

SUBJECT

RECORD OF A MEETING BETWEEN THE PRIME MINISTER AND NORTHERN IRELAND
TRADE UNIONISTS AT No 10 AT 1000 HOURS ON WEDNESDAY 6 AUGUST 1980

Present:

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| Prime Minister | J. McCusker |
| Secretary of State for
Northern Ireland | J. Graham |
| Minister of State, Department
of Employment (Lord Gowrie) | T. Carlin |
| Mr. T.P. Lankester | J. Cosby |
| | J. Freeman |
| | G. Hunter |
| | A. Mackle |
| | P. McCartan |
| | T. Smyth |
| | W. Wallace |
| | D. Wylie |

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Mr. McCusker, after thanking the Prime Minister for agreeing to see the delegation, said that their biggest concern of all was the high and rising level of unemployment in Northern Ireland. 85,000 were already on the unemployment register but the 'true' unemployment figure was about 100,000 - taking into account the job release scheme and those in assisted jobs. And even this figure ignored the fact that there was substantial under-recording of unemployment at the register. If repeated nationally, there would be 3½-4 million unemployed in the country as a whole. It was essential that the Government consider the Northern Ireland unemployment problem in this light and provide appropriate measures to combat it. The previous Tory Government had given a commitment that living standards in Great Britain and Northern Ireland should be equalised: the delegation would like this reaffirmed. To implement such a policy would mean, amongst other things, revoking the cuts in the Northern Ireland spending programmes. Perhaps the most serious aspect of the unemployment problem was the fact that so many young people were unemployed. The situation was worse than in Great Britain, not only proportionately

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but also because young people who were unemployed were all too easily subject to pressure from the paramilitary organisations. Special measures were urgently needed.

Mr. McCusker then handed the Prime Minister a document entitled "Unemployment in Northern Ireland". Besides summarising the unemployment situation, this document made the case for extra public expenditure in Northern Ireland, for import controls, for improved arrangements for EEC funding, and for a new energy policy for Northern Ireland. Mr. McCusker called on other members of the delegation to speak to each of these points.

Public Expenditure

Mr. Carlin said that the Government appeared to accept the principle that public expenditure allocation to Northern Ireland should be based on needs. It was not living up to this. On the face of it, expenditure per capita in Northern Ireland was higher than in Great Britain. However, this ignored the fact that more had to be spent on social security benefits and on law and order. On a proper needs basis, the Treasury ought to be spending considerably more. The Treasury ought to be prepared in any case to provide extra money under the trade and industry programme because funds allocated to this programme in previous years had not been fully utilised. It was wrong to find extra money for industrial projects by cutting back other hard-pressed programmes.

The Prime Minister said that she could not accept the premise that public expenditure could automatically be determined by needs. Resources were limited, and if there was to be extra spending the money had to be found from the private sector and from trade unionists everywhere in their capacity as taxpayers. The Government was certainly aware of Northern Ireland's special problems; and that was why public spending was higher per capita than elsewhere. There were also many individual projects which the Government had supported in Northern Ireland: she mentioned,

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in particular, the extra £42 million recently announced for Harland and Wolff. But it was not enough for Northern Ireland trade unions just to ask for more money. They also had to deliver in terms of producing competitive goods.

Mr. Graham interjected to ask whether the Prime Minister was accusing Northern Ireland workers of being lazy and slothful. The Prime Minister said she was not: she was simply saying that industry, both management and employees, had to be more competitive.

Import Controls

Mr. Wallace said that unemployment was so serious in Northern Ireland that it was particularly important to retain labour-intensive industries there. More vigorous action was needed to combat low cost imports. In regard to textiles, the Multi Fibre Arrangement had been of some help. But the quotas were too high and had not been monitored adequately enough. Northern Ireland, because of its dependence on textiles, was particularly affected by low cost production and "social dumping" in the poor countries. Furthermore, the doubling of VAT had suppressed demand, and high interest rates were putting still further pressure on small businesses.

The Prime Minister said that she was very sympathetic to the textile case. She agreed that monitoring of the MFA quotas had not been entirely adequate, but this was now improving. There were 400 quotas in place, and whenever the Government saw imports in a particular category rising, they were quick to go to the EEC Commission to obtain further quotas. In addition, the Government had managed to impose two special quotas on yarn imports. But the reaction to this had been mixed. While the yarn manufacturers had welcomed it, the carpet manufacturers had complained that they were now having to use more expensive domestic yarn.

/The Prime Minister

The Prime Minister went on to say, that while the Government was ready to do what they could under the MFA, they also had to recognise the risks of retaliation. The UK had a substantial trade surplus with the LDCs and with the newly industrialised developing countries, and we also had to beware of retaliation from, for example, the United States. On the other hand, there was some scope for strengthening our non-tariff barriers. For example, the Government would shortly be announcing mandatory origin marking, though this would be presented as a measure of consumer protection.

EEC Funding

Mr. Wylie said that Northern Ireland trade unionists applauded the Prime Minister's stand on Britain's contribution to the EEC Budget. But they were unhappy about the Government's attitude to additionality. Recently, Commissioner Giolotti had confirmed that Northern Ireland was one of the least developed regions within the EEC, and as such was entitled to priority funding. He had announced the allocation of £23 million to Northern Ireland, but on condition that the Government would match this with an additional £23 million. The Government ought to recognise the special needs of Northern Ireland, and accept that additional funds should be provided. In a recent report, Sir Charles Carter had suggested that the UK, and Northern Ireland in particular, would receive more from the EEC if the Government would agree to additionality. It seemed likely that more EEC funds would also be available if the Government were to push ahead with projects relating to cross-border cooperation.

Mr. Wylie went on to say that agriculture in Northern Ireland was facing a crisis. He was particularly concerned that any reduction in agricultural off-take would cause problems for the food processing industries. Pigs and poultry were particularly badly hit. Mr. Walker had done very well in his negotiations in Brussels, but further action was needed

/to help

to help Northern Ireland farmers. Mr. Wylie also hoped that the Government would make funds available to provide free school milk.

The Prime Minister said that a great deal had been done for farmers, and for those in Northern Ireland in particular. She mentioned the green pound devaluations, the hill subsidy for lambs, the recently negotiated sheepmeat regime, and the cow suckler premium. In addition, farmers had benefited from the high exchange rate insofar as this reduced the cost of imported feed grain. The Government was already spending a great deal in support of the farming community: with all the other pressures on public expenditure and the recent discouraging figures for central government borrowing and the money supply, it was an illusion to think that agricultural support could be increased further. She repeated that the Government recognised the exceptional circumstances of Northern Ireland, and for this reason per capita spending in the Province was higher than in the rest of the UK.

Energy

Mr. Cosby said that an energy policy for Northern Ireland was urgently needed. They were particularly concerned about two issues. First, they were disturbed by the decision to stop work on phases 3 and 4 at Kilroot Power Station. It was highly desirable that there should be a greater mix of fuels in Northern Ireland, and completion of Kilroot could have helped. Besides providing additional jobs, it would also have provided greater scope for cross-border cooperation insofar as the electricity generated might be fed into the Republic's system. But this would require an interconnector between the two countries. It was often said that, because of the troubles and the risk of it being blown up, it would be wrong to build an interconnector. However, the authorities managed to maintain the rail link, and they ought to be able to maintain and protect an interconnector.

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Secondly, they were opposed to the proposed closing down of the Northern Ireland gas industry. Closing down the industry would itself cost a lot of money and would involve the loss of some 2,000 jobs. And it pre-supposed that the gas pipeline project should not go ahead. The Northern Ireland people felt that they, like the British, should benefit from North Sea gas. He hoped that the Government would review the position of the industry in the light of the Cooper and Lybrands Report.

The Prime Minister said that there was already excess electricity in Northern Ireland, and consumers inevitably had to pay for this. She hoped very much that it would be possible to build an interconnector with the Republic, though the security problems could not be ignored. As regards gas, she understood that the industry was losing £200,000 per week. This could not be allowed to continue. Nonetheless, a comprehensive review was being undertaken of energy policy in relation to Northern Ireland generally.

Other points

Mr. Mackle said that he hoped there would be no further cuts in education or health spending. If there were further cuts in education, more and more children would be driven into the hands of the terrorists. As for health, there was a terrible maintenance backlog on buildings. In general, it was crucial for the stability of the Province that the Government should give extra priority to public services in Northern Ireland.

The Prime Minister said that, if the teachers had not taken out so much in pay, it would have been possible to spend more on buildings and equipment. As regards public spending generally, the Northern Ireland Secretary would be making a statement that afternoon in answer to a written Question, setting out the Government's revised plans. Although she could not give details, she hoped this would be regarded as helpful. But there was a limit on what could be done: the more that the public sector spent, the greater was the burden on the private sector.

Mr. Freeman said that it was essential to broaden the Province's economic base. One way of ensuring this was for the Government to make available additional funds to the Northern Ireland Development Agency if good projects became available. The Quigley Report had said that the Agency should be prepared to take greater risks than would normally be acceptable, and he hoped that the Government would go along with this and provide the necessary funding. In addition, the Agency would benefit greatly if there was someone with good contacts in the City of London on its Board. The Prime Minister replied that the Government could not guarantee extra funds, but Mr. Atkins would no doubt consider Mr. Freeman's other proposal.

Finally, Mr. McCusker said that he hoped the Prime Minister would let the delegation have a detailed reply to their document. The Prime Minister responded that Mr. Atkins would consider the document further, and let them have his views in due course.

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6 August 1980