

STATE PAPERS Belfast and Dublin



In the final tranche of previously confidential state papers released in Belfast, political historian **Dr Éamon Phoenix** uncovers a bleak assessment of the north's economy in the mid-1980s and increasing strain on Anglo-Ireland relations

Negative thought defined image to outside world

"TO THE outside world we are seen as a race of people who think negatively on most issues and during 1986 I sincerely hope we change that image." This was the message in a high-level report on the Northern Ireland economy in January 1987, just over a year after the Anglo-Irish Agreement. In his report for the Stormont Department of Economic Development, economist Noel Stewart said he wrote in "a more volatile time in our community" than in recent years of violence. In his view the combination of "terrorism and the tremendous instability that now exists on the political front... must inevitably damage whatever immediate investment might be on the horizon". "It is my opinion", he informed officials, "that no country can survive both terrorism and political instability". Reviewing the early years of the Troubles, Stewart felt that the Northern Ireland economy might have survived the worst

effects of the 1974 oil crisis "but the UWC strike [which toppled the 1974 power-sharing executive] not only added political instability but also helped to erode the tremendous confidence that the large multinationals had previously demonstrated in NI". Thereafter, he wrote, "industrialists were unable to convince their shareholders to continue to invest in a region that displayed both terrorism and political instability". As a result, by 1981 – the year of the Hunger Strike – there was a steady withdrawal of British industry. The economist concluded that no society could rely indefinitely on public expenditure to the extent that Northern Ireland did. "It is not healthy that public expenditure represents 75 per cent of the Gross Domestic Product and 45 per cent of these workers had relatively secure jobs within the public sector." Calling for cross-party talks on devolution, Stewart warned officials: "Time is running out."



■ **VOLATILE:** The Ulster Workers' Council strike in 1974 brought Northern Ireland to a standstill added to instability

Bleak outlook for north's economy

THE bleak outlook for the Northern Ireland economy in 1986 is captured in government files released in Belfast in this week.

A report dated June 23 noted that the oil crisis of the early 1970s had a severe impact on the north's economy.

In the period 1979-85 manufacturing output in the north declined by 7.5 per cent, compared with 5.2 per cent in Britain.

There were 460,000 people employed in Northern Ireland, a shrinkage of 11 per cent from 1979. In addition, 14,100 were employed in the RUC and prison service.

The report noted that the region's traditional industries such as clothing, footwear, textiles and tobacco accounted for most of the collapse in manufacturing. Yet "the remaining rump of these traditional industries still accounted for 40 per cent of NI's manufacturing base".

The size of the public sector was staggering, and Harland & Wolff (workforce 5,000) and Shorts (7,000), the north's two largest manufacturing companies, were both operating in "precarious world markets" and might suffer job losses.

Also, many indigenous industries were being supported by the Industrial Development Board.

The report was discussed at a meeting of NIO ministers and senior officials at Stormont Castle on June 15, with



■ **PRECARIOUS:** The Harland & Wolff shipyard in Belfast employed around 5,000 people in 1986

the head of the Northern Ireland Civil Service, Sir Ken Bloomfield, saying the north's economic prospects were a cause for concern.

He highlighted the fact that "some 30 per cent of A-level students, normally the better ones" were entering university education outside Northern Ireland. Of these in 1984, 85 per cent did not return to the north.

Responding, Brian Mawhinney, the NIO minister for education, noted that there would be a need to promote 12,000 jobs a year just to keep pace with unemployment.

Rhodes Boyson, minister of state, felt the tensions in the community after the signing of the Anglo-Irish Agreement had added to difficulties in attracting new industrial investment.

He felt that Westminster was becoming impatient with Northern Ireland and there would be difficulties in per-

suading Whitehall that it was a special area.

Dr Mawhinney agreed that they should take a radical view.

"People needed to be aware of the consequences of their actions. At present they were insulated from the full effects of damaging business expectations because NI, as part of the fiscal union, could not devalue, reduce public expenditure or raise taxes. But decoupling from parity in wage levels and social security benefits, if it could be achieved, would introduce an element of realism."

While not disagreeing, Richard Needham, the NIO under-secretary, felt it would be difficult to move people away from parity in the social security field.

However, "people ought to be prepared for the political consequences of their political inaction and if present levels of unemployment were

partly caused by the better-off opting out of the political process, then perhaps ways of paying consequences of their abstention would have to be sought".

He felt that differential wage levels raised interesting possibilities, especially in the health sector.

Summing up, the secretary of state Tom King said there was a need to change perceptions and influence opinion in Europe and the United States.

He would fight again for the next Ministry of Defence order for which Harland & Wolff might bid but it was clear that the yard would never be the major employer of former years.

The meeting recorded a sobering conclusion:

1. The economic prospects were very bleak.
2. The manufacturing base was severely damaged and fragile.
3. There was a need for a radical re-think.

Reagan reaction to IRA bombing

THE private reaction of US president Ronald Reagan to news of the IRA bomb at the Grand Hotel in Brighton during the Conservative party conference in 1984 is recorded in files released by the Public Record Office in Belfast.

The blast killed five people including MP Sir Anthony Berry. British prime minister Margaret Thatcher, narrowly escaped injury. The president's remarks are contained in the minutes of

a meeting between secretary of state Douglas Hurd and the US ambassador to Britain, Charles Price, on November 5 1984.

The ambassador said he had had dinner with president, right, and Mrs Reagan during a recent trip to the US.

"The first thing the president had mentioned had been the Brighton bomb and he had known that Mr Price had been in Brighton on the day of

the explosion.

"The president had shown his concern about the bomb, about the shipment of arms from the US to the IRA and about financial support from the US for the IRA.

"[He] was concerned to know how the message could be got across to the tiny minority in the US who provided support for the IRA that they were not helping the victims of suffering but helping to create new victims."



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