



file 69

10 DOWNING STREET

From the Private Secretary

1 March, 1985

I enclose a copy of a note on the Northern Ireland economy which Mr. Cushnahan left with the Prime Minister on 28 February.

I am copying this letter and enclosure to Colin Budd (Foreign and Commonwealth Office).

(Charles Powell)

N Ward, Esq.,
Northern Ireland Office

[Handwritten signature]

20
28th February 1985

Dear Prime Minister,

During our meeting,
I said that I would be
leaving a document outlining
our views on the economy.

Unfortunately I forgot to do
so. It is enclosed herewith.

Once again many thanks
for your time and courtesy
which is much appreciated.

Yours sincerely
John Cusack.



THE ALLIANCE PARTY OF NORTHERN IRELAND

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THE NORTHERN IRELAND ECONOMY

A SUBMISSION ON THE ECONOMY OF NORTHERN IRELAND PRESENTED BY
ALLIANCE PARTY LEADER JOHN CUSHNAHAN TO THE PRIME MINISTER,
RT. HON. MARGARET THATCHER, M.P. ON THURSDAY 28TH FEBRUARY 1985.

I N T R O D U C T I O N

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The Northern Ireland economy has a number of fundamental problems and these must be seen in relation to other parts of the United Kingdom. In January of this year unemployment in Northern Ireland at 123,105 representing 21.3 per cent of employees in the province and this is almost double the national average.

Considered with other socio-economic criteria - GDP per head, average gross weekly earnings, supplementary benefit per capita, infant mortality rates, life expectancy, per centage of housing which is owner occupied and percentage of all buildings which are statutorily unfit - Northern Ireland is the most deprived area of the United Kingdom.

We have all the disadvantages associated with being a geographically remote region, which additionally has no sources of indigenous energy except for the recent discovery of lignite.

The decline in the manufacturing side of industry gives us great cause for alarm. In fact only 100,000 are now employed in this sector of industry in Northern Ireland. The withdrawal of multi-nationals such as Courtaulds, I.C.I., British Enkalon, Goodyear and more recently Molins have contributed to this situation.

The service sector now accounts for approximately 60 percent of output and employment.

It is for these reasons the Alliance Party is deeply concerned about the Government's current economic policies and the effects they are having on Northern Ireland. We believe strongly in a mixed economy and cuts in public spending have caused our population humiliation and hardship.

YOUTH EMPLOYMENT :
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The Alliance Party is particularly concerned about the level of unemployment among young people which is not only totally unacceptable but has serious implications for our problems of security and political instability. Unemployed young people can become easy prey for the sinister paramilitary organisations which exist in Northern Ireland. Furthermore, long term unemployment of young people can have catastrophic social consequences in the long term. We would like to see more done in this field. We consider that the Youth Training Programme has a contribution to make.

While recognising that the Youth Training Programme was established in Northern Ireland one year ahead of the rest of the United Kingdom we feel this is no substitute for real jobs. Although many young people do find full time employment after their year on Y.T.P. there is a major problem of long term unemployment among the 18 - 25 age group, and we recommend that provision be made to extend the scope of Y.T.P. to accommodate this year group.

Compared to other parts of the U.K. Northern Ireland is sadly lacking in the provision of Information Technology Centres (ITECs). This is one area of training which must be extended if Northern Ireland is to attract inward investment in new technology.

In order to make Y.T.P. more appealing, particularly in rural areas, all travelling costs should be met by Government.

I N C R E A S E P U B L I C E X P E N D I T U R E :
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The Alliance Party supports increasing public expenditure in Northern Ireland in order to increase job opportunities in the public and private sectors. The go-ahead for a substantial increase in public sector house buildings, road improvements, the building of the rail link in Belfast and other similar projects could provide many jobs in the construction industry. We could benefit from the establishment of one major central office of the Civil Service similar to the Television Licence Records Office.

In asking for more rather than less public expenditure we are not asking for preferential treatment - in fact all we are asking for is equality of citizenship and equality of job opportunity within the United Kingdom. If a well co-ordinated economic plan, based on increased public expenditure was produced we feel unemployment in Northern Ireland could be cut by one third. It is also worthwhile considering the 'waste' to the local economy by keeping someone on the dole as opposed to providing productive and worthwhile employment, especially when one considers the relative costs of both policies.

E N E R G Y :
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Northern Ireland has for several years been over dependent on expensive oil, particularly for electricity generation. It is for this reason the Alliance Party has lobbied successive Government Ministers to convert the Kilroot Power Station to coal firing. Furthermore, the most economical use of the recent lignite discoveries at Crumlin would be for electricity generation in a mine mouth power station, and this is what the Alliance Party advocates. Hopefully these measures will contribute to reduced costs for electricity consumers. Furthermore, the Alliance Party believes that electricity costs to consumers in Northern Ireland should be pegged not at the highest level in other parts of the United Kingdom but on the U.K. national average cost. We base this argument on the fact that Northern Ireland has the highest level of unemployment in the U.K. and the lowest average wages in the U.K.

However, we feel strongly that the Government has discriminated against Northern Ireland gas consumers by first refusing them the benefits of North Sea Gas and then withdrawing from the agreement with the Government of the Irish Republic to pipe Kinsale Natural Gas into the Province. At the moment Belfast City Council have put forward a modified scheme to use Kinsale Natural Gas and we would urge Government to give active support to the new project. Not only are one thousand jobs at risk but energy consumers will still have an alternative to electricity and solid fuel.

Coal and other forms of solid fuel are the most common forms of energy used for domestic heating in Northern Ireland and consumption per head of the population is substantially higher than other regions of the U.K. Prices for this fuel are excessive and for this reason the Alliance Party calls on Government to investigate the cartel of Northern Ireland Coal Importers who operate a virtual monopoly.

I. D. B. A N D L. E. D. U. :
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The I.D.B. and L.E.D.U. have been charged with the responsibility of creating new jobs in the province and retaining existing jobs. On paper Northern Ireland's existing industrial incentives appear to be second to none, but we believe there are a number of fundamental weaknesses.

The Corporation Tax Relief Grant is very complicated and off-putting to investors and we would suggest a more simplified structure similar to that already on offer from the I.D.A. in the Republic of Ireland.

Another major tax reform we would propose relates to the existing heavy taxation on company profits. Alliance believes that production would increase very significantly if changes were made in this particular area.

Although I.D.B. has been in existence for over two years it has not yet achieved the job targets which we had hoped. This can be blamed partly on insufficient manpower levels and we would strongly urge the Government to rectify this problem as soon as possible. This proposal also refers to overseas manpower levels so that the economic attractions of Northern Ireland can be effectively marketed overseas.

Allied to this we believe that greatly improved marketing of Northern Ireland products is essential if the Northern Ireland economy is to expand. Consequently we propose the establishment of an organisation which would draw on professional expertise and international contacts to promote Northern Ireland products overseas. This organisation should work in a complementary role to the I.D.B. and L.E.D.U. The message is a simple one - 'Northern Ireland Industry must export or stagnate and decline'.

In the case of L.E.D.U. there is a need for greater flexibility in selecting the type of product which entrepreneurs present to them for consideration. There is also a need for both L.E.D.U. and I.D.B. to take a more sympathetic approach to service sector industry.

The Osola Report on industrial research and development support facilities in Northern Ireland showed very clearly the lack of uptake by Northern Ireland companies of these facilities. We would propose that a more vigorous effort be made to market these facilities and thus encourage a much greater development of new products in the Province.

AGRIBUSINESS :
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Although Agriculture is the largest single industry in Northern Ireland the Alliance Party is concerned that significant opportunities are lost in the food processing industry, particularly in the meat sector. Agribusiness must be given a higher profile and we would propose the establishment of a central commercial processing unit to utilise carcass by-products from all meat plants in Northern Ireland.

LOW WAGES :
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Many unscrupulous employers in Northern Ireland have taken advantage of our unemployment problem. There are many examples of employers paying low wages and we feel there is an urgent need to protect these workers whose numbers are more prevalent among women and the young. Consequently we propose the establishment of more Wages Councils in Northern Ireland, particularly in the distributive services sector.

J O B D I S C R I M I N A T I O N
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The Alliance Party supports the work of the Fair Employment Agency and the Equal Opportunities Commission. We would recommend that both these Agencies are staffed adequately to deal with their vital tasks in eliminating job discrimination in Northern Ireland. Furthermore we are greatly concerned at the alarming increase in job discrimination against people on the grounds of age and those who are longterm unemployed. We propose that Her Majesty's Government consider legislation similar to that already in existence in the U.S.A. to deal with this problem.

E. E. C.
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The Alliance Party believes that Northern Ireland politicians and Civil Servants should be given a greater role in negotiating with the E.E.C. In particular, bearing in mind last year's disaster over the milk quotas, we feel that Northern Ireland Ministers should accompany U.K. Ministers when policy matters relating to Northern Ireland are being discussed with E.E.C. Officials.

S H O R T B R O S . A N D T H E T O B A C C O I N D U S T R Y
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Although Shorts have provided an inspiration to the Northern Ireland economy with recent overseas successes we would strongly urge Her Majesty's Government to award them the contract for the R.A.F. replacement trainer aircraft. We believe the Tucano is the best aircraft for the job and will accrue significant benefits for the United Kingdom in the world markets and international affairs.

Furthermore, in view of the pending budget, we would remind the Government and the Chancellor of the importance of the Tobacco Industry to the Northern Ireland economy and would suggest that it should not be the easy target for punitive taxation.

1 MAR 1985

