

CONFIDENTIAL

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Secretary

PIA. CC

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Mr McAllister IDB
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Mr Carvill Cent Sec —
Mr Merifield NIO (B)
Mr Reeve NIO (B)
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Mr Lyon NIO (L) - M
Mr Harbinson DFP
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DISINVESTMENT - THE GOLDIN REPORT

1. Attached is the revised draft of the response to the Goldin Report.
2. Most of the changes suggested by those who commented on the earlier draft have been reflected in the redraft but a number have not been taken on board, essentially because neither Mr Mayne nor I considered that they enhanced or contributed substantively to the paper. In particular, Mr Reeve will note that whilst we have deleted the more distant historical references in paragraph 3 we have, picking up Mr Lyon's point, retained the references to recent events in the Province. Most of Mr Lyon's comments have been incorporated in the redraft, though not always in the precise terms suggested, but we have retained a reference to the attacks on 3 Catholic County Court Judges since we think it is a telling point. In response to your own query the current percentage of Catholic County Court Judges is not particularly impressive and we have not mentioned it. Mr Harbinson will note that we have taken account of his comments.
3. Finally, you will have seen Mr Merifield's comments regarding the "combative" tone of the response and his suggestion that whilst the response may be valuable background briefing for BIS staff a much shorter, and more positive, rebuttal may be needed for public consumption. In our view, however, a 2/3 page response to the Goldin Report which, with appendices, runs to some 40 pages, would not be particularly persuasive and a fuller response to be given, as appropriate, to US Companies and other interested parties would, we consider, be more relevant and useful.
4. Unless you, or others, are persuaded that Mr Merifield's suggestion is the desirable course we propose that the attached draft now be made available to IDB staff in the US for use with US Companies. Mr Hill, NIO (L), is to seek advice from Mr Huckle (BIS) on how the response might be handled in other quarters, notably Mayor Koch and others in the New York City Council, Mr Goldin himself, Capital Hill contacts and any other interested parties, including national figures in the US, who may have received a copy of the Goldin Report or have been lobbied by, or on behalf of Goldin.

R. Wilson

R WILSON

5 April 1985

REPORT ON NORTHERN IRELAND BY COMPTROLLER GOLDIN, NEW YORK
CITY COUNCIL - A RESPONSE

1. The report on Northern Ireland by Comptroller Goldin purports to be a serious analysis of employment patterns and practices in Northern Ireland, with particular reference to US Companies. In truth, however, it is selective, unbalanced and simplistic.

2. The following examples of its superficiality, lack of balance and plain dishonesty show it for what it is - a document laced with half-truths which has been welcomed by Noraid as contributing to its campaign against the constitutional position of Northern Ireland.

3. Background to Northern Ireland (pages 1-3)

This section shows a lack of understanding of even the basics of past and recent Irish history. To claim that "violence and military action" by the IRA and Protestant terrorists has intensified in recent years is blatantly untrue. The level of violence has, in fact, declined: last year saw the lowest number of violent deaths and incidents since 1969. Moreover, the vast bulk of terrorist violence in recent times is attributable to Republican terrorists. (More than 90% of serious terrorist crimes during 1984)

4. It is also untrue that the RUC is almost entirely Protestant. Around 10% of the RUC is Catholic despite the campaign of terror and intimidation which Republican terrorists have sought to mount against Catholic members of the Force. Three of the nine members of the RUC killed this year were Roman Catholics including a sergeant murdered in front of his children whilst attending his place of worship. Government continues to encourage members of the Catholic community to support and to join the Security Forces.

5. Lastly, to refer to accusations against the British Government by Amnesty International and the case taken to the European Court of Human Rights, without saying that all such accusations have been fully investigated by the British Government which took corrective action where appropriate, is to present a partial, and therefore biased, picture of events. This is typical of the Report.

6. The Employment Crisis in Northern Ireland (pages 4 & 5)

The clear implication in this Section is that Government economic policy in Northern Ireland discriminates against Roman Catholics. This is not so. The Government is fully committed to equality of opportunity in employment. Its special economic incentive programmes are targetted on areas of high unemployment, including Catholic areas. Back-up training programmes such as the Youth Training Programme are freely available in all areas and to people of all creeds to improve skill and their chances of securing employment.

7. Northern Ireland is a small economy and the Province's industry must therefore be able to compete on world markets. Without the competitiveness which modern technology provides industry would be further undermined and the number of jobs in Northern Ireland would be further reduced thus exacerbating, rather than ameliorating, the unemployment problem. Also as new technology contributes to a reduction in manning levels in some industries it creates new opportunities in other fields. It would be self-defeating for Northern Ireland to set its face against technology related investment.

8. To refer to the "economic climate" and "shrinking job market" as making "the Protestant majority even less willing to compromise" misses the point. In times of recession and contraction turnover among the labour force is limited. It has nothing to do with an unwillingness to compromise. The legal safeguards against discrimination in recruitment in Northern Ireland mean that recruitment is based on equality of opportunity and selection according to merit. It is obvious that the real need is to attract additional jobs. The disinvestment proposals damage, rather than assist, the employment prospects of the unemployed Catholics and Protestants alike.

9. Anti-Catholic Discrimination in Employment in Northern Ireland (pages 6-11)

This is a particularly tendentious Section of the Report. As indicated earlier the economic incentive packages available from Government (through the Industrial Development Board and LEDU) do not have an anti-Catholic bias. For incentive purposes Northern Ireland is divided into 3 categories of region, attracting 40%, 45% and 50% grant on new

facilities according to unemployment levels - the higher the unemployment level, the higher the grant. Individual investors are free to choose where they locate and do so for purely commercial reasons (including, obviously, the level of grant available).

10. The claim that hiring practices of most new companies discriminated against Catholics regardless of where the plant is located glosses over the fact that the workforce in a number of "new" companies, in the Londonderry area, for example, have been shown by Fair Employment Agency investigations, to be predominately Roman Catholic (in one case almost exclusively so).

11. The selective and unbalanced nature of the Report is again evident in the reference (at page 6) to the danger to Catholics working in "Unionist towns and neighbourhoods". Of the 19 people killed at work or going to or from work last year only 2 were Catholic. Thirteen of the victims were part-time members of the security forces; 2 were shot most likely because of supposed links with paramilitary organisations; 3 were killed in attacks intended for others; and one was killed in the course of a robbery. The reality is that the main threat to Catholics, as to Protestants, is from the IRA. According to Dr Fitzgerald (Prime Minister of the Irish Republic) "Their concentration on creating the maximum misery and destruction in Nationalist areas of Northern Ireland is the most cruel and cynical political exercise carried out in this island in living memory". The total omission from this Section of the Report of any mention of the terrorist activities of the IRA suggests that those compiling the Report are blind to the atrocities and intimidation perpetrated by that organisation. Such biased reporting is hardly a sound basis from which to make judgments regarding discriminatory practices.

12. The charge (at page 7) that Protestant personnel managers "discriminate blatantly against Catholics" is wholly unproven and more important ignores the fact that Northern Ireland has legally enforceable means of redress available free of charge to anyone experiencing such discrimination. The Fair Employment (NI) Act 1976 outlaws discriminatory recruitment practices and provides machinery through which an individual can have a complaint investigated and a finding made. Such findings can be enforced through the Courts in Northern Ireland. The Report suggests that in "job interviews,

Catholics are questioned as to their loyalty to the Crown". This implies that this is a uniform and commonplace practice. It is not. The Report has fastened on one case. There is no evidence that the practice is widespread.

13. By listing American Companies in particular economic sectors under a statement of the distribution of religious groups in those sectors the Report seeks to blacken American Companies. However, the number of Catholics employed in an industry is really a figure of total irrelevance to the number of Catholics employed in a particular American firm. For example, in the textile industry Catholics are shown as 23% but the Du Pont Company shown under this sector, is two thirds Catholic as shown in the investigation carried out by the Fair Employment Agency.

14. Moreover the statement is made that recent findings by the FEA indicate that there has been little change in the relative position of Catholics over the last decade. No such general statement has ever been made by the Agency. Indeed, such a statement could not be made by the Agency since in most investigations the Agency has undertaken, it has found improvement over the last decade. For example, in relation to the Civil Service, the Agency reported: "During the 1970s the number of Roman Catholics entering the Northern Ireland Civil Service increased substantially and in particular during the last 5 years' of the decade there had been a major increase in numbers of Roman Catholics recruited to the Service. Indeed, for General Service grades during the last 4 years of the decade the proportion of Roman Catholics had been marginally over 50%". The statement in the Report that the 1981 census figures "have not yet been released by the British Government" is not true. The figures were released last year.

15. A major defect of this part of the Report (and subsequently) is its omission of any consideration of the labour supply side of the operation and in particular the availability within the appropriate catchment area of individual Companies of persons in the minority group possessing the specific skills and qualifications required. Both skill level and catchment area are key factors in determining the appropriate numerical goals for minority employees in both Canada and the US and are equally relevant to the situation in Northern Ireland. For example, the catchment area for General Motors is entirely

different for their Dundonald plant (in a Protestant area) than for their Kennedy Way plant (in a Catholic area) and the religious balance in each plant reflects that catchment. The Report's analysis ignores the implications of the potential pool of appropriately qualified labour from which the various Companies with different manpower needs, can draw. Detailed studies in both the US (eg IBM versus Equal Employment Opportunities Commission Maryland 1984) and in Northern Ireland (FEA analysis of the NI Civil Service) demonstrate how, when such objective differentiating factors are taken into consideration, apparent "bias" or "discrimination" in either recruitment or levels of participation within an organisation may be effectively eliminated. A recent research report on behalf of the Fair Employment Agency indicates that there is a subject bias in Catholic schools towards the Arts, Humanities and Languages whereas Protestant schools place greater emphasis on Mathematics and Science, which obviously has a knock-on effect in terms of employment options. The Report also indicated that the position in Catholic schools is gradually changing. This is a welcome development towards widening employment options for those concerned.

16. The importance of such factors in analysis of equal employment opportunities is widely recognised. The non-consideration of mediating factors negates the validity of Section III(2) - discrimination in hiring - and the figures (presented on page 9 onwards) under religious composition of the workforces of individual Companies. Much of the material in Section IV analysing individual Companies without any reference to availability estimates is equally worthless.

17. Investments in Northern Ireland Corporation by the 5 New York City Pension Systems (pages 12-17)

This Section seeks, often by implication and without firm evidence, to portray US firms as actively, and intentionally, pursuing a policy of discrimination against Roman Catholics. It contains some basic errors, however, and these, together with its unsubstantiated denigration of US firms generally, cast doubt on the integrity of the analysis.

18. The Report (page 13) refers to Sherwood Medical Industries Ltd as having no significant Catholic employment. The Fair Employment Agency found, during the investigation of an individual complaint,

that Sherwood's religious composition was relatively close to that of the area in which it was placed. This meant that there was, in fact, a significant number of Catholics in employment. Again on page 13 the comments on the FEA investigation of Du Pont would tend to give the impression that Catholics in Du Pont were the "hewers of wood and the drawers of water"; this would be a totally inaccurate impression. Catholics are less heavily represented on the staff side but still constitute just over 50% of those in staff positions. In fact this is not surprising. Whereas manual workers will tend to reflect, other things being equal, the immediate catchment area, the staff catchment area would normally be much wider. For example, if the Company were recruiting graduate chemists it would be recruiting not only from the Londonderry area but certainly throughout Northern Ireland and possibly further afield.

19. The Report also refers (page 14) to Fruehauf Ltd with the claim that new Catholic employees are intimidated and that several Catholic workers have been killed in recent years. This simply is not true; no one has been killed at the Fruehauf plant. It is, however, true that a Catholic worker at Rolls Royce - which previously occupied the site in Dundonald now occupied by Fisher Body, the General Motors subsidiary, was killed on 1 January 1973 - some 12 years ago. The employee was shot as he drove to work though why this should reflect on General Motors, as implied by the Report, is not evident.

20. The Report also refers to LFE International BV as having "refused to sign the Fair Employment Agency's no-discrimination pledge". This is blatantly untrue. LFE International operates an Equal Opportunities policy and has signed the FEA's Declaration of Principle and Intent. Similarly, the information in the Report regarding the Essex Group INC is wrong. The Fair Employment Agency found that in fact, to all intents and purposes, no local Protestants were employed in the Essex factory. It is true that the Agency did refer to the reluctance by Protestants to apply for jobs in a Company located in a Catholic area but it is important to avoid falling into the trap of believing that a low number of Protestants in a factory in a Catholic area is because the Protestants will not work there whereas a low level of Catholics in a Protestant area is because of direct discrimination and not because Catholics will not work there. In both cases, often

understandably, there is a reluctance by one community to work in factories in another area. Whilst a Company has a duty to take steps to attempt to overcome this reluctance it cannot force people to apply for jobs or to continue in employment.

21. A further inaccuracy, but one which suits the intention of the Report, is the claim that the Londonderry plant of VF Corporation is located in a Protestant district of the city. The factory in Londonderry is in the Springtown Industrial Estate which is a Catholic area and not a Protestant area. It has recently been alleged by a Derry City Councillor that out of a workforce of 370 in VF Corporation (Londonderry) under 20 are Protestants. Judging by other Companies investigated by the Fair Employment Agency in the mainly Catholic side of Londonderry the likelihood is that there are few Protestants employed there.

22. Legal/Administrative Remedies for anti-Catholic Discrimination (pages 18-20)

The Report seeks to dismiss legal remedies against religious or political discrimination in employment in Northern Ireland as inadequate by reference to a Report by Dr McCrudden and by referring to the fact that in the first 6 years of its existence the Fair Employment Agency found only 13 cases of unlawful discrimination. The McCrudden Report was in fact a Report commissioned by the Fair Employment Agency. Following consideration with the appropriate Government Department in Northern Ireland two additional senior staff were appointed in 1983/84. Moreover the Agency's budget has been increased by 63% in real terms from its inception, and both its finance and staffing are kept under review and will be considered further during the current financial year.

23. Since its establishment in September 1976 the Fair Employment Agency has received 425 written complaints of discrimination of which only 32 were subsequently found to be substantiated. The number of complaints received, and even more so the number substantiated, hardly suggests the blatant discrimination referred to at page 7 of the Report.

24. For the Report to refer to the Fair Employment Agency's findings as "subject to appeal in Ulster's Protestant-dominated County Courts",

with the clear implication that the County Court judiciary is biased against Roman Catholics, or in this instance the Fair Employment Agency, is a slur on the integrity of the judiciary and ignores the fact that the County Courts would be less "Protestant-dominated" if 2 Catholic County Court Judges (Doyle and Conaghan) had not been killed by the IRA and a third Catholic County Court Judge (McGrath) had not been so badly injured by an IRA attack that he had to retire. The Report overlooks the fact that the vast majority of cases referred to the County Court have resulted in an outcome favourable to the Fair Employment Agency.

25. It is quite true that the Fair Employment (NI) Act 1976 does not allow benign discrimination, either in favour of Catholics or Protestants. The Northern Ireland legislation is based on equality of opportunity and selection on merit. It specifically outlaws discrimination. In illustrating the principles implicit in the Northern Ireland legislation the report refers to a particular case (page 20) involving a local Government body. The Report once again gets the facts wrong. The local Government body in question employed very few Protestants and the past discrimination being redressed was against Protestants.

26. Besides the Safeguards under the Fair Employment Act, the 1973 Northern Ireland Constitution Act introduced safeguards making it unlawful for central and local government and statutory bodies to discriminate on religious or political grounds. The Act also set up an independent Standing Advisory Commission on Human Rights which examines the effectiveness of the law in preventing discrimination and recommends changes as necessary. The Government is determined to prevent discrimination in employment throughout Northern Ireland.

27. Recent American Initiatives on Northern Ireland (pages 21-23)

Perhaps the critical point to be made in regard to this Section of the Report is that had those lobbying against Short Brothers getting the Sherpa contract got their own way, the additional employment available to Catholics, not only in Shorts East Belfast plant but also on the site at West Belfast, would not have been available. Those who subscribe to initiatives which seek to limit investment in Northern Ireland do a singular disservice to all Northern Ireland's unemployed - Catholic and Protestant alike - who take little comfort

from the fact that Northern Ireland is denied the jobs which might give them employment. Short Brothers are, in fact, equal opportunity employers with a policy of non-discrimination in employment. They have taken the decision to expand into West Belfast on commercial grounds.

28. The McBride Principles (pages 24-25)

The United Kingdom Government does not support the application of the McBride Principles to Northern Ireland which already has its own Fair Employment legislation. The application of the McBride Principles to Northern Ireland is unnecessary and would be counter-productive. The Principles themselves contemplate positive discrimination and would therefore be illegal in Northern Ireland.

29. These points, and the unhelpfulness of the McBride Principles generally, have been recognised by a wide spectrum of opinion in Northern Ireland including John Hume, leader of the main political party supported by Roman Catholics and Jim Eccles; past Supreme Knight of the Order of St Columbanus. Dick Spring (Deputy to Dr Garret Fitzgerald) has also publicly condemned the Disinvestment proposals on behalf of the Irish Government.

30. Draft Corporate Questionnaire and Recommendations (pages 27-30)

All the US Companies affected by the Disinvestment proposals have already indicated their support for the Fair Employment Agency in Northern Ireland and their acceptance of the principle of equality of opportunity and selection according to merit, by their endorsement of the Fair Employment Agency's Declaration of Principle and Intent. For Companies to respond to the Corporate Questionnaire is to give the Report and its purposes, a credence they do not deserve. The Report and its recommendations are ill-founded and ill-considered and should be resisted.