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Report

drawn up on behalf of the Committee on Regional Policy and Regional
Planning

on Community regional policy and Northern Ireland

Rapporteur: Mrs S. MARTIN

On 15 November 1979, Mr HUME, Mr BALFE and Mrs DESMOND tabled a motion for a resolution to the European Parliament on behalf of the Socialist Group on Community Regional Policy and Northern Ireland (Doc. 1-517/79), pursuant to Rule 25 of the Rules of Procedure.

On 16 November 1979, the European Parliament referred this motion for a resolution to the Committee on Regional Policy and Regional Planning as the committee responsible and to the Committee on Social Affairs and Employment for its opinion.

On 20 March 1980, the Committee on Regional Policy and Regional Planning appointed Mrs Simone MARTIN rapporteur.

The committee considered this motion for a resolution at its meetings of 16/17 March 1981 and 21/22 April 1981.

At its meeting of 21/22 April 1981, the committee unanimously adopted the motion for a resolution and the explanatory statement.

Present:

Mr De Pasquale, chairman, Mrs Desmond, vice-chairman, Mr E. Faure, vice-chairman (deputizing for the rapporteur Mrs Martin), Mr Blaney, Mr Cardia (deputizing for Mr Fanti), Mr Griffiths, Mr Harris, Mr Kappos, Mrs Kallett-Bowman, Mr Logios (deputizing for Mr Lima), Mr Pöttering, Mrs Quin (deputizing for Mr Hume), Mr Puletti, Mr Sherlock (deputizing for Mr Hutton), Mr J.D. Taylor, Mr van der Gun (deputizing for Mrs Böt), Mr Zardinidis.

The opinion of the Committee on Social Affairs and Employment is attached to this report.

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A

The Committee on Regional Policy and Regional Planning hereby submits to the European Parliament the following motion for a resolution, together with explanatory statement:

MOTION FOR A RESOLUTION

on Community Regional Policy and Northern Ireland.

The European Parliament,

- having regard to the motion for a resolution tabled by Mr Hume, Mr Balfe and Mrs Desmond on behalf of the Socialist Group pursuant to Rule 25 of the Rules of Procedure on Community Regional Policy and Northern Ireland (Doc. 1-517/79),
- having regard to the report of the Committee on Regional Policy and Regional Planning and the opinion of the Committee on Social Affairs and Employment (Doc. 1-177/81),
- recalling that the founders of the Community gave it the task of establishing an economic community capable of forming the basis for a broader and deeper community of peoples long divided by strife and bloodshed,
- recalling the commitment of the European Community to reduce economic imbalances through a forceful regional and social policy, a commitment that was given 'high priority' at the 1972 Summit,
- considering the special difficulties of Northern Ireland at the present time,
- considering the grave economic and social problems of the region where unemployment averages over 16%¹, rising to above 32% in some areas², and per capita income is one of the lowest in the Community, which lead to a high level of emigration and a low rate of economic activity,
- recalling that these two adverse features of the Northern Ireland economy are caused by a sharp drop in employment vacancies due to industrial decline (shipbuilding, textiles, ...) and agricultural reorganization, on the one hand and by a high demand for employment linked to the highest birth rates in Europe on the other,

¹ 16.3% on 11 December 1980 and 15.3% excluding young people seeking their first job and taking account of seasonal adjustments.

² 32.9% in the Strabane area on 11 December 1980.

- considering that it is impossible to ignore the adverse effects which the troubles in Northern Ireland may have on the economy of the region, particularly on the tourist trade and the channels of distribution, but considering that the will to secure peace in Northern Ireland is strongly dependent on full employment and a decent standard of living,
 - considering the economic and social powers and responsibilities of the Community,
1. Believes that Northern Ireland deserves special attention from the Community, essentially for socio-economic reasons, and considers that in view of the above considerations the motion for a resolution by Mr Hume, Mr Balfe and Mrs Desmond is most timely and that its content is of major interest;
 2. Endorses the conclusions of the motion for a resolution tabled by Mr Hume and others;
 3. Invites the Commission, therefore, to submit a report on Community aid to Northern Ireland since the accession of the United Kingdom to the Community, indicating what funds have been provided and, if possible, how many jobs have been created;
 4. Points out that a number of Community financial instruments have a major impact at regional level and that an assessment should be made of the effect of this aid on economic and social development in Northern Ireland, the creation of stable and productive jobs and the raising of living standards;
 5. Deplores the fact that this aid is often kept by the Government of the United Kingdom to defray its own expenditure in Northern Ireland instead of being paid over as additional outlay, and considers that compliance with the principle of additionality is the key to genuine economic and social assistance from the Community for Northern Ireland;
 6. Invites the Commission to assess, on the basis of the new regional development programme which the British Government is to forward to the Commission early in 1981, the economic outlook for Northern Ireland, together with the Community objectives and the measures and resources needed to achieve a certain parity of living standards and employment in relation to the Community average;
 7. Invites the Commission to check that this regional development programme covers the whole province of Northern Ireland, that it is comprehensive, coherent and interdependent, that the local and regional authorities are involved in drawing it up and that it will help to create the conditions for self-development in the region;

8. Invites the Commission to lay down, within the framework of this overall programme, priority areas for aid from the ERDF and other structural funds in Northern Ireland and to coordinate the various financial instruments;
9. Believes that the Community should ensure that an appropriate share of the special financial contribution paid to the United Kingdom goes to Northern Ireland, particularly in order to develop infrastructures;
10. Recommends that the Commission, in reviewing the economic outlook for Northern Ireland, make a special study of the following main points:
 - a) population projections and medium and long-term job-creation needs,
 - b) guidelines for land use and decisions on infrastructure (growth centres, ports, communications),
 - c) guidelines for industrial structure,
 - d) development of agriculture and food industries, notably to combat rural unemployment,
 - e) opening the Community market to products from Northern Ireland and research into technologies with commercial potential,
 - f) introduction of incentive measures for industrial development such as tax exemption for at least five years designed to encourage the creation of new industries and tax reductions on profits from exports,
 - g) prospects for tourism,
 - h) role and coordination of local and regional development agencies,
 - i) professional training and setting-up of a management training centre,
 - j) special programmes for rural areas where the unemployment rate is highest,
 - k) role of subsidies to counteract 'natural' disadvantages. As regards transport costs, the principle of 'territorial continuity' should be recognized by equating the cost of the crossing between Great Britain and Northern Ireland with the cost of the journey by rail. As regards the higher cost of energy, an 'integrated system' should be introduced for the whole of the United Kingdom, applying the same price everywhere.
 - l) housing stock renewal and renovation of accommodation in certain areas (particularly Belfast) as a matter of urgency; since job creation must be linked with improved living conditions.
11. Instructs its President to forward this resolution and the report of its committee to the Council, the Commission of the European Communities and the Member State concerned.

EXPLANATORY STATEMENT

A. INTRODUCTION, PURPOSE OF THE REPORT

1. A motion for a resolution on Community regional policy and Northern Ireland was tabled pursuant to Rule 25 of the Rules of Procedure by Mr Hume, Mr Balfe and Mrs Desmond on behalf of the Socialist Group (Doc. 1-517/79).

This motion for a resolution was referred to the Committee on Regional Policy and Regional Planning, which instructed me to draw up a report.

2. I visited Northern Ireland in order to prepare this report.

This fact-finding mission enabled me to obtain information from the relevant authorities in Northern Ireland on the economic and social problems referred to in the motion for a resolution.

The visit began on 29 September and ended on 1 October 1980.

3. I would like to thank all the people and administrative bodies who helped to prepare my visit to Northern Ireland and received me there. I would like in particular to thank the Secretary of State for Northern Ireland, the United Kingdom Permanent Representation to the European Communities, the Northern Ireland Airport Authorities, the Northern Ireland Civil Service, the Northern Ireland Office, the Northern Ireland Economic Council, the trade unions, the mayors of Belfast, Antrim, Cookstown and Londonderry, and the many delegations from local and district councils and from professional fields (textiles, agriculture, shipbuilding, etc.).

4. This report should enable the Committee on Regional Policy and Regional Planning to come to a decision on whether to support Mr Hume's motion in plenary sitting, and to ask the Commission to answer the questions raised.

This is only a preliminary study since the motion for a resolution under consideration in fact asks the Commission to draw up an overall report on the economic outlook for the region and ways of increasing the standard of living and level of employment among the population.

5. This preliminary study need provide only a brief survey of the economic and social problems of the region. Indeed, the note drawn up by Mr Hume on behalf of the Socialist Group for the Committee on Regional Policy contains a very pertinent analysis of the problems of Northern Ireland. This document is in a way the explanatory statement for the motion for a resolution and I intended to attach it to my draft report, together with the resolution itself. But, before my visit to Northern Ireland, the Committee on Social Affairs and Employment which had been asked for its opinion, published the text as a working document (PE 65.919, 13 June 1980). I would therefore strongly advise Members to refer to that document, particularly sections III (Northern Ireland and the European Community) and IV (Recommendations),

B. ECONOMIC CHARACTERISTICS OF NORTHERN IRELAND

6. Northern Ireland is a small region covering 10,950 square kilometres. It has a total population of just over 1½ million and a working population of around 600,000. Its economic and social characteristics may be summarized as follows:

(a) High unemployment and low income

7. During the period following the Second World War the average level of unemployment was 7%, i.e. twice that of the United Kingdom for the same period. It fell to 5.1% in May 1974, but rose to 11% in January 1979. Since then the level has continued to rise. According to the most recent figures available it had reached 15.6% by 9 October 1980 (14.3% excluding school leavers seeking their first job and taking account of seasonal adjustments)¹.

8. The per capita income in Northern Ireland is lower than in any other region of the United Kingdom. At present it stands at around 82% of the annual per capita income in the United Kingdom.

These two negative characteristics (high unemployment and low income) result from a combination of the two factors affecting the two components of employment: job supply and job demand.

¹Source: Department of Manpower Services, press release, Belfast.

(b) Job supply: industrial decline and agricultural reorganization

The first of the components in the level of employment, availability of jobs, has been greatly affected by large cut-backs resulting from industrial decline and agricultural reorganization.

9. With regard to industrial decline, it must be remembered that the industrial tradition of Northern Ireland dates back to the beginning of the nineteenth century. During the first part of this century, shipbuilding and flax formed the basis of the local economy. Since then, changes in the world market and in technology have reduced the demand for the products of these two industries, as a result of which there has been a considerable decline in employment since 1950.

Employment in the shipbuilding industry has fallen from 24,500 (in 1950) to 7,400 (in September 1980). In traditional textile industries, employment has fallen from 65,000 to 18,000. Thus, these two sectors have seen a considerable fall in employment (from 89,500 to 25,400) between 1950 and September 1980.

10. Agriculture is of much greater importance in Northern Ireland than in the rest of the United Kingdom; it accounts for approximately 10% of total employment in the region whereas it represents only around 3% of the total in the United Kingdom. In the 1950s agriculture was more important in Northern Ireland since it accounted for approximately 20% of total employment, i.e. just over 100,000 jobs. Since then, the number of people employed in the agricultural sector has fallen to around 56,000, as a result of the trend towards larger farms, as a result of mechanization, and because of the reduction in intensive stock farming and the turning over of arable land to pasture.

(c) Job demand: high birth rate

11. Northern Ireland has a relatively high birth rate, which affects the other component in the level of employment, i.e. job demand. The natural rate of increase in the population (i.e. births minus deaths) is still one of the highest in Europe, in spite of a reduction during the last decade which can also be seen in the other countries.

The natural rate of increase in the population is still higher in the Republic of Ireland, where it stands at 11.9 per thousand

inhabitants, but the rate in Northern Ireland (5.6) is higher than it is in Italy (3.6) or in the United Kingdom as a whole (0.1); in West Germany the rate is negative (-2).

The rapid growth in the number of people seeking employment, combined with the considerable reduction in jobs in major sectors of the economy of Northern Ireland, results in a high level of emigration, a small working population and high unemployment levels.

(d) High emigration, small working population, high unemployment

12. In the 1960s, the rate of emigration averaged 6,500 people per year. But, perhaps stimulated by the civil unrest, the number of emigrants increased rapidly during the 1970s and reached 16,000 in 1975. Since then, the rate of emigration has fallen (7,500 in 1978), partly, it is true, as the result of an improvement in internal security, but primarily because the economic problems in Great Britain and elsewhere have dissuaded emigrants, who no longer have the same opportunities for finding work outside the province.

13. The level of active employment is very low in Northern Ireland and the proportion of the active population seeking employment is lower there than in the United Kingdom as a whole, this being particularly marked in the case of married women. However, in recent years the level in Northern Ireland has tended to draw closer to that in the United Kingdom.

14. In January 1980 the level of unemployment in Northern Ireland was 10.6%, as compared with a national average of 5.5%¹. Since then the level has increased considerably, reaching 15.3% by 11 December 1980¹ (16.3% taking account of young people seeking their first job).

The level of unemployment is not uniform throughout Northern Ireland; there are considerable local variations. The area of Belfast and its suburbs, which is densely populated and the most highly industrialized, has the lowest levels of unemployment,

¹ Excluding school leavers and taking account of seasonal adjustments.

whereas the rural areas in the West and the South of the province have the highest levels. The level of unemployment¹ in the area of Belfast and its suburbs was 9% in December 1979 and 13% on 11 December 1980; between December 1979 and December 1980 the unemployment level rose from 9.5% to 15.3% in the Craigavon area, 10.8 to 16.4% in the Ballymena area, 14.9% to 23.1% in the Londonderry area, 20.3% to 30.1% in the Dungannon area, 20.5% to 26.3% in the Newry area and 22.2% to 32.9% in the Strabane area, while the average for Northern Ireland as a whole rose from 11.5% to 16.3%.

C. INDUSTRIAL DEVELOPMENT AND GOVERNMENT STRATEGY

(a) Aid for the creation of new industries

15. More than 300 industrial plants employing over 63,000 workers have been set up in Northern Ireland since 1945 with financial aid from the Government. Excluding Northern Ireland itself, 113 investments are British in origin and 57 come from sources outside the United Kingdom. Of the foreign industrial investors, the United States comes first with 31 investments, and within Europe Germany is the source of 10 investments.

The United Kingdom's accession to the EEC is without doubt one of the reasons for the establishment of certain foreign industries in Northern Ireland. In the event of withdrawal from the Community some of these industries could be affected.

It should also be pointed out that there are considerable incentives for the establishment of industries in Northern Ireland, that relations between labour and management are relatively good, that the region has an industrial tradition backed up by a programme of vocational training subsidized by the State, and that there is significant growth in productivity.

16. The province of Northern Ireland has definitely benefited from government action to promote industrial development. The assisted projects have played an important part in the creation of employment in industry. They have made it possible to offset to a certain extent the job losses in the declining industries, and they account for almost half of the jobs available in industry.

¹ Including young people and without seasonal adjustments.

The establishment of new industries, such as rubber, plastics and industrial components, has helped to diversify the economy, making it less dependent on a small number of dominant industries.

(b) Results

17. Industrial production and productivity have increased. Since 1963 industrial productivity in Northern Ireland has increased by 96% as compared with 65% in the United Kingdom as a whole. In absolute terms it is comparable with productivity in the United Kingdom.

18. Incomes have risen; per capita income in Northern Ireland has risen from 78% of the average per capita income in the United Kingdom in 1970 to 82% in 1977. In absolute terms, however, wages in industry are still lower, on average, than those in the United Kingdom.

D. ECONOMIC EFFECTS OF THE TROUBLES IN NORTHERN IRELAND

19. It is not possible to disregard the effects which the civil unrest in Northern Ireland may be having on the economy of the region. The troubles began some ten years ago. The most directly and severely affected areas of economic activity are tourism and distribution.

The unrest has had serious effects on the housing situation in Belfast in particular and it has not yet been possible to complete urban renewal projects.

(a) Tourism

20. The tourist trade expanded rapidly during the 1960s and in 1968 there were more than one million visitors to Northern Ireland spending around £28,000,000 (at current prices). The numbers fell rapidly with the growing unrest. Northern Ireland now receives around 728,000 visitors per year (1979), many of them visiting their families or on business.

(b) Distribution

21. With regard to distribution, many shops and businesses in

general have suffered as a result of the troubles, whereas industry has been relatively unaffected and has even continued to expand.

22. However, there is no doubt that the industrial development programme suffered a severe setback when the world economic recession combined with the unrest in reducing the flow of new investments.

The economic recession is making it difficult to implement a programme of regional development, and yet action should be taken immediately to renew housing stock, particularly in the Belfast area, create employment and bring about a considerable improvement in the standard of living in the region as a whole.

However, there are now encouraging signs of a recovery, which began in 1978 with the creation by new undertakings of more than 4,150 jobs, as compared with only 40 in the previous year. Expansion of existing undertakings already located in Northern Ireland led to the creation of a further 2,100 new jobs in the same year. The recovery continued last year with further strengthening of the industrial infrastructure by five American companies, one German company and a number of others, which created 1,600 jobs. This trend seems to have continued through 1980¹.

E. MR HUME'S MOTION FOR A RESOLUTION

23. The motion for a resolution tabled by Mr Hume, Mr Balfe and Mrs Desmond on behalf of the Socialist Group (see annex) is extremely pertinent, in the light of the remarks made above, and its content is of major interest.

24. The first two recitals echo the preamble and Article 2 of the Treaty of Rome. It should be pointed out that the Heads of State or of Government meeting in Paris in 1972 reaffirmed that they regarded the aim of reducing economic imbalances in the Community as a 'high priority'.

¹ Source: Herald Tribune of 24.4.1980: flow of capital to Northern Ireland.

The third and fourth recitals refer to the particularly difficult economic and social situation in Northern Ireland.

25. A measure of hope with regard to the civil unrest which has afflicted the region for some ten years is implicit in the fifth recital. It is true that to a certain extent 'the search for peace is interconnected with the provision of jobs and decent living standards' and this is all the more evident in the light of the appalling housing conditions in certain areas of Belfast and the particularly high unemployment levels (among the worst in the Community).

26. The last recital rightly draws attention to the Community's responsibility towards the least-favoured regions. In setting up a Community which was more than just a common market, the Member States acknowledged that their most serious problems of development and growth should be solved jointly. Economic convergence is an essential requirement of the European Monetary System.

However, some states need Community aid in order to achieve this convergence.

The Community has, moreover, the financial means to help reduce these regional imbalances since in 1972 the Heads of State or of Government recommended that a European Regional Development Fund (ERDF) be set up. Nor is this the only financial instrument capable of exerting a considerable effect at regional level; there is the EAGGF, the Social Fund, the European Investment Bank, etc.

This is why Mr Hume asks the Commission 'to present a report on the impact of Community membership on Northern Ireland'.

(a) Community aid

27. There is no difficulty in drawing up a table of Community aid to Northern Ireland:

Structural aid and loans to Northern Ireland

1973 - 1979*

	in £ million						
	1973	1974	1975	1976	1977	1978	1979
EAGGF - Guidance ¹	1.76	2.1	3.02	1.68	2.22	1.06	2.58
European Social Fund ²	n.a.	n.a.	n.a.	n.a.	n.a.	16.4	24.16
Regional Fund	-	-	7.4	7.2	9.35	14.28	27.45
<u>Total aid</u>	1.76	2.1	10.42	8.88	11.57	31.74	54.19
European Investment Bank	-	2.45	-	-	18.24	(3)	52.3 ⁴
<u>Total loans</u>	-	2.45	-	-	18.24	(3)	52.3 ⁴

¹ Individual projects Reg. 17/64 for 1973-77, Reg. 355/77 for 1978, Reg. 17/64 and Reg. 355/77 for 1979, Reg. 17/64 was not applied in 1978.

² No figures are available for the period 1973-77.

³ An unquantifiable share of a multiregional loan of £29.88 million was allocated to the region.

⁴ A loan of £33.3 million, included in this amount, was supplemented by an interest rebate from the resources of the European Regional Development Fund.

* The reference lists of projects in Northern Ireland benefiting from Community financial aid from the EAGGF - Guidance Section and the Regional Fund are published in the following Official Journals:

EAGGF - Guidance: OJ C 299, 26.9.1977; OJ C 29, 4.2.1978; OJ C 194, 12.8.1978; OJ C 43, 16.2.1978; OJ C 217, 29.8.1979 and OJ C 38, 15.2.1980.

Regional Fund: OJ C 38, 12.2.1979; OJ C 99, 24.4.1978 and OJ C 327, 31.12.1979.

The lists of projects financed by the Social Fund and the EIB are published in the Annual Reports.

NB: Northern Ireland will also be receiving some aid from the non-quota section of the ERDF for specific Community measures to help improve the economic and social situation in the frontier regions of Ireland and Northern Ireland.

The aim of these measures is to develop tourism and craft trades.

The Council approved the regulation required for the implementation of these measures in October 1980.

The total amount of financial aid allocated for these measures is 24 m EUA (£14.16 million at current exchange rates).

28. Attention should now be given to the effect this aid has had with regard to the economic and social development of Northern Ireland, the creation of stable and productive employment and the improvement in the standard of living. The Commission alone has the means to appoint specialized bodies to carry out this task. The question is an important one since continued or increased aid is justified only if the results are positive.

29. Community funds are limited; it is to be hoped that they will have a multiplying effect when combined with national aid. This effect will be achieved by coordination and concentration on priorities within the framework of overall regional development programmes. This presupposes that Community aid is actually combined with national aid, that is to say that it should supplement it. However, it would seem that such additionality has not been achieved.

30. Attention should be drawn here to the visit to the Republic of Ireland and to Northern Ireland by a delegation of ten members of the Committee on Regional Policy and Transport headed by the chairman, Mr James Hill, from 5-10 May 1974. Point 13 of Mr Hill's report¹, drawn up before the Council of Ministers adopted the regulation setting up the ERDF, reads as follows: 'it is important to emphasize the 'back-up' nature of assistance from the Fund, and also the fact that such assistance will only be channelled through Member States possessing regional plans; this of course means that there is a responsibility on local organizations to lobby their national governments if they feel that they are in danger of 'being left out'.

¹ PE 37.637, 23.7.1974

In point 21 it is pointed out that it is 'essential that assistance given from the Fund should be additional to assistance from the United Kingdom, that is to say that there should be no question of such assistance being regarded by the United Kingdom as a means of reducing the sums it already devotes to the development of the Province'.

This is a problem which has been raised many times in Northern Ireland and which is referred to in the first paragraph of Mr Hume's resolution.

On 6 August 1980 the Northern Ireland trade unions submitted to the Prime Minister a document on unemployment in Northern Ireland. On page 10 of this document it is pointed out that the least Northern Ireland may expect is that the Government of the United Kingdom should recognize the special needs of the province in the same way as it has managed to persuade the other eight governments of the Member States that Northern Ireland is a less-favoured region which needs special and supplementary aid if its economic problems are to be solved.

By letter of 17 September 1980 the Northern Ireland trade unions informed Commissioner Giolitti that the Government of the United Kingdom was not accepting its responsibilities towards the European Community and the people of Northern Ireland since it was refusing to give an undertaking that the funds allocated by the European Regional Development Fund and the European Social Fund would be regarded as additional funds to be distributed in Northern Ireland.

The Reverend Ian Paisley expressed the same view during my visit. He said the major problem was that at least two-thirds of the money allocated by the Community for use in Northern Ireland was kept by the Government of the United Kingdom as reimbursement for its planned expenditure in the province of Northern Ireland instead of being paid out as additional expenditure to benefit the economy of Northern Ireland. ...The key to genuine economic assistance from the Community for Northern Ireland was that it should be additional.

The Government of the United Kingdom, he said, must not be allowed to make use of the problems in Northern Ireland simply to obtain supplementary aid from the Community if, when this supplementary aid was granted, it was used to help not Northern Ireland but the British taxpayer in general.

(b) Outlook

31. Mr Hume asks the Commission 'to review the outlook for the economy of Northern Ireland and to assess the policies and resources needed to bring the region up to the Community average as regards living standards and employment' and 'to put forward proposals as to how the necessary resources should be made available'.

This demand for a certain parity of living standards (or lifestyle, depending on geographical situation, economic activity, etc.) and employment is one of the principles on which our Community is founded. Since the Member State concerned is asking for a large amount of Community aid, the Commission must be able to examine the possibilities for development in the region and grant aid only if it comes within the framework of a coherent and interdependent overall development programme for the whole of the province. The Commission could play a part in the preparation of this programme by financing studies. It goes without saying that local and regional authorities must also be involved in preparing the programme. The district councils are aware of the needs and potential of their areas.

And yet it is still the Member State concerned which is primarily responsible for the preparation and implementation of the regional development programme.

32. The note by Mr Hume includes under its 'recommendations' a number of points which should be reviewed:

- population projections and job-creation needs;
- guidelines for land use and decisions on infrastructure (growth centres, ports, communications);
- guidelines for industrial structure;
- agricultural development and food processing (with special reference to regional programmes);
- role of local development agencies;
- role of subsidies to counteract 'natural' disadvantages (transport and energy costs);
- housing stock renewal and urban development;
- special programmes for areas of high unemployment.

I have also received a number of suggestions from Mr J. D. Taylor, a member of our committee:

- the Community should provide a grant for the setting-up of a management training centre in Northern Ireland;
- Community aid should be used to alleviate the high costs of energy in the province;
- measures should be taken to help open the Community market to products from Northern Ireland;
- protection measures are needed in the textile sector;
- a Community study group should investigate the possibilities of developing a food industry in Northern Ireland to overcome some of the problems of rural unemployment;
- incentive measures for industrial development should include a reduction in taxes on profits from exports and a taxation system designed to encourage the development of local industry;
- rationalization of bodies responsible for industrial development;
- Community aid should be used for research into technologies with commercial potential;
- Community aid should also be used for continued development of infrastructures.

(c) Additional proposals

33. Northern Ireland is on the extreme periphery of the Community and of the United Kingdom. This results in additional transport costs for exports and imports since the region has few resources and is not self-sufficient. It has been estimated that the increased costs due to transport amount to roughly 10%.

One possible solution would be to guarantee territorial continuity by subsidizing transport between Great Britain and Northern Ireland so that the cost of the sea crossing is comparable to the cost of a journey by rail.

34. The region lacks energy resources. Energy costs are higher than in Great Britain. In 1980 the unit price of domestic electricity was 5.1 p in Northern Ireland as compared with 4.2 p in Great Britain. The domestic price of coal per tonne was £74.7 in Northern Ireland as compared with £62.7 in Great Britain. The domestic price of gas per therm was 55 p to 94 p in Northern Ireland as compared with 24 p to 54 p in Great Britain.

A recommendation should be made to the effect that an integrated

system be introduced for the whole of the United Kingdom, applying the same price to all regions.

35. The civil unrest has admittedly had a negative effect on investments from abroad and on tourism in particular but the establishment of new industries in Northern Ireland must be encouraged, for example by recommending at least five years' tax exemption for the establishment of new industries.

36. The standard of living is lower than anywhere else in the United Kingdom. In 1979, for example, 49% of families owned a car in Northern Ireland as compared with 58% in the United Kingdom; 34% of households had central heating in Northern Ireland as compared with 55% in the United Kingdom and 48% had telephones as compared with 67% in the United Kingdom.

The low level of incomes results in substantial welfare transfers. The per capita amount of these transfers in 1976 was £30.40 as compared with £19.98 in the south-east of Great Britain and £24.6 in the north.

37. In spite of the considerable public spending, which often goes towards infrastructures, the level of unemployment is still among the highest in the Community. A new strategy is therefore required, based on an overall development plan for the province.

An integrated operation is proposed for Belfast. Aid from the non-quota section of the Regional Fund is to be allocated to the frontier region and the shipbuilding sector. Action should not be limited to ad-hoc measures; a coherent and interdependent overall development programme must be implemented for the whole of the province.

This plan must specify medium and long-term financial requirements to be agreed by the Commission of the European Communities.

The Community can in fact make an important contribution by coordinating and concentrating its aid.

The special measures benefiting the United Kingdom and designed to increase Community spending in that country must be used to provide substantial aid for Northern Ireland. These funds can make it possible to finance an extensive infrastructure programme.

38. The programme should take into account the particular problems of the rural areas which have the highest unemployment level (20 to 30%).

The vice-chairman of the Committee on Regional Policy and Regional Planning, Mr Edgar Faure, is currently drawing up a report on the least-favoured rural areas of the Community. His conclusions will be particularly relevant to Northern Ireland.

39. The programme must concentrate particularly on the renewal of housing in certain areas (particularly Belfast). It is not possible to create employment without improving living standards through the provision of better housing and social infrastructures.

Opinion of the Committee on Social Affairs and Employment

Draftsman: Mrs DEKKER

On 18 December 1979 the Committee on Social Affairs and Employment appointed Mrs Dekker draftsman.

It considered the draft opinion at its meetings of 30 September 1980, 1 and 2 December 1980 and 27 January 1981 and adopted it unanimously with 2 abstentions on 27 January 1981.

Present: Mr Van der Gun, chairman; Mr Peters, vice-chairman; Mrs Dekker, draftsman; Mrs Baduel Glorioso, Mr Bonaccini (deputizing for Mr Ceravolo), Mr Boyes, Mr Calvez, Mrs Clwyd, Mr Frangos, Mr Henckens (deputizing for Mr Verhaegen), Mr McCartin, Mrs Tove Nielsen, Mr Oehler, Mr Prag, Mr Rieger (deputizing for Mrs Salisch) and Mr Spencer.

INTRODUCTION

This opinion concentrates on those matters falling within our committee's terms of reference, in particular employment and social affairs. However, the problems in Northern Ireland are not limited to social and economic ones, however serious these may be. The political dimension of the problem is intentionally not considered. This is outside our terms of reference.

However, one cannot ignore the fact that the social and economic situation is closely linked to the political situation and vice versa. Without oversimplifying the complex links and interactions between these factors it must be stated that efforts to achieve peace in Northern Ireland are bound up with the social and economic development of that region, a reasonable standard of living, employment and housing.

The social and economic instruments at the Community's disposal can help considerably. Northern Ireland's special position justifies special Community aid and measures. This opinion advocates special Community action in Northern Ireland.

The conclusions of the opinion are preceded by a brief summary of the social and economic situation, employment, social aspects and current Community policy in Northern Ireland.

1. ECONOMIC AND SOCIAL SITUATION

Northern Ireland is struggling with acute social and economic problems. It has one of the highest levels of unemployment in Europe and other social factors also indicate an unusually serious situation. Housing is bad, emigration is high. There is a young growing population and a high birth rate. Ever since 1968 there has been serious unrest and a tense situation in which violence has become rife.

a) Structure

Northern Ireland has always been a centre for shipbuilding, traditional textile industries, heavy engineering and agriculture. Employment in these sectors has been declining all the time. In some cases this has been offset by an increase in employment opportunities in services and the public sector. About a third of the working population are employed in this latter sector.

The industrial structure of Northern Ireland is heavily dominated by declining, old-fashioned or uncompetitive industry. Employment in manufacturing industry has fallen between 1970 and 1977 from 177,500 to 140,900. Substantial losses have been made in textiles (from 44,800 to 32,200) and clothing and footwear (from 24,600 to 17,900). Along with shipbuilding, currently employing 8,900, these major sectors face major problems in the 1980s. According to 1978 union estimates about 30,000 jobs are in danger, 16,000 of these in shipbuilding and the artificial fibres industry.

The dependence of industry on public support and expenditure is shown by the fact that over 45% of manufacturing industry has been established with government financial support (1977).

Employment has grown in the services industries - up from 247,200 in 1970 to 298,500 in 1977. But over 14,000 of these new jobs have been in public administration and defence and over 30,000 in public and scientific services.

b) The outlook

Northern Ireland's economy will probably remain subject to considerable pressure because of the recession in traditional industries and its geographical position on the periphery of Europe.

There have been two recent reports on the outlook for Northern Ireland: 'Economic and social progress in Northern Ireland' (H.M.S.O. February 1979) produced by the Northern Ireland authorities and more recently 'The Northern Ireland Economy, the Current Economic Situation and Prospects for 1980' (31 January 1980) produced by an independent consultancy group (Coopers & Lybrand).

The first report concludes:

'Over the next few years, Northern Ireland will be hard pressed to maintain the existing level of employment even on optimistic assumptions.....The scope for developing further special development policies for Northern Ireland is limited. Public expenditure resources are limited and rival claims abound.'

The second report has been written in the light of extensive cuts in public expenditure in the United Kingdom and Northern Ireland; cuts to which Northern Ireland is particularly vulnerable because of its dependence for jobs on the public sector and on government-supported industry. The report estimates that even with net emigration of 10,000 per year the region will need to find 6,000 jobs a year in order to stand still in terms of unemployment.

2. a) Employment situation

Unemployment is increasing and at present is more than 15%. In January 1980 it was still only 11.5%. On average it is about twice as high as the figure for the Community. Within Northern Ireland there are large fluctuations in the unemployment pattern: unemployment is exceptionally severe in certain areas; for example 26.8% in Cookstown, 27.7% in Dungannon, 25.9% in Newry and 29.4% in Strabane. In Belfast there are enormous differences between districts. According to the 1978, 'Belfast Household Survey' 9% of householders in the town were unemployed whilst the figure for the inner city area of catholic West Belfast was 40%. At present there is 12.7% unemployment in Belfast, equivalent to about 43% of all registered unemployed in Northern Ireland (almost 39,000 out of 89,000).

These figures underestimate the real gravity of the unemployment situation. Because of the difficulty in finding work, many persons - women in particular - are discouraged from seeking work and registering as unemployed.

Recently not only has there been an increase in unemployment, but also in the length of time for which people are without work.

Large-scale unemployment in Northern Ireland is noted in the deep-seated structural and economic problems which have been exacerbated by the recession from which the whole Western world has been suffering since the mid 1970s.

In addition there are the unquantifiable consequences for employment opportunities of the conflict in the past decade and the limited mobility of workers in Belfast because of the political and social circumstances.

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Unemployment is very high among school leavers. Its shadow falls over the educational system which is educating a large proportion of children for unemployment or emigration.

b) Emigration

Emigration reached 16,000 in 1974 and has averaged around 12,000 per year since then. This is a substantial loss for the region especially as it is concentrated among the young, skilled generation.

Northern Ireland has one of the youngest and fastest growing populations in Europe. Over 45% of the population is under 25 years. The average annual rate of increase of the population (1970 to 1976) has been 7.9 per thousand.

c) Poor housing conditions

An official survey carried out in 1974 showed that some 20% of the houses in the region were statutorily unfit for human habitation and a further 17.5% in urgent need of improvement or repair. In Belfast 50% of dwellings were insanitary. The housing situation is particularly bad in the inner city of Belfast where an official survey carried out in 1979 showed that more than 20% of the city's homes still lack 4 of the 5 basic amenities, viz. a bath, internal lavatory, wash basin, kitchen sink or hot and cold water.

d) Income and price levels

The per capita income in Northern Ireland is about 59% of the Community average. Northern Ireland is struggling not only with high unemployment but also with low wages. Employees in Northern Ireland receive the lowest wages and have the longest working hours.

High fuel prices are a major factor in higher prices. The Northern Ireland consumer pays 20% more for his electricity than the British consumer and gas is twice as expensive as in Great Britain. However, there are other factors in addition to fuel costs which affect higher prices. The main problems are that the majority of all essential goods cost more in Northern Ireland, that such goods consume a disproportionately large part of household incomes where wages are low and that Northern Ireland has relatively more low-income households than other areas. Food and clothing are also more expensive in Northern Ireland than elsewhere.

In the mid 1970s (the situation is now probably worse) information in the 'Household Survey' indicated that almost one third of Northern Irish families and almost two fifths of households could be classified as poor. These facts also show that low wages are the most important cause of family poverty, followed by unemployment and single parenthood.

e) Poverty

It is well known that Northern Ireland is one of the poorest regions in Europe. The decline in incomes noted in all the surveys is the result of large-scale unemployment, low wages, higher prices and larger families. Moreover, in addition to low incomes as a factor in declining social conditions, there is also a serious housing shortage, the nature and size of which is unique. Poor health and high personal debts are also significant characteristics of the social problems in Northern Ireland.

f) Vocational training

There is an obvious need to improve vocational training standards. The lack of training and specialist education is indicated by a survey which states that in Belfast, where 40% of the population lives, the occupational structure of households is heavily weighted towards manual workers. 25% of heads of households are employed in manual jobs for which no training is required, whilst a further 36% have manual jobs which are skilled or semi-skilled. Manual jobs are commonest among people working in West Belfast and the centre.

g) Health

According to information available the population's health record is not particularly good. The figures for child mortality, prenatal deaths and the number of stillborn children were far higher in 1977 than the average for England, whilst the number of requests for sickness and invalidity payments and for support from the household fund, which aids households with handicapped children, were far higher than in the United Kingdom.

3. a) Community measures

According to the Commission's explanatory memorandum to its proposal of October 15 1979 on Specific Community Regional Development Projects, Community expenditure in Northern Ireland as in other regions, must be based on the need 'to fix clear-cut aims no longer by Community

aid to individual projects financed by Member States but by overall programmes which correspond to the social and economic requirements of the regions and are of a nature to create conditions for their self-development.'

The Commission has already taken special measures to improve the economic and social situation in the border areas of Northern Ireland and Ireland. There can be up to 70% financial participation by the Community in programmes to develop tourism, amenities, communications and artisan enterprises in these areas.

The Commission is also drawing up in conjunction with the Northern Ireland authorities, a programme for an integrated operation in Belfast. This will involve a series of coordinated measures using all the Community funds over a 3-5 year period to come to terms with the city's problems viz. declining traditional industry, poor housing and poor environmental conditions. About 60% of the total population of Northern Ireland live in the border areas and the Belfast conurbation.

b) Special Community programme for Northern Ireland

In the context of the discussions on the UK budgetary contribution to the Community, both the Commission and the British government have proposed special aid to Northern Ireland as one of the elements in increased Community expenditure in the United Kingdom.¹

Under the European Social Fund, Northern Ireland is already treated as a priority area.

4. CONCLUSIONS

The Committee on Social Affairs and Employment considers that the special situation of Northern Ireland and the particular difficulties with which the region has had to struggle throughout the years, justify special support and action by the Community.

The mainly financial assistance which has been granted Northern Ireland thus far could, however, be much more effective if there was greater coordination of the activities of the various funds.

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European Parliament resolution OJ No C 265, 13.10.1980, page 47 and regulation No 2744/80, OJ No L 284 29.10.1980, page 4.

2

See also draft regulations (Doc. 1-340/80) and European Parliament resolution of 17 October 1980 on agriculture.

With regard to the European Social Fund, which falls within its particular terms of reference, this committee would certainly draw attention here to the two conditions, which are often considered difficulties, for support from the Fund, namely that Fund assistance is only of a complementary, i.e. co-financing, nature and the initiative for a specific project therefore always lies with national authorities, and that, because of the system of transfers through national governments, the amounts paid out to the beneficiaries can often not be identified.

The Committee on Social Affairs and Employment asks the Committee responsible to bear in mind the following points when drawing up its resolution:

1. The Committee on Social Affairs and Employment shares the views expressed in the motion for a resolution by Mr HUME and others (Doc. 1-517/79) whilst stressing that, primarily for social and economic reasons, Northern Ireland deserves special attention from the Community.
2. It urges the Commission, in cooperation with local bodies and representatives, to draw up an overall social and economic development programme to direct more Community funds into Northern Ireland to raise the standard of living and employment levels to the Community average.
3. It considers that the Community institutions must make the funds supplied to Northern Ireland through the European Social, Regional and Agricultural Funds and through the European Investment Bank subject to such an overall policy for the area.
4. It considers that the Community must ensure that a suitable proportion of the special financial assistance to the United Kingdom is assigned to this area.

MOTION FOR A RESOLUTION (DOCUMENT 1-517/79)

Tabled by Mr HUME, Mr BALFE and Mrs DESMOND
on behalf of the Socialist Group

pursuant to Rule 25 of the Rules of Procedure

on Community Regional Policy and Northern Ireland

The European Parliament.

- recalling the task given to the Community by its founders - to create, by establishing an economic community, the basis for a broader and deeper community among peoples long divided by bloody conflicts,
- recalling the commitment of the European Community to the reduction of economic imbalances through a vigorous regional and social policy,
- considering the special difficulties of Northern Ireland at the present time,
- considering the grave economic and social problems of the region where unemployment averages over 12% and reaches 25% in some areas,
- considering that the search for peace in Northern Ireland is interconnected with the provision of jobs and decent living standards,
- considering the substantial economic and social powers and responsibilities of the Community,

Calls on the Commission :

1. To present a report on the impact of Community membership on Northern Ireland;
2. To review the outlook for the economy of Northern Ireland and to assess the policies and resources needed to bring the region up to the Community average as regards living standards and employment;
3. To put forward proposals as to how the necessary resources should be made available.