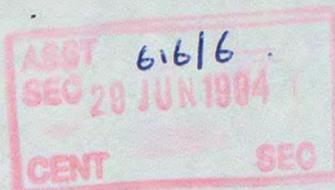


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cc Mr Maxwell



28 June 1994

TO: Mr Margetts

FROM: W D A Haire
Equality Division
DED

FIRST DAY BRIEFS

As requested I attach redraft of paragraphs 5(i) and Annex A, to cover recent developments in MacBride.

W D A Haire

W D A HAIRE

Mr King

ENC

NWIL0274JMK

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DEPARTMENT OF ECONOMIC DEVELOPMENT
An Equal Opportunities Organisation

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CURRENT ISSUES IN USA

5. These include the following:

(i) The MacBride Principles

A major campaign aimed at forcing US companies operating in Northern Ireland to apply a code known as the MacBride Principles to their employment practices there. While the campaign ostensibly aims to redress religious imbalances in employment, some of their sponsors (eg, the INC and NORAIID) seem more concerned to embarrass HMG and worsen the climate for US investment. HMG does accept that there remain disparities in employment in Northern Ireland, mainly resulting from poor employment practices and indirect discrimination. The Fair Employment (Northern Ireland) Act 1989 is now working effectively to combat these. The Government opposes the MacBride campaign on the grounds that it could jeopardise both existing and new US investment and thus hinder the promoting of fair employment for all, but our strategy in opposing the campaign is being reviewed.

Fifteen States already have MacBride laws on their statute books but the emphasis of the campaign has shifted somewhat in recent years towards contract compliance legislation in key cities. A fuller description of the MacBride campaign (which has focused on the promotion of statutes in state legislatures and city councils linking investment in US firms operating in Northern Ireland with the firms' acceptance of the Principles) is at Annex A.

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ANNEX A

THE MACBRIDE PRINCIPLES

1. Since late 1984 US companies with operations in NI have been under pressure to adopt a set of declarations on fair employment known as the MacBride Principles (after Sean MacBride, ex-IRA Chief of State, Irish Foreign Minister for a period in the 1940s and Nobel Peace Laureate) whose declared purpose is to increase minority (Roman Catholic) representation in employment. The main proponents of the Principles in the US are the office of the Comptroller of New York City, the Irish National Caucus, the Ancient Order of Hibernians and NORAID. (The Principles are said to have been written by one of the Comptroller's political aides, Pat Doherty.) The Fair Employment Trust, Equality: the Campaign for Economic Equality (NI pressure groups with a decidedly nationalist flavour) and Sinn Fein are all active in promoting the Principles in Northern Ireland and abroad. The campaign has in the past focused on the employment position of particular high profile companies such as Shorts which has contracts with the US Air Force and Boeing and whose owner, Bombardier, has substantial transportation contracts with New York City.
2. Companies have been pressurised by shareholder resolutions, City ordinances and State legislation, which require the monitoring of adherence to the Principles - though one law actually calls for disinvestment - and product boycotts (in the cases of, for example, Ford, Timex and Coca Cola), and proposed Federal legislation, which would link adherence to the MacBride Principles to business deals with US companies with operations in Northern Ireland.
3. MacBride related legislation has been passed in 15 States to date. These are Massachusetts, New York, Connecticut, New Jersey, Rhode Island, Maine, Minnesota, Florida, Illinois, Michigan, New Hampshire, Vermont, Pennsylvania, Nebraska and Missouri. At Federal

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level 2 bills have been introduced regularly in recent years linking MacBride to imports to the US and disbursements from the International Fund for Ireland respectively. Movement on these Bills seems unlikely.

4. The UK Government has in the past resisted the MacBride campaign, in part because of the hostile political objectives of those promoting it, but more particularly because of the adverse consequences of the campaign for investment and fair employment generally in Northern Ireland. The concern has been that, by placing unreasonable burdens of US firms and subjecting them to monitoring from a multiplicity of sources, the campaign discourages investment by companies already in Northern Ireland and by potential new investors. (There are 28 US manufacturing firms in Northern Ireland employing over 9,000 people - this represents 10% of those employed in manufacturing industry.) Two companies have made it known that the pressures of the MacBride campaign negatively affected investment decisions. TRW's corporate secretary said that the company sold its Northern Ireland subsidiary in 1988 due to MacBride pressure. Another (unnamed) company decided against an equity investment in a new Northern Ireland operation for the same reason. Depending on the manner of implementation, the Principles could bring companies into conflict with Northern Ireland law (though legal opinion is divided on this). To date no company has actually adopted the Principles. However, the New York City Comptroller's Office has offered to withdraw shareholder resolutions if companies agree "to make all possible lawful efforts to implement the fair employment standards embodied in the MacBride Principles". So far, about 25 companies have made such an agreement.
5. The US administration has been generally supportive of HMG's stance but in some of his campaign statements President Clinton indicated his support for the Principles. The Government of the Irish Republic has generally not regarded the Principles as a problem. Whilst not opposing the Principles per se, John Hume (SDLP leader) has been

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outspoken in his criticism of the disinvestment impact of the MacBride campaign. Trade Unions through the NIC/ICTU and the all-Ireland ICTU Executive have refused to endorse the campaign, and the only political party in NI which supports the campaign is Sinn Fein.

6. There is close liaison between DED, NIO and FCO in handling the MacBride campaign. This is a time-consuming business centring on lobbying, and the production of independent Northern Ireland witnesses, at State legislatures and City Councils, to put the true facts on the record and oppose the pressure which the local legislators come under from the MacBride side's proponents. It also involves visits by American politicians to Northern Ireland, media briefings and the production of publicity material. This activity has had some success, both in terms of weakening MacBride legislation and in getting it turned down. Ludicrous claims by MacBride activities about the amount of money that the Government has spent on all this - their highest estimate is £15 million - is perhaps a sign of frustration that all is not going their way. In fact, the true cost (of the lobbying including assistance to witnesses), of the eight year counter-campaign is just £1 million.
7. There are some signs, after eight years, that the MacBride campaign is beginning to lose momentum. Most of its successes in State legislatures were scored in 1987 and 1988, and its proponents may be finding less fertile ground as they move further away from the heartland of East Coast Irish America. The Fair Employment Act of 1989 which came into law on 1 January 1990, has certainly taken some of the steam out of the campaign, causing some of its moderate supporters to lose interest in its and leaving the extremists isolated.
8. The Government's opposition to the campaign has always been based on a graduated response to any assessed threat to Northern Ireland's economic interests. A MacBride Bill which only required a State to

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monitor the activities of a company with an operation in NI would not be regarded as a similar threat and HMG would probably do little more than register its concern with the State legislative and/or Governor. On the other hand a contract compliance bill would be much more firmly opposed.'

9. An important new element in the situation has been a "Call for Fair Employment and Investment in Northern Ireland" which was launched in January 1994 by the leaders of the four main churches in Ireland and their counterparts in the United States. The Call has received widespread endorsement on both sides of the Atlantic and hopefully will encourage Irish Americans who are concerned about fair employment to re-direct their energies into promoting new investment in NI. This is the one thing which the MacBride lobby has singularly failed to do but which will do more for fair employment in NI than anything else.

10. Our current policy is therefore under review, and proposals will be brought to Ministers about a possible reduction of our campaigning effort in the light of these developments.