgetary problem

The possibility of increasing United Kingdom budgetary receipts through special aid to Northern Ireland has been raised both by the Commission and the British government. The establishment of a special programme for Northern Ireland is justified in itself, quite independently of the debate about the United Kingdom budgetary contribution.

It is clear that for the immediate future, Northern Ireland will be highly dependent on high levels of public expenditure. But the long term objectives of the programme must be to lay the basis for self sufficiency. The aid from the Community must therefore not simply off-set ongoing government expenditure, but be specifically directed at the winning of sustained economic prosperity.

It should therefore result in the establishment of identifiably new policies measures and structures. Expenditures from the Community should be clearly identifiable perhaps by the establishment of a special budgetary line and the establishment of a locally based body with special responsibility for the implementation of the programme. Only if this is done will it be possible to apply the experiences to other regional situations.

iii. The search for peace will be served by the programme

If attention is given to Northern Ireland in the world press, it is for its grave record of violence, communal strife and political instability rather than for the less dramatic economic and social problems outlined above. This submission does not attempt to draw any naive relationships between community instability and poor economic and social conditions. The complex of cause and effects is elaborate. But it is clear that the population and the economy have got into a vicious downward spiral of civil unrest → lack of confidence → little foreign investment → lay-offs from an old uncompetitive industrial structure → increased public expenditure → lack of local initiative → alienation → emigration → civil unrest.

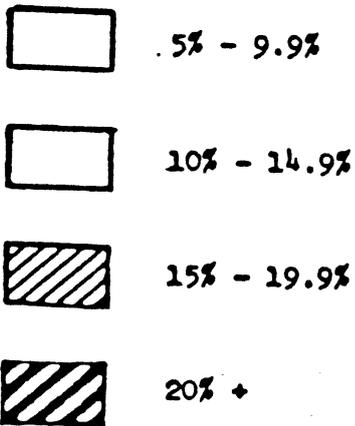
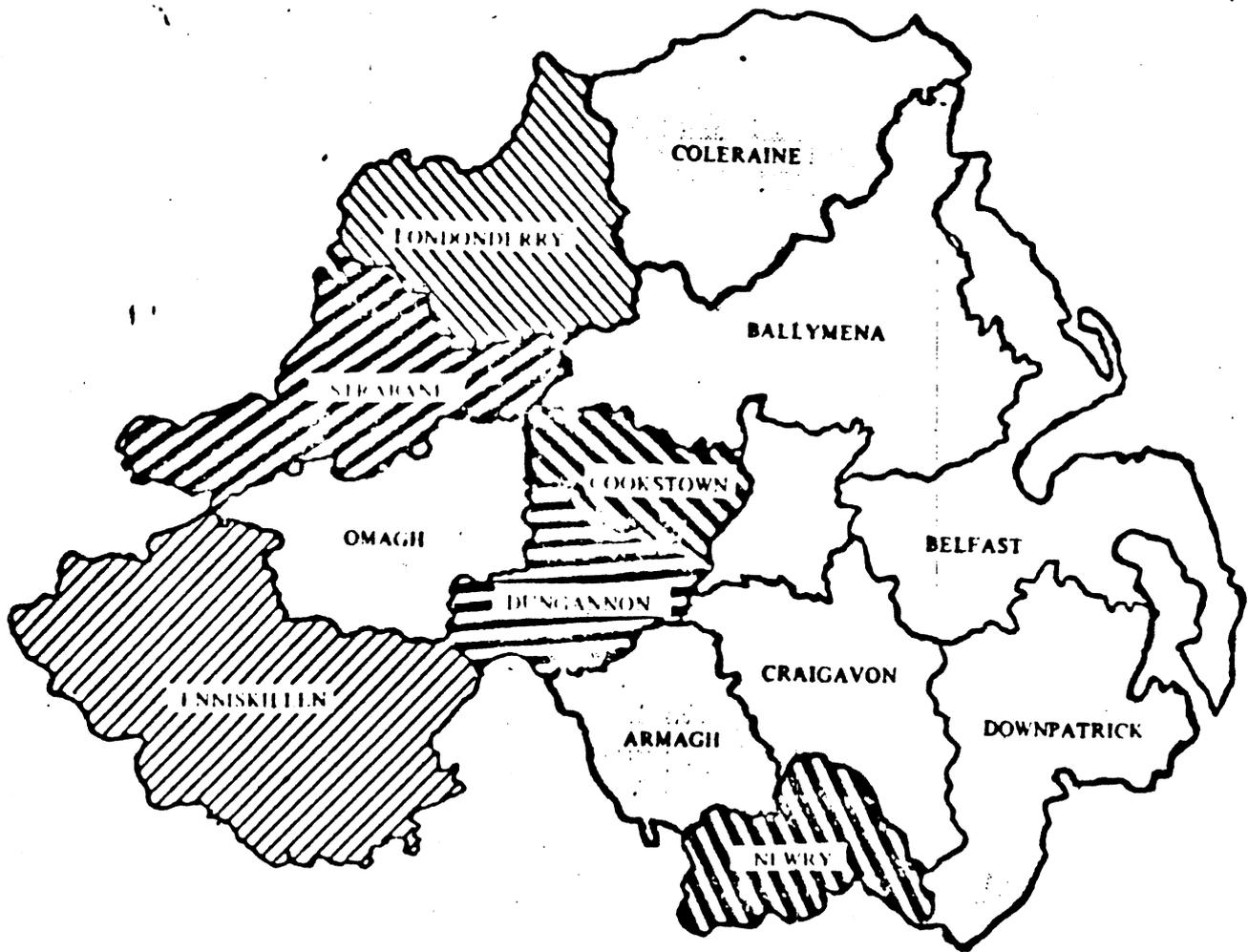
The search for peace and stability is intimately bound up with the achievement of economic progress and decent living conditions, with the provision of jobs and houses. The Community has extensive social and economic powers and responsibilities. The relationship between these powers and responsibilities and more strictly 'political' questions was clearly identified by the founders of the Community in the preamble to the Treaty of Paris, when they said.

(We are) "resolved to substitute for age-old rivalries the merging of essential interests, to create by establishing an economic community the basis for a broader and deeper community among peoples long divided by bloody conflicts and to lay the foundations for institutions which will give direction to a destiny henceforward shared".

This Resolution takes its inspiration from the above well-established Community principles. It seeks to provide a common basis on which a broader coalition of members of the Parliament can show their practical concern and identify problems and solutions with which the broad majority of the people of Northern Ireland can agree.

It is the special situation of Northern Ireland which justifies particular help and action from the Community. It is hoped that experience with the establishment of a programme for Northern Ireland will be seen as a kind of test case or pilot scheme from which techniques and lessons of under application could be derived for the other underdeveloped regions in the Community, regions which, however deprived economically, do not have the same political and communal problems.

ANNEX 1. GEOGRAPHICAL DISTRIBUTION OF UNEMPLOYMENT



SUMS ALLOCATED TO NORTHERN IRELAND FROM EEC FUNDS (£m)

	European Regional Development Fund	European Social Fund	FEOPA Guidance*	Total
1973	Fund not in	4.1	1.7	5.8
1974	operation	4.9	2.4	7.3
1975	7.5	4.7	4.1	16.3
1976	6.9	13.5	3.1	23.5
1977	8.8	9.6	3.8	22.2
1978	14.2	16.1	4.0	34.3
1979(est)	25.0	30.0	7.0	62.0

* it is not possible to identify Northern Ireland's receipts from the guarantee section separately from those of the rest of the UK

LOANS FROM EUROPEAN INVESTMENT BANK

In addition the European Investment Bank has made the following loans for projects in Northern Ireland.

- 1974 £2.5m (Shorts) - development of low cost commuter aircraft
- 1975 £0.15m (Arntz Belting) out of global loan to Industrial & Commercial Finance Corporation
- 1977 £18.5m (Post Office) - extension and modernisation of telephone system
- 1979 £48.3m (Northern Ireland Electricity Service Kilroot power station and various road schemes)