

Misc.

cc: PS/Mr Worthington (DENI, DHSS, DED&L)
PS/Mr Murphy (DFP, B&L)
PS/Mr Ingram (DED, B&L)
PS/PUS (B&L)
PS/Mr Semple
Mr Loughran
Mr Carvill
Mr Thomas
Mr Stephens
Mr Leach
Mr Gibson
Mr McCusker
Mr Jardine
Mr O'Doherty
Mr Maccabe
Mr Wolseley
Mr Warner
Mrs McCusker

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From: J A Canavan
CCRU

6 March 1998

To: PS/Secretary of State (B&L)

**SECRETARY OF STATE'S MEETING WITH MR TRIMBLE AND MR NESBITT,
9 MARCH 1998**

1. The Secretary of State is due to meet Mr Trimble and Mr Dermot Nesbitt in her office at Parliament Buildings at 15.30 on Monday, 9 March. This submission discusses handling issues and offers speaking notes.
2. Mr Nesbitt, who has been increasingly prominent in the UUP delegation at the Talks, was a member of SACHR until the start of this year. In that capacity, he included a Dissenting Note to the Commission's report on employment equality, published on 26 June 1997. During the final stages of drafting of the report, and in the months following, there was considerable tension between Mr Nesbitt and the other members of the Commission, notably the Chairman, Mr Lavery. At one point there were threats of libel action.

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3. Mr Nesbitt's Dissenting Note concentrated particularly on unemployment and its differential impact on Catholics and Protestants. Though himself an academic economist, his Note bears strong traces of the thinking of Dr Graham Gudgin, a prominent economist with close links to the UUP. The basis of the Gudgin/Nesbitt approach to the unemployment differential is that it is entirely explicable in terms of the socio-economic characteristics of the two communities, whereas Protestants have unfairly been blamed for maintaining the differential through discrimination against Catholics. The analysis doubts the capacity of the Government to reduce the differential, without positive discrimination against Protestants. A further point made by Mr Nesbitt in his Dissenting Note is that, if the fair employment legislation is working more or less effectively (and he would argue that it possibly over-compensates for previous under-representation) there is no necessity to strengthen the existing administrative burden of monitoring on employers.
4. Mr Nesbitt, though no longer a member of the Commission, has been anxious that the Government should hear his side of these arguments, as well as those of SACHR. He had a meeting on 22 October 1997 with Mr Worthington, following representations to the Prime Minister from Mr Trimble. Mr Worthington had met a SACHR delegation the previous week. His forthcoming meeting with the Secretary of State will similarly balance her briefing of SACHR on 20 February. However, at that time, we were able to offer SACHR a final opportunity to make representations which might influence the drafting of the White Paper. It is too late to brief Mr Nesbitt in the same terms. With publication of the White Paper scheduled for 2 days later, any attempt to pretend otherwise would soon be exposed. Hence, the lines to take with Mr Nesbitt (attached at Annex A) reassure him that Ministers and officials paid due attention to his Dissenting Note in drawing up the White Paper and indicates the extent (admittedly limited) to which they are reflected in the White Paper. It would be important to keep the discussion with Mr Nesbitt to general terms and to unemployment issues.
5. The late inclusion of Mr Trimble in the meeting, however, adds another dimension. The current handling plan envisages him being briefed, at about the same time as other party leaders, on Tuesday, 10 March. The Secretary of State will want to consider carefully whether it is possible to confine the discussion on Monday to Mr Nesbitt's Dissenting Note and, if that were done, how Mr Trimble would

subsequently react to this when given the full picture the next day. If, on balance, she decides that there should be a more extensive briefing for Mr Trimble and Mr Nesbitt on the contents of the White Paper, it is suggested that she uses the Core Briefing and Points to be made to Unionists at Tabs B and E of Mr Watkins' EER launch briefing submitted to her on 4 March.

6. If the Secretary of State decides to give a more extensive briefing to Mr Trimble at the Monday meeting, she might wish to consult immediately afterwards with Mr Murphy and officials on whether the briefing of other party leaders should be brought forward to Monday.
7. For the meeting with Mr Trimble and Mr Nesbitt, the Secretary of State will be supported by Mr Worthington, Mr Gibson and myself. I attach at Annex A a speaking note for the Secretary of State to use in respect of Mr Nesbitt and his Dissenting Note and (for participants at the meeting only) a background commentary by NISRA on the main points in the Dissenting Note at Annex B, and a minute of Mr Nesbitt's meeting with Mr Worthington on 22 October 1997 at Annex C.

[Signed: JAC]

J A CANAVAN

ANNEX A

SPEAKING NOTE/LINES TO TAKE FOR SECRETARY OF STATE'S MEETING WITH MR TRIMBLE AND MR NESBITT

Mr Nesbitt's Dissenting Note

- When considering SACHR's recommendations, Ministers and officials have taken account also of your Dissenting Note. You also met Tony Worthington on 22 October to explain further your viewpoint.
- We hope to publish very soon a White Paper, which will set out the Government's future strategy for employment equality and will also respond to SACHR's recommendations. We have responded positively to about two thirds of these and rejected others. We have also developed some ideas of our own.
- We have three essential objectives in our White Paper:
 - ◆ to reduce unemployment;
 - ◆ vigorously to promote equality of opportunity, not only in relation to religious/political opinion but across the wider social categories covered by the current PAFT guidelines;
 - ◆ to ensure job creation is not unnecessarily hindered by red tape.
- I want to deal with some specific aspects of our report which deal with unemployment and issues raised by you in your Dissenting Note.

General Approach to Unemployment

- The UK-wide New Deal initiative is to be the centrepiece of our approach to unemployment in NI as in GB - £140m of additional funding in NI.
- Other Government policies will contribute to tackling unemployment - economic development strategy (recently announced review); childcare initiatives; public transportation in current DOE regional planning consultation.

- We will seek to create a synergy between a range of planned initiatives, either at National or NI level, to benefit the unemployed or those at risk of becoming the next generation of unemployed.
- In tackling unemployment, the Government does not propose to discriminate between Protestant and Catholic unemployed people.

Community Differential

- There is no ignoring the higher proportion of Catholics who are unemployed, particularly among the long term unemployed.
- We regard it as an indicator of Catholic socio-economic disadvantage and believe that it is unacceptable as such.
- **But**, we do not regard it as a valid indicator of employment discrimination, nor of the success/failure of the fair employment legislation.
- In line with TSN principles, we hope that action on unemployment will help erode the differential, but we recognise the complexity of this mechanism and that not all of the factors determining it are within the Government's control.
- Though no figures are cited in the White Paper, we envisage the setting of benchmarks against which to assess the future reduction of the differential, with the hope of a substantial reduction in it by the 2011 Census [NB - Nesbitt will not like this].
- We will be seeking views from the public and interested organisations on what the benchmarks should be and appropriate timescales.

Monitoring of Employees

- We have been keen not to increase burdens on employers unless there was good reason.
- So, we are not persuaded that substantial changes are needed to the arrangements for the triennial Section 31 reviews.

- On the other hand, we think that annual monitoring should be extended to cover part-time employees, because they are becoming an increasingly important element in the workforce.

Affirmative Action

- We are not proposing major changes in the scope of affirmative action.
- We have ruled out greater use of contract compliance to achieve fair employment objectives.

LIKELY LINES OF ATTACK FROM NESBITT AND DEFENSIVE POINTS

Do you agree that Catholic population growth is a key element in creating the unemployment differential?

- Certainly, Catholic population growth was high in the period from the 1960s through to the 1980s. The 1991 Census indicated that it was reducing and the next Census may show a closer convergence between demographic growth rates in both sections of the community.
- The number of children which families have is a matter for individuals, not the Government. Demographic expansion has an impact on the economy, but we can hardly pay less attention to socio-economic disadvantage in a section of the community because it has had a high birth rate.

Can you reduce the differential without unfairness towards Protestants?

- ^{Yes} ~~We hope that we can.~~ The same approach has underlain the TSN initiative launched by my predecessors and which we propose to take forward with greater vigour. The essential principle is that we tackle disadvantage, whether it is among Protestants or Catholics.

You have referred in the past to measures to combat discrimination - surely the evidence shows that the labour market is working fairly and that the Protestant community are not discriminators?

- The SACHR report concluded that there was no evidence that either community is experiencing systematic discrimination at the point of selection. We agree with that.
- This does not mean that there is no need for effective fair employment laws. In a divided society like Northern Ireland there is a strong risk of discrimination in employment, unless there are effective laws in place with rights for employees and job applicants. FET cases show that individual acts of discrimination (**against both Protestants and Catholics**) still take place.
- We agree with SACHR that the fair employment law is operating well, but it can be improved. We do not agree with all of SACHR's proposals to do so, especially if they impose unnecessary burdens on employers.