

WJH 99/9/88

Mr M. J. Winter



CONFIDENTIAL

cc Mr Semple, DFP ✓
Mr Hopkins, IDB
Mr Chesterton, NIO(L)
Mr Hewitt, IDB
Mr Minnis
Mr Bell, NIO(L)
Mr McConnell, PAB
Mr Bohill
Mr Leach, NIO(L)
Mr Johnston

SECRETARY:

THE MACBRIDE CAMPAIGN - LETTER FROM MR FALL

① Mr Semple
② Mr Hodgson
③ Mr Watkins

1. We are under an obligation to provide the Secretary of State with advice and a response to the letter of 29 July from the Embassy in Washington. Attached are a draft submission and a draft reply which I am circulating to you and colleagues for comment before they go to the Secretary of State.
2. The letter from Fall is designed to provide the Embassy's assessment of the success of the efforts which have been put in over the past year and to urge the Secretary of State to put further resources into these efforts in the forthcoming year. Sir Kenneth Bloomfield has minuted Mr Bell on foot of this letter to ask for some work to be put in hand to evaluate the wider issues of our interaction with the FCO in the use of resources in the US and subsequently the Private Office have indicated the Secretary of State's desire to have a discussion about our overall priorities in respect of the US.
3. It is my belief that the time is not right to make any radical change in our current approach to the MacBride issue, either in terms of tearing up the existing policy or of throwing substantial additional resources at it. As you know, I believe that we should be working towards a reduction in our profile on the issue, but this can only be done once the new legislation has been enacted and we can evaluate the position in the light of it. I am therefore recommending that our advice to the Secretary of State should be that we maintain the scale of the MacBride counter-measures at their existing level until next summer, when we should be in a better position to determine the level of input, if any, likely to be required beyond the enactment of the legislation. Although I have not put any specific figures into the submission, it is my view that the resource requirement should not exceed £200,000 in total in 1989/90.

CONFIDENTIAL

CONFIDENTIAL

4. Despite our different perspective on the resource issue, our policy position is not too far removed from that of the Embassy and it should be possible to present our case in fairly positive terms. It seems to me, however, that we do need to take issue with the Embassy on three specific points. The first is that we should make it clear that the use of professional lobbyists can only be on a selective basis and that we cannot offer carte blanche to their use in every State where a MacBride bill is likely to appear. The second is that we cannot agree that we should fund the travel costs of the Embassy staff dealing with the MacBride issue. And the third is that there is not the simple trade-off between MacBride activity and IDB promotional activity that the Embassy have so conveniently tried to draw as a means of getting their hands on additional funds.

5. On the wider issues, I suspect that we will not be allowed to divorce a reply to the Embassy on the MacBride issues from the consideration of the priorities in the US and I have therefore incorporated some references to these. I have taken the view that the MacBride dimension is the major issue and have not sought to develop the arguments on the wider issues to any great extent. I apologise to IDB and NIO colleagues for appearing to usurp their responsibilities in this regard and I would be grateful for their wiser counsel and better drafting on the relevant references. Colleagues may also wish to consider whether there is a need to develop the debate on the priorities more substantively.

6. I would be grateful for an indication from colleagues of their contentment or otherwise with the submission and with the draft reply (which draws heavily on an earlier draft very helpfully provided by Mr Leach.)

D C GOWDY

9 September 1988

CONFIDENTIAL

CONFIDENTIAL.

WP Ref: CG1274/SLD

cc PS/PUS (B&L)
PS/Mr Stewart (B&L)
PS/Sir K Bloomfield
Mr Burns
Mr Semple
Mr Hopkins
Mr Chesterton
Mr Spence
Mr Gowdy
Mr Blackwell
Mr Bell
Mr Minnis
Mr Bohill
Mr McConnell, PAB

TO: 1. PS/MR VIGGERS: (B&L)
2. PS/SECRETARY OF STATE: (B&L)

FROM: D FELL
Department of Economic Development

Purpose

1. Fall's letter of 29 July to the Secretary of State offers the Embassy's assessment of HMG's efforts in countering the MacBride campaign and seeks agreement from Ministers that further funds will be made available to enable the existing strategy and approach to be maintained for a further year.

2. The purpose of this submission is to provide a domestic perspective on the effectiveness of the strategy and its further development to enable the Secretary of State to reply to Mr Fall. As indicated in Mr Patterson's minute of 19 August to Sir Kenneth Bloomfield, however, the Secretary of State wants to have a discussion with officials about our overall priorities in respect of the US and this submission is also intended to provide a starting point for that discussion if the Secretary of State wishes.

CONFIDENTIAL

CONFIDENTIAL

Present Strategy

3. On the basis of the policy decisions made by Ministers in November last, the present strategy in respect of MacBride has three main objectives, viz:
- firstly, to support the US companies affected by the MacBride campaign and so protect existing and future investment and jobs in Northern Ireland;
 - secondly, to prevent the political agenda for Northern Ireland being dictated from the United States and to maintain a defence against the anti-British manoeuvring of groups such as the INC and NORAIID; and
 - thirdly, to maintain the credibility of HMG's commitment to fair employment in Northern Ireland.
4. As Ministers will recall, it was agreed that the approach to be adopted would embrace three major features, viz the use of professional lobbyists in key States, the appearance of Northern Ireland witnesses at legislative hearings and the provision of advice and guidance to the US companies operating in Northern Ireland. A resource commitment of £500,000 was set aside for this approach in 1988/89.
5. The effort on MacBride of course is only part of the overall work of HMG in the US. The FCO is properly concerned to maintain sound relationships between the two Governments. In respect of Northern Ireland the major concern is to ensure the support of the US Administration for HMG policy towards the Province and to secure co-operation in dealing with the problems of terrorism. There is also a need to present the HMG case on general policy and on specific issues and

CONFIDENTIAL

CONFIDENTIAL

incidents to a wider American audience in the face of entrenched opposition and adverse propaganda from groups such as NORAID and the INC, etc. US investment and trade are also important considerations and it is a key objective of the IDB to attract more investment into Northern Ireland from the US.

Assessment

6. While there are these wider issues, it is true to say that the MacBride campaign has become a significant factor in the work of HMG in the US. The use of this issue has allowed NORAID and the INC, etc, to put their point of view across to State legislators and others and has been influential in stimulating some activity in Congress, through the D'Amato/Fish bills, the Donnelly bill and the amendment sought to the Defense Authorisation Bill by Congressman Kennedy. It has also pressurised companies and has added a further disincentive to the prospect of further investment in Northern Ireland. In this sense, the MacBride issue has been the most potent weapon adopted by those opposed to British policy towards Northern Ireland and it has been the view of the FCO that the potential for damage which it embodies dictates the need to counter it wherever it arises. At the same time, it is only one of a number of difficulties which the IDB faces in trying to secure new investment from the US and it is considered important to maintain a vigorous promotional effort to overcome these obstacles and present a realistic case for investment in the Province despite the perceived difficulties. The MacBride issue therefore remains only one of the priorities for HMG in the US, and although it impacts on many of the others it cannot be the exclusive focus of our attention in the US.

7. As recorded in Mr Fell's letter, significant effort is already being put in to counter the threat from the MacBride campaign. As a result of the efforts in the past year we have had a fair measure of success in reversing or interrupting

CONFIDENTIAL

CONFIDENTIAL

the momentum of the MacBride bandwagon. Bills were defeated in 4 States (California, Maryland, New Hampshire and Vermont) and were held up by continued debate in 3 other States (Michigan, Ohio and Pennsylvania). In the 4 States (Florida, Illinois, Maine and Minnesota) where the MacBride campaign was successful, the Bills were substantially weakened as a result of our efforts and it is significant that divestment clauses featured in none of them. This was no mean achievement and it is clear that the deployment of professional lobbyists, with "insider" knowledge and understanding of the legislative systems in the States concerned has added substantially to the sharpness of our approach.

8. It has also been the case that the companies have, by and large, stood firm in their resolve not to capitulate to the pressure from the MacBride lobby. Although the number of companies faced with Shareholder Resolutions at their Annual Stockholders Meeting increased from 6 in 1986 and 11 in 1987 to 17 in 1988, no resolution succeeded in getting through and, in general terms, the amount of support for these resolutions remained fairly constant. The only departure from this resolve not to be intimidated by MacBride was General Motors, whose decision to sell off their Fisher Body operations in Northern Ireland was, in part at least (although not publicly acknowledged as such), attributable to the nuisance effect of MacBride. The GM experience points to the latent dangers inherent in the MacBride campaign, both in terms of the threat to existing investment and the deterrent to new investment, and it is clear that we must continue to provide support and guidance to companies in the face of continued MacBride pressure.

9. On the political level, the MacBride debate has not surfaced to any great extent in Northern Ireland or the UK. The political parties - Sinn Fein

CONFIDENTIAL

CONFIDENTIAL

excepted - still remain opposed to MacBride and we are still able to call John Hume's comments in aid in the US. The Trade Union movement has continued to sideline the issue but we continue to have the assistance of the AT&GWU in providing witnesses to appear at hearings in the US. In the US, the failure of any of the bills introduced at federal level to make much headway has been encouraging but we do have the spectre of a Presidential candidate who has openly endorsed the MacBride Principles. Some work has been done to seek to influence Mr Dukakis' thinking through a former staffer of his, Ms Cay Stratton, who is currently working as a special adviser in Department of Employment and who has received a full briefing on fair employment in Northern Ireland.

10. The publication of the White Paper setting out Government's proposals for new fair employment legislation has also been helpful in dealing with the MacBride campaign. Although it has not cut much ice with those already in support of the MacBride Principles, it has been valuable in seeking to persuade those who are less committed of the determination and sincerity of the British Government in this area. The timescale for the enactment of the legislation has been a significant hurdle in securing American acceptance but the publication of the draft legislation later in the year should make it easier to demonstrate the cutting edge of Government's intentions in this field.

The Options

11. A frank appraisal of the results of the MacBride counter-measures over the past year would indicate that we have managed to achieve a fair degree of success at a relatively modest cost. In the first five months of the current financial year, only £50,000 has been incurred so far on professional lobbyists and the total expenditure on countering the MacBride campaign has not yet

CONFIDENTIAL

CONFIDENTIAL

exceeded £120,000. We have therefore been able to limit the impact of the campaign while being economical with resources. However, the campaign will continue to run and it is inevitable that we will see further States enact MacBride legislation. Our efforts are therefore directed towards limiting the damage which the campaign might cause and keeping the MacBride lobby engaged in a fight to get across the truth about fair employment in Northern Ireland.

12. There are perhaps three broad options for the future direction of our approach to the MacBride campaign. The first is that we could decide to withdraw now from the war of attrition at State level, cease our anti-MacBride activities and let the campaign take its course. The enactment of MacBride legislation has not to date had much impact on the companies and the campaign has created more nuisance than actual harm for them. However, as shown by the GM decision, the MacBride campaign carries the potential for considerable damage and it is clear that to disengage now would be to leave the companies exposed to the full fury of the MacBride lobby. Moreover, our friends in the US would not understand, while our opponents would claim that we were leaving the field because our arguments had been defeated. Such an approach would leave the MacBride lobby to make unchallenged mendacious statements about HMG's activities in Northern Ireland and would turn the MacBride hearings at State Legislatures into a series of triumphal pro-MacBride demonstrations. It would also risk setting at naught the positive impact made by the new proposals for fair employment legislation.

13. The second option would be to step up the present strategy and engage professional lobbyists and others more widely to interdict the appearance of MacBride Bills. In essence this is what the Embassy would wish to see and there is a respectable argument for putting further emphasis into the presentation of

CONFIDENTIAL

CONFIDENTIAL

the HMG case, in view of the durability of the Irish-American portrayal of HMG's approach to Northern Ireland and the importance of the US/UK relationship and the desirability of securing further investment from the States. In this context, the Embassy have drawn invidious comparison with the amount spent by the IDB on promotional activity and have hinted at the need for the re-allocation of some of these resources to meet the travel costs of their staff in the US.

14. This is an option which is also relatively unattractive. When the current strategy was developed, Ministers were reluctant to support high levels of expenditure or to agree an open-ended commitment to fight the MacBride campaign. It is also the case that the greater use of IDB resources for this work would reduce the scope for the parallel work which must go on to attract the interest of potential investors in the US in investing in Northern Ireland. (It is worth noting that the IDB has already provided £100,000 from its promotional budget for the US to support the current work on MacBride and it seems unduly parsimonious of the FCO to argue that another Department should carry the cost of its staff travel on MacBride work.) Since there is little prospect of us defeating the MacBride campaign even with additional resources it seems rather profligate to make any substantial increase in the amount of expenditure allocated to it.

15. The third and recommended option is therefore to maintain the current strategic approach at broadly its existing level. The new legislation on fair employment will not be enacted until mid-1989 and it would therefore be sensible to think in terms of keeping the anti-MacBride effort going on the same basis for at least the same period. It will be important to maintain strong advocacy in the US in support of the legislative proposals during the period that the

CONFIDENTIAL

CONFIDENTIAL

bill is going through its Parliamentary stages and to deal with the allegations and accusations levelled against HMG by the MacBride lobby at State hearings. This approach could then be reviewed on the basis that the enactment of the new legislation provides the opportunity to take a rather more detached view in the knowledge that HMG policy is enshrined in statute and should be allowed to prove its worth.

Conclusions

16. There seems little case for any radical change of approach at the present time. The existing approach has proved of value in giving the MacBride lobby pause for thought and it has to date proved reasonably economical of resources. The new legislative proposals will considerably strengthen the hand of HMG in dealing with the MacBride case but until they are enacted it would be prudent to maintain the current defensive posture at Stage legislative hearings and to continue providing advice and support to the US companies.

17. In many respects the companies are the fulcrum for the MacBride campaign. It is by applying or threatening pressure on the companies that the MacBride lobby are able to get at HMG. It might be possible therefore to think in terms of using the companies rather more aggressively to undermine the credibility of the MacBride case. From our knowledge of the US companies, we believe that their employment practices and workforce profiles are much more defensible than is alleged by the MacBride lobby. It is proposed therefore to discuss with the companies the possibility that they might both be more open with their employment details - in advance of the monitoring requirement which will be placed on them in any event by the new legislation - and state more positively, on much the same basis as Ford did last year, the soundness of their personnel and employment practices.

CONFIDENTIAL

CONFIDENTIAL

18. Ministers are invited to agree that:

- (i) the opposition to the MacBride campaign should be maintained and resourced at its present level until the new fair employment legislation is enacted;
- (ii) efforts should be made to persuade the US companies to be rather more open about the acceptability of their employment practices and profiles; and
- (iii) the present approach to the MacBride campaign should be reviewed once the new legislation is enacted.

19. If Ministers are content with these recommendations, a draft reply is attached for the Secretary of State to send to Mr Fall setting out this line and picking up some of the other issues included in the letter of 29 July.

DAVID FELL

CONFIDENTIAL

CONFIDENTIAL

DRAFT LETTER FROM SECRETARY OF STATE TO:

B J P Fall Esq CMG
Charge d'Affaires a.i.
British Embassy
WASHINGTON DC

THE MACBRIDE CAMPAIGN

1. Many thanks for your letter of 29 July describing the current state of play in our efforts to counter the MacBride campaign and giving the Embassy's views on the future direction we might take. I found this a valuable and informative tour d'horizon, as indeed was Antony Acland's letter of last October.
2. I also appreciated your complimentary remarks about the efforts which my officials, particularly in the Department of Economic Development (DED), have put in on this subject over the past year. We in turn are greatly indebted to the energy, enthusiasm and inventiveness with which you and your staff in the Embassy and other US posts have sought to counter the efforts of the MacBride campaigners, with a fair measure of success. The MacBride lobby can be in no doubt about the commitment and conviction of HMG.
3. Despite these positive results, however, we are still far from neutralizing altogether the challenge of this campaign, and I note that your prediction is for no let-up in MacBride activity, and perhaps even a significant increase, in 1989. It is an unfortunate reality that the US legislative system, particularly at State level, is open to exploitation by a small number of activists and legislators who, drawing on the emotional sympathies of the Irish/American

CONFIDENTIAL

CONFIDENTIAL

community, seem able to promote bills almost on an annual basis even in States where they have previously been voted down. Our victories, therefore, may turn out to be only temporary, while our defeats seem in practice to be permanent.

4. Against this background of unremitting MacBride activity, I continue to believe that our approach to the campaign should be predicated on three main objectives. First, we must support the US companies affected by MacBride, in order to protect existing and future investment and jobs in Northern Ireland. Second, we must oppose the anti-British activities of key players in the campaign such as NORAIID and resist any attempt to set the political agenda for Northern Ireland from the US. Third, we must maintain and demonstrate the credibility of the Government's commitment to fair employment in Northern Ireland.

5. However, although these objectives remain valid, the means we should follow to achieve them are not, of course, immutable. For example, we must not lose sight of the possibility that in certain cases our high-profile opposition to bills might itself offer a propaganda opportunity to our opponents, who could use HMG's direct involvement as a means of magnifying their own importance. And where public expenditure is involved, I of course have to assess carefully the value for money which we receive from the resources devoted to the anti-MacBride effort against the many other competing claims for funds from the Northern Ireland block.

6. In this context, I note your view that the ability to deploy professional lobbyists has been one of the most effective weapons in the armoury in resisting MacBride Bills. I am sure this is right and I am happy that we should continue to engage lobbyists in those States which are of particular economic or

CONFIDENTIAL

CONFIDENTIAL

political importance to us and where it is considered that the deployment of a lobbyist would have some material effect on the progress of the bill. I do not, however, believe that it is a sensible use of scarce resources to engage lobbyists in every State where a MacBride bill may appear and I would hope that it would be possible to use lobbyists selectively and judiciously.

7. The single most important element in our present strategy must be our proposals for new Fair Employment legislation. This new statute is an unequivocal expression of the Government's determination to take whatever steps are required to secure equality of employment opportunity between Catholics and Protestants in Northern Ireland. As you rightly remark, once the new legislation is enacted, the need for States to legislate will be even less clear than it is now and I believe that we must continue to make this point very clear to State legislators.

8. One avenue which I wish to explore for the future concerns the role of the US companies. As I said in my letter of 7 December, I am convinced that the most potent means of demonstrating that MacBride is superfluous would be a demonstration that the employment position in (at least) US companies in Northern Ireland is above reproach. I continue to believe that these companies could take a more robust approach to this issue. When the new legislation is in place the companies will be obliged to report on their employment practices to the new Fair Employment Commission. There are good grounds for believing that the US companies employment practices are in practice generally sound and defensible. My officials will over the coming months be exploring the prospects of convincing the companies that it is in their own best interests to be more open about their workforce composition and their employment practices.

CONFIDENTIAL

CONFIDENTIAL

9. But whatever the outcome of our approach to the companies, there remains the question of our anti-MacBride activities over the next twelve months or so. I have of course already allocated funds for the payment of professional lobbyists and the mustering of witnesses from Northern Ireland up to the end of this financial year. I am also willing to continue this funding for a further period into the 1989/90 financial year to enable us to maintain the existing approach until the enactment of the new Fair Employment legislation. We can then review the position in the light of developments at that time. My officials will be in touch with you about the details of this additional funding.

10. Turning to your other points, I note the suggestion that a strong reference to the forthcoming Fair Employment legislation in the Gracious Speech would be a valuable way of building on the good reception given in the US to the White Paper. I shall bear this in mind. But because the legislative programme for the next session is extremely crowded there is I fear no chance of the Bill receiving Royal Assent as early as Saint Patrick's Day next year; as I have hinted above, the best we can hope for is to achieve Assent by the Summer recess. While Americans sometimes criticise our own legislative system as slow by comparison with theirs, the reality is that UK legislation is taken forward methodically and carefully because of the presumption that Government measures will be adopted and have a substantive effect on the administration of the country. In the US, by contrast, proposals for legislation are all too often ill-conceived and hasty political gestures whose relevance and effect is highly questionable. However, to meet the need to demonstrate progress to our American audience it may be that we could reach some significant milestone in the Bill's progress by 17 March which would have some presentational value in the US. Here, as elsewhere, we shall not lose sight of the US dimension.

CONFIDENTIAL

CONFIDENTIAL

11. I have noted your comments about the balance of resources devoted in the US to MacBride and to other aspects of promoting and defending the Province as an investment location. I have to say, however, that we for our part are satisfied that the needs of the MacBride programme are being adequately met and that it would be counterproductive to make any further inroads on the IDB's promotional budget.

12. On the question of secure direct communications between the Embassy and DED, this has been actively pursued and agreement has been reached on the most effective means. My officials will shortly be in touch with you to explain the proposed new arrangements.

13. Your suggestion that we might seek to enlist support for our Anti-MacBride efforts from those who are trying to encourage British investment in the US (for example, States with trade promotion offices in London) is a valuable one which I have asked my officials to pursue. Similarly, further discussions have been held with the employers' representative bodies and I am optimistic that some assistance may be forthcoming.

14. Finally, I can confirm that some of my officials will be attending your annual Information Officers' Conference in Washington in early October and will be taking forward with you then a number of the points mentioned in this letter.

15. I am sending a copy of this letter to Geoffrey Howe.

TOM KING

CONFIDENTIAL