



cc PS/Minister of State (B&L)
PS/Mr Fell
Secretary
Mr Spence
Mr McNeill
Mr Cooke, SIL
Mr Taggart
Mr Ford
Mr Henderson
MC

31 October 1991

TO: 1. PS/Mr Needham (DED&L)
2. PS/Secretary of State (B&L)

FROM: R J Minnis, Equality Division

MacBRIDE, CALIFORNIA: GOVERNOR'S VETO

Purpose of Submission

1. The purpose of this submission is to suggest that the Secretary of State might wish to write to the Governor of California to thank him for vetoing the MacBride Bill which had been passed by the State Legislature. It is suggested also that the Secretary of State might send short letters to a number of other people - Ambassador Seitz and ex-Ambassadors Price and Catto - each of whom wrote to Governor Wilson expressing his strong opposition to the MacBride legislation.

Background

2. In March this year, Assemblyman John Burton introduced a Bill (AB1330) in the California Assembly which would have required the California State Pension Fund Boards to monitor and report on adherence to the MacBride Principles by US corporations in Northern Ireland and to support shareholder resolutions targeted at such corporations. The legislation passed through all the Committee stages and was passed, in slightly amended form, by both the Assembly and Senate.
3. As part of a wider lobbying effort, the Secretary of State wrote to the Governor of California, Hon Pete Wilson, on 11 July and again on 6 September setting out HMG's views on the MacBride Campaign and

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DEPARTMENT OF ECONOMIC DEVELOPMENT



commenting on Government's policy on fair employment and the economic situation in Northern Ireland, and urging him to veto the MacBride legislation.

The Governor's Veto

4. On 11 October 1991 the Governor vetoed the Bill. A copy of his veto message to the Members of the California Assembly is attached at Tab A. The veto is based on the Governor's belief that the MacBride legislation is redundant and unnecessary. The Governor leans heavily on the views of John Freeman, Regional Secretary of the ATGWU, and ends his message with a quote from Mr John Hume MP. As the Secretary of State will see, the veto message is a very strong statement of opposition to MacBride legislation in California. This augurs well for the fate of any similar legislation which might emerge during the remainder of Governor Wilson's term of office.

Others Who Lobbied Against MacBride

5. As the Secretary of State will already be aware, the Department of Economic Development, the NIO and the Washington Embassy orchestrated a much wider lobbying campaign aimed at encouraging the Governor of California to veto the legislation. As a result, a number of influential people wrote or spoke to the Governor. It is suggested that the Secretary of State might, in addition to writing the the Governor, send short letters of thanks to the following:-

- (i) the US Ambassador, Hon Raymond Seitz who was particularly helpful personally and in urging others to make their views known; and





State of California
GOVERNOR'S OFFICE

- (ii) ex-Ambassadors Price and Catto both of whom lobbied the Governor. Mr Price is also understood to have asked ex-President Reagan, whom he knows personally, to contact the Governor.

6. It is also being proposed to Mr Needham that he write to a number of others - Mr John Freeman, Trade Unionist; Mr John Dickson, a Californian businessman; Ms Anne Collins, Director of the California Trade Office in London; and Mr Joe Stewart, Mr Pat McCartan and Mr Sean Neeson, local businessmen - all of whom were very helpful in lobbying activities.

Recommendation

7. It is recommended that the Secretary of State should:-

- (i) write to the Governor thanking him for the time he took to consider the issue and for vetoing the legislation;
- (ii) send brief letters of appreciation to Ambassador Seitz and to ex-Ambassadors Price and Catto acknowledging the influence of their respective interventions.

8. Draft letters for consideration are attached at Tab B.

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R J MINNIS



DEPARTMENT OF ECONOMIC DEVELOPMENT

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TAB A



PETE WILSON
GOVERNOR

State of California
GOVERNOR'S OFFICE
SACRAMENTO 95814

OCT 11 1991

TELEPHONE
(916) 448-2841

September 24, 1991

To the Members of the California Assembly:

I am returning Assembly Bill No. 1330 without my signature.

The purpose of AB 1330 is to assist in combatting job discrimination against Catholics in Northern Ireland by holding U. S. employers investing there accountable under the so-called MacBride Principles. Specifically it would require PERS and STRS to monitor U. S. employer compliance with the principles; to publish annually a list of U. S. companies doing business in N. Ireland, and to support shareholder endorsement or implementation of the principles.

Whatever the good intentions of its sponsors in seeking to combat discrimination, this legislation is redundant and unnecessary at best. And ironically, at worst, it is opposed by political and labor union leaders who represent Northern Ireland Catholic constituencies as threatening the economy of Northern Ireland, and threatening therefore job opportunities for Catholic workers there.

First, the specific goal of monitoring the intent of U. S.. employer discrimination has already been met. ACR 138 of 1990 directed the Auditor General to make such a study. The Auditor General has done so, in a report entitled "A Review of Adherence to Standards of Fair Employment by 25 U. S. Firms with Business Operations in Northern Ireland," which found that all the American firms whose stock is held in the PERS portfolio do adhere to standards of fair employment. And, indeed, U. S. employers have been hailed as leaders in fair employment practices by Northern Ireland labor leaders who represent Catholic workers.

AB 1330 requires annual publication of a list of U. S. employers doing business in Northern Ireland, imposing on PERS and STRS a duplicative and unnecessary duty already being performed by the Investor Responsibility Research Center.

STRS, without benefit of AB 1330, has voted in favor of all shareholder resolutions - twelve in 1990 alone - requesting companies to implement the MacBride Principles and fair employment practices.

These facts make clear that AB 1330 is highly redundant and unnecessary. It is, to say the least, over-kill.

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September 23, 1991
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But far more compelling criticism is the sharp complaint - coming from political and labor union leaders representing the Catholic workers of Northern Ireland - that AB 1330 will have a serious chilling effect upon sorely needed U. S. investment. They have written me urging in the strongest terms my veto of AB 1330, to quote one, "because of the harm this union [the Amalgamated Transport and General Workers Union, the largest trade union in Northern Ireland, whose membership is 50% Catholic] believes such legislation could bring to the economy of Northern Ireland.

The ATGWU argues that the rights of its Catholic members are far better protected by the mandatory provisions of the Fair Employment Act of 1989 than the MacBride Principles. "We do not accept that the adherence of American companies to the MacBride principles will further the objectives we all seek," wrote John Freeman, head of the union in Northern Ireland. The ATGWU was most aggressive in amending and lobbying this legislation to enactment on behalf of its Catholic members.

What trade union and political leaders representing Catholic workers fear is that legislation like AB 1330, bearing the implied threat of disinvestment by large and powerful state retirement systems in their stock, will cause American companies to avoid that threat by taking their investment and jobs some place other than Northern Ireland where they are desperately needed.

I am compelled to agree. Their perception is accurate and their concern is justified: investment does not go where it is unwelcome, and employers do not create jobs where they feel threatened. And the uncertainty, the threat felt by American investors and employers is every bit as chilling - no, far more so - when it comes from a powerful state government and its retirement systems, as when it comes from a foreign government.

That is particularly the case with American companies who are not in Northern Ireland but are considering operation there. They may very well be attracted as an employer but decide against the move to No. Ireland to avoid the risk of disinvestment if by some misstep they incur the displeasure of PERS or the state legislature.

Mr. Freeman of ATGWU urges that:

The best way to help No. Ireland is to facilitate American companies investing in more jobs, by signalling your confidence in their ability to comply with the Fair Employment legislation and Codes of Practice. This would be achieved by allowing U. S. firms operating in No. Ireland to receive state investments without having to adhere to a set of voluntary guidelines which are already redundant."

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It does seem significant that, as Mr. Freeman points out, "No political party in Northern Ireland supports the McBride campaign, except Sinn Fein [the political wing of the I.R.A.] The major Catholic or nationalist party, the SDLP, is vehemently opposed to it."

The leader of the Social Democratic and Labor Party, supported by two-thirds of the Catholic population of Northern Ireland, is the Rt. Honorable John Hume, who offers this clear and simple guidance to those of us who wish to do good for his constituents:

"My advice to our friends in the United States was and is, if you really want to help us, then encourage investment in areas of high unemployment in Northern Ireland. That is a positive thing to do. The effect of the MacBride Principles campaign, whether people like to admit it or not, is to stop investment from coming in and that is bad for us."

Those of us who would do good would do well to listen carefully to those whom we would help. The fact is that AB 1330 would help neither the Catholic or Protestant workers of Northern Ireland, nor the California retirees to whom PERS and STRS owe a fiduciary duty.

Sincerely,

Pete Wilson

PETE WILSON

TAB B

FILE NO:

ADDRESSEE'S REFERENCE

<u>To:</u>	<u>Enclosures</u>	<u>Hidden Copies to:</u>
Hon Pete Wilson Governor of California State Capitol 1st Floor Sacramento CALIFORNIA 95814 USA	None	PS/Secretary of State (B&L) PS/Mr Needham (DED&L) PS/PUS PS/Mr Fell Mr Loughran Mr Spence Mr Cooke Mr McNeill Mr Minnis Mr Taggart Mr Ford Mr Henderson

LETTER DRAFTED FOR SIGNATURE BY Secretary of State
(Name of Signatory)

October 1991
Month and Year

I am writing to express to you my warmest personal thanks for your decision to veto Assembly Bill 1330 which related to the so-called MacBride Principles. The interest and effort you have devoted to this matter has clearly been considerable and I assure you that your decision is widely regarded here as being in the best interests of the people and economy of Northern Ireland.

Should you be planning to visit London, or indeed Northern Ireland, I would be delighted to see you.

PB