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From: THE PRIVATE SECRETARY



NORTHERN IRELAND OFFICE

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Charles D Powell Esq
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Prime Minister 21st February 1986

Possibly relevant to your meeting
with Mr. Kinnock on Monday. Please
see in particular pages 7-8: none
of it very practical.
Dear Charles, CDP 21/2.

.....
The Secretary of State has mentioned to the Prime Minister that John Freeman, the Irish Secretary of the ATGWU, has some influence over Neil Kinnock on Northern Ireland affairs. In the light of the meeting with Mr Kinnock on Monday therefore, the Prime Minister may wish to see the attached paper by Mr Freeman setting out his personal feelings about the Anglo-Irish Agreement.

The paper was sent by Mr Freeman to the Permanent Secretary, Department of Economic Development (Northern Ireland) on a personal basis. So far as we know it has not been made generally available and on balance therefore I suggest that the Prime Minister should not refer specifically to it during her meeting with Mr Kinnock.

Yours Sincerely
Neil Ward.

N D WARD

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THE ANGLO-IRISH ACCORD

A Personal View by John Freeman, Irish Regional Secretary Amalgamated Transport and General Workers' Union.

Introduction

Throughout the crisis which has been unfolding in Northern Ireland over nearly two decades the Irish Region of the Transport and General Workers' Union has been constantly concerned to promote progress and peace. At one level the persistence of violence, intercommunal strife and the erosion of democratic norms have systematically inhibited the work of trade unions, have contributed to the growth of unemployment and have helped to sustain patterns of low pay in the area. In that vein many members of the ATGWU have been principal sufferers of the costs of the crisis in terms of injuries and indeed death. At another level the union in general has an active profile in progressive politics and, within that context, the Irish Region looks positively to a progressive solution to the crisis, that is one that sustains rather than damages the working class and its organisations. This is the primary context within which I approach the Anglo-Irish Accord.

The Politics of the Accord

Before commenting on the political implications of the Accord let me set out my view about the nature of the obstacles to political progress in Northern Ireland and let me say at the beginning that I do believe the roots of the crisis are not exclusive nor internal to Northern Ireland but crucially concern the role of the

British state in Ireland and the relations between that state and the Irish Republic. However from the perspective of operating within Northern Ireland the situation would seem to be as follows:

The four major political parties in Northern Ireland are locked in a complex configuration of conflict which, while subject to certain kinds of variation, freezes the situation in a manner that effectively prevents political change. The parties are confined to respective Unionist and Nationalist blocs. There has been a shifting distribution of power within the blocs, in one instance towards Sinn Fein and in the other in the form of a tug of war between the UUP and the DUP. In fact the Anglo-Irish process might be said to have its origins in the fear that Sinn Fein might ultimately eclipse the SDLP so destroying constitutional Nationalism in Northern Ireland. This fear was presented by John Hume to successive premiers of the Irish Republic. This is important because the perspective on the SDLP is frequently one which poses it as both progressive and democratic. In fact it has evolved to little more than a second generation of the traditional Nationalist party particularly in its rural bases. Hume was doing no more than representing constitutional nationalism with an ally, the government of the Irish Republic given the threat at the political level from violent nationalism and the inability to internally affect Northern Ireland politics. Significantly however none of these developments have in any sense eroded the politics of the bloc system itself and the existence of two relatively coherent blocs with mutually contradictory political objectives prevents any kind of progress. A formal result might be achieved by the subordination of one to the other but the entire history of Northern Ireland points to the futility of that attempt. So far the laudable attempts to politically disaggregate the blocs in terms of the work of the Alliance and Workers' Parties have been signally unsuccessful.

Outside the formal political arena both trades unions and community organisations have striven to make changes. They have however been hampered by two factors; the first being that all organisations existing in Northern Ireland are to a greater or lesser extent immersed in the ideologies that prevail there creating difficulties about how far any particular radical position can be espoused, the second being that while such organisations have been most effective defensively,

ie, in minimising division and sectarian unrest, they are not capable of acting offensively in transforming the nature of politics in Northern Ireland. Nevertheless given that these organisations are more flexible, more open to new ideas and have a greater potential for being genuinely anti-sectarian, there is a crucial imperative to find ways of involving them in the debate about political change. It should be noted that the Anglo-Irish Accord made no effort to do so.

What would constitute political change? My own view is that real political change will begin when the existing political blocs begin to fissure and there develop opportunities for progressive mobilisations. It would be naive to believe that simple calls to economic self interest will achieve this because economic and other resources are unevenly distributed between Catholics and Protestants and so the issue of jobs has not in general been one of uniting the working class but of creating a squabble over where they are to be located and who gets them. I believe that an external initiative is required but one that creates the conditions for engaging with the blocs rather than reconstructing them in a more coherent and secure way. Such an initiative would permit different kinds of forces at different levels to generate a range of processes, political, social and economic that might ultimately lead to a progressive resolution of the crisis.

Thus I see a fundamental relationship between external and internal initiatives and believe that unless these complement each other, the situation may only become more difficult to work in. The notion that solutions can be enforced or that people will 'come to their senses' when faced with the inevitable, usually means that problems are being stored up for the future.

In this light the Accord has both strengths and weaknesses. It does represent an external initiative designed to break the deadlock in the form of an agreement that the Republic of Ireland will recognise the existence of Northern Ireland in return for a commitment by the British Government in effect to promote policies designed to secure majority support for a United Ireland. Additionally the Unionists are faced with the dilemma of either finding an accommodation with Nationalism within Northern Ireland or finding the region under the joint control of British and Republic Governments. Within the, at times, vague language of the

Accord these two developments seem to be the core. Were it generally interpreted in this way it might create the conditions for a positive advance.

It has however been interpreted very differently by the Unionists who see it merely as the preliminary stage to a condominium situation followed soon afterwards by a United Ireland. One of the key factors in this perception has been the behaviour of the SDLP. On one hand John Hume is seen as being a major architect of the agreement while on the other the SDLP are continuing to refuse to participate in the Assembly or make any commitment to a politics internal to Northern Ireland. Statements by the Deputy Leader, Seamus Mallon, have simultaneously been triumphalist and unaccommodating. Even the Alliance Party has called on the SDLP to make a 'political gesture' in response to the agreement. The additional factor has been the secrecy surrounding the process and the apparently contradictory statements made by British and Republic representatives.

The danger is that the Accord will merely produce a new coherence within the Unionist bloc and create a new grievance in Ireland perhaps as long standing as Partition itself. While Loyalists may be unable to impede the progress of the Accord, it may well be that a majority of the working class will be tied into that ideology for the foreseeable future through their frustration with government and political parties in Britain and fears of loss of status within a new Ireland.

The Economics of the Accord

Article 10a of the Accord document stresses the need for both governments to engage in programmes of economic reconstruction. However there is little said about the existing dependency of Northern Ireland on British Exchequer subsidy or about what might happen to that in any transformed Ireland. I consider this aspect crucial and am worried about the lack of attention to the economy.

The least analysed aspect of the relations between Northern Ireland and the Irish Republic is the economic one. Since a significant fragment of the Northern Ireland population and all the major political parties in the Republic are committed to the reunification of Ireland, it is reasonable to ask how that possible new

political entity could be economically sustained? Some attention was devoted to this question in the supplementary reports of the New Ireland Forum particularly the study prepared by Davy Kelleher McCarthy Ltd. Two aspects of the question are crucial; given that a very high proportion of Northern Ireland's Gross Domestic Product is the result of public expenditure, what would be the impact of a new constitutional structure on such a heavily dependent economy?; secondly since public expenditure in Northern Ireland requires substantial British subsidy and in turn very large numbers of jobs result from that subsidy, how could levels of expenditure and public sector employment be maintained if the link with the UK were to be severed? The intention here is to present some preliminary data to facilitate discussion on these questions.

In 1984/85 total public expenditure in Northern Ireland was £4059 millions. More than a quarter of that (£1204m) was taken up by social security. Other big spenders were health and personal social services (£666m), education (£589m), law and order (£422m) and industry and employment (£332m). Expenditure for 1985/86 is planned to increase by 4.8%, slightly less than the rate of inflation, to £4,254 millions. In these current plans some order of increase is anticipated for all programmes other than agriculture, the miscellaneous category of other public services and support for the Northern Ireland Housing Executive. The cost of maintaining the army in Northern Ireland does not come within its expenditure programme and this is calculated to be about £140 millions per year. (Detailed analysis of public expenditure is published by both the Northern Ireland Economic Council and Coopers & Lybrand.)

Public Expenditure in Northern Ireland constitutes the bulk of Gross Domestic Product. In 1974 it accounted for 63.5% of GDP. By 1982 this proportion had risen to 78% (New Ireland Forum 1984). At the same time GDP per head in Northern Ireland remains lower than in GB. In 1962 GDP per head was £782 in Northern Ireland, £1256 in GB. By 1975 there was some convergence with Northern Ireland at £1258 and GB £1628, but by 1981 the two had begun to diverge once more, £1209 compared to £1838. (Cooperation Northern 1983) Northern Ireland has thus a proportionately lower GDP than the rest of the UK and one that is public expenditure dependent.

Sustaining such expenditure requires Exchequer subsidy, generally known as the British Subvention and this has steadily increased from £93 millions in 1970/71 to £1420 millions in 1983/84 (current prices including an estimate for maintaining the army presence, New Ireland Forum 1984). It has been estimated that by 1993 the subvention will increase to £1918 millions in '83 prices and will be itself constitute 36.4% of Northern Ireland's GDP compared to just under 30% in 1983. In the absence of the subvention Northern Ireland would either have to attain a growth rate considerably in excess of any it had previously achieved or substantially reduce public expenditure which would both living standards and exacerbate unemployment. It is not accidental that the constitutional options prepared by the New Ireland Forum paid particular attention to the conditions under which the subvention could be maintained.

Other than improved services, high levels of public sector employment are the obvious indicators of the impact of the subvention. In December 1984 there were 466,340 employees in employment in Northern Ireland. Of these 100,630 were in manufacturing (21.6%) and 323,190 (69.3%) were in services. Public sector employment accounted for 207,510 employees (44.5%) (Coopers & Lybrand 1985). While some public employees are engaged in the production of traded commodities and services, NIES, the NIHE and the Northern Ireland Transport Holding Company, the vast majority are maintained through public expenditure and the proportions have increased over time. In 1953 11.7% of male employees and 13.4% of females were in public services, by 1983 the same proportions had risen to 38.4% and 54.1% respectively (Black 1984). Comparable figures for the UK in 1983 were 30.5% of male employees and 35% of females pointing to the much higher dependence on the public sector for employment in Northern Ireland. Without the subvention neither such numbers nor proportions would remain. Assuming that real wages in the public sector do not significantly fall and that the reduction in public employment would be proportionate to decreases in expenditure, the ending of the subvention would reduce public sector employment to 145,257, a loss of over 62,000 jobs. Of course neither assumption is strictly true. On one hand job loss would reduce wage levels while institutional factors like union resistance would act as a counter factor. Nevertheless the impact of the ending of the subvention would be extremely severe.

There is one qualification to the preceding analysis. The Northern Ireland Economic Council (1983) has pointed out that the subsidy of poorer regions by richer ones is a normal feature of public expenditure relations within the UK. (The South East 'subsidies' the North but the level of subsidy does not appear in any accounts.) Northern Ireland is merely highlighted in this respect because it is a separate unit for accounting analysis. Other poor regions also receive subventions but by the nature of the accounting these are invisible. Indeed the Economic Council argued that when such factors of normal support are taken into account, Northern Ireland's excess subsidy is only about 7%. This argument is perfectly reasonable so long as Northern Ireland remains within the UK. If the constitutional relationship were to be altered then the level of subsidy would have to be considered in total.

There has been some discussion associated with the Accord that a major new subsidy from the United States Government for economic development in Ireland is about to be announced. However the anticipated total fund is now thought to be less than \$500 millions and even if devoted entirely to Northern Ireland could not possibly replace existing levels of subsidy. However a development fund generated perhaps by the US and the EEC to complement existing levels of expenditure might be useful.

The Next Stage

The two previous sections strongly suggest that uncritical enthusiasm for the Anglo-Irish Accord would be a naive approach. It has created substantial unity within the Unionist bloc in opposition and if it does represent the preliminary stages to the transition to a United Ireland then it does not deal with one of the key problems of that arrangement, the very weak economic base in Northern Ireland.

At the same time the Accord is a fact and been overwhelmingly endorsed by the Westminster Parliament and more narrowly supported in Leinster House. It cannot at this stage be undone. I firmly believe however that the situation will not be helped at Westminster by a new bipartisanship in this respect and that the Labour Party must go beyond merely supporting what is after all a Conservative initiative and begin to make demands on the Conference which has begun its meetings. I suggest

that it should address at least the following issues:

- a) reconsideration of the Kinsale gas pipe line to Northern Ireland.
- b) a commitment by Aer Lingus and Irish shipping lines to buy from Short Bros and Harland and Wolff.
- c) the consideration of integration the two industrial development agencies, the IDA and IDB, to establish a single development strategy for Ireland.
- d) the launch of a fund, resourced principally from the United States and the EEC, of at least £2 billions to help restructure the Irish economies through the development of public corporations.
- e) the consideration of the harmonisation upwards of social welfare systems in Ireland so as to incorporate the best features of each.
- f) in addition there are clearly aspects of society in the Republic of Ireland which deter any reasonable discussion about the integration of the two states - the prohibition of abortion within the CONSTITUTION, the legislation on divorce and contraceptives and the centrality of the Catholic Church in social and political life are the more obvious. Some time ago Garrett Fitzgerald launched a 'Crusade' to secularise Irish society. Perhaps it is time that such issues were also matters for discussion at the conference.

These are merely a few of the possible areas of discussion. It is crucial that the Conservative Government does not dominate the agenda of the Anglo-Irish Conference.

Within Northern Ireland the seriousness of the Unionist opposition remains to be tested. The objective must be to induce divisions between those who will politically oppose the Accord, those who will do so violently and those who might be persuaded that opportunities exist for social benefit. In that respect the role of the SDLP is crucial. While accepting that it is worried about appearing to concede

too easily and thus lose more ground to Sinn Fein, it must become once more involved in political processes within Northern Ireland. Even though this party clearly represents middle class constitutional nationalism and can offer nothing in the long term to the working class, it still has a strategic role at present. Its approach to the Accord remains that of claiming a major responsibility for effecting it without making any effort to find accommodation with other political forces within Northern Ireland. That is why it must be prepared to engage in a politics internal to Northern Ireland. Its present aloof position only serves to redouble Unionist conviction. A 'gesture' would enable it to open discussions with the Alliance Party about the demands for the reconstitution of the Assembly.

Overall my approach is to seek opportunities for developing a progressive politics out of the changes in the current situation. Obviously this represents no more than a preliminary assessment as an immediate personal response to the Accord. In the coming period I will be able to present a more in-depth analysis as the politics of the process clarifies. I am convinced however that certain problems already emerging need to be taken seriously by the Left in Britain. The history and sometimes reactionary character of Unionism should not lead the left to uncritically support an initiative undertaken by two Conservative governments neither of which is remotely concerned about a PROGRESSIVE resolution to the National Question in Ireland.

John Freeman
24 December 1985

