



DOMINION OF ULSTER



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By

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ULSTER MUST HAVE A CONCRETE GUARANTEE

The Ulster people will not tolerate indefinitely Heath-Whitelaw direct rule of their region. They see it as a temporary device to allow time in which to work out a permanent constitutional arrangement. Further, they will accept only an arrangement which will be a permanent, concrete guarantee that the region will remain British. Verbal guarantees whether by individuals, or the Westminster parliament, or international organisations do not interest them.

Ulster has a Sudeten problem. The Irish minority plays a role identical to that played by the German Sudeten minority and the expansionist Irish Republic a role similar to that played by expansionist pre-World War II Germany. The Ulster people are in the post-Munich situation of the Czechs. They have been betrayed and humiliated and know that a large section of the mainland politicians are keen to purchase "peace in our time" either by immediate or eventual secession of the region to the Irish Republic.

CALMNESS OF STRENGTH

The Ulster people are aware of their numerical strength and are confident that in the last resort it is they who will decide the destiny of the region. This is the key to their remarkable calm during recent months despite the arrogance, incompetence and indifference of direct rule; the bloodshed and destruction of the IRA terrorists and the mediocrity of the majority of Ulster politicians.

An additional factor in their stolid confidence has been the development of the early community vigilante groups into the para-military Ulster Defence Association, Loyalist Defence Volunteers and one or two smaller organisations. They have their own signals, police and riot control units and outnumber the British army in Ulster by about three to one. They have endeavoured to support the anti-IRA activities of the army where possible and have received a limited amount of training from army personnel acting surreptitiously during leaves and off-duty hours. No London government dare ignore them and the Ulster people know it. By skilful, patient pressures these organisations forced the Heath-Whitelaw administration to occupy the IRA "no go areas" and to

mount the subsequent military offensive against the IRA gunmen and bombers.

HEATH DOES NOT INTEND A CONCRETE GUARANTEE

However, the patience of the Ulster people is not inexhaustible. They will tolerate much provided that in the end they receive a permanent, concrete guarantee that the region will remain British for all time. The present indication is that the British Government does not intend to give them such a guarantee, but will endeavour to palm them off with the kind of verbal assurance which they have already received from earlier Westminster governments plus a political horse trader type compromise constitution designed partly to appease the "Sudeten" minority. Once this fact is realised by the Ulster public, the confidence which has made for so much stoic patience could become the irresistible driving force in a reaction that may result in the region opting for independent dominion status within the Commonwealth.

THREE CONSTITUTIONAL CHOICES

Constitutional experts have long pointed out that a permanent constitutional arrangement for Ulster is limited to three choices and to three only.

CHOICE 1. Ulster could be integrated into the Westminster system on the model of Scotland and Wales. It is a solution which under normal circumstances would appeal strongly to many Ulstermen, including the present writer. Even at this late stage it might be accepted by the region if a miracle could be performed and confidence restored in the will and integrity of Westminster administrations. At present it is being put forward by Rev. Dr. Ian Paisley and a number of others. The Ulster public, however, as a result of current experiences refuses to accept that complete integration is compatible with a concrete guarantee against betrayal by the Westminster parliament. Also, the present Westminster government has apparently rejected it completely as a solution although most members of the Conservative Party could be induced to support it.

CHOICE 2. A federation of the whole of the United Kingdom with subordinate parliaments for England, Scotland, Wales and Ulster is a logical, workable solution. Federations have long existed in many countries, including the United States, Canada and Australia. Unfortunately no British government would undertake so radical a reorganisation of the United Kingdom.

CHOICE 3. The third and only remaining solution is an independent Ulster linked to Great Britain and the other member states of the Commonwealth by a common allegiance to the Crown. It is a well tried constitutional development. There are now thirty-two independent countries in the Commonwealth.

SUBORDINATE PARLIAMENT NOT A SOLUTION

A local parliament for one region only and subordinate to the Imperial Parliament cannot be a permanent solution. The great constitutional lawyer, C. V. Dicey, pointed out this elementary fact to the British prime minister, William Ewart Gladstone, when he proposed a subordinate parliament for the whole of Ireland in the latter part of last century. Gladstone's schemes failed to pass parliament, but subsequent experience in various parts of the world have since confirmed the soundness of Dicey's view.

In 1920 Ulster was given a Gladstone type regional parliament subordinate to the Imperial Parliament. A parliament was also created for southern Ireland and it was assumed that eventually the two parliaments in Ireland would come together in a federal system for the whole of the island. The British Government of that day set aside the warnings of the constitutional lawyers and political scientists that the Ulster arrangement could not be permanent. A permanent arrangement, they assumed, was not required, but a temporary expedient pending the emergence of a federation.

The Parliament of Northern Ireland functioned with considerable success for fifty years. This was not because the constitutional experts were wrong, but because the Ulster politicians and people operated their parliament, first and foremost, as an instrument for continually consolidating the union with Great Britain. The guiding principle in legislation was "step by step" parity with legislation on the mainland. Twice in the 1920s significant confrontations occurred between the Westminster and Stormont Government, but on both occasions the Westminster Government made a strategic withdrawal when it realised that its opponent had the Ulster public behind it. Subsequently the Westminster Government seldom wished or had cause to express an opinion on Ulster affairs. It was not until 1969 that an unavoidable collision on fundamental policy developed between them. Once that event occurred the situation predicted by the constitutional experts rapidly materialised and the days of Stormont were numbered.

VICHY PERIOD: CONSTITUTIONAL EXPLANATION

The period from the Wilson-Callaghan intervention after the Londonderry riots of 1969 to the imposition of Heath-Whitelaw direct rule in 1972 is the Vichy period of Ulster history. Every major decision and even routine ones were made in London, but with the Stormont regime permitting itself to be saddled publicly with responsibility. One former Stormont cabinet minister today refers to the period as the time of direct rule by the back door. When the question of internment of terrorists was first raised in the Stormont cabinet, John Taylor, the outspoken junior minister of Home Affairs, discovered that the British Ministry of Defence had completed detailed architectural drawings for the Long Kesh internment camp six months earlier without consulting a single person in the Ulster government.

Ulstermen blame the slavish collaboration and obedience of the Vichy months on the mediocrity and timidity of the Stormont cabinet. The mediocrity and timidity cannot be denied, but the fundamental explanation lies in the constitutional arrangement which placed both the Westminster and Stormont governments in near impossible positions. A territory cannot be ruled by two governments responsible to different electorates and with conflicting policies on subjects ranging from the allocation of council houses to the conduct of foreign relations with a neighbouring state, the Irish Republic.

FORMULA FOR RE-EMERGENCE OF PRE-DIRECT RULE SITUATION

The Ulster public has not grasped this basic fact that no government with national and international responsibilities can allow a subordinate local government to confront it indefinitely with policies which conflict with its own. Ulstermen cannot bring themselves to believe that fifty years of reasonably successful Stormont rule was achieved with a constitution which was fundamentally defective from the beginning. The Ulster Unionist Party is typical. It has adopted as official policy the restoration of what is basically the old Stormont plus more effective powers over security.

The scheme would require the ending of physical and propaganda harassments by the IRAs and fellow-travellers; non-interference in the region from within the Irish Republic; and the return of the London government to a pre-1969 indifference to Ulster affairs. Without these improbable conditions, the Unionist scheme is a formula for the speedy re-emergence of the situation which preceded the imposition of direct rule. The fact that it has strong support in Ulster should not be allowed to obscure this vital defect.

HEATH'S INTENDED SOLUTION

It is understood that the Heath administration has now decided on the main features of the constitutional settlement which it hopes to impose on Ulster. As has already been remarked, it is very much a political horse trader type concoction. However, it does recognise that it is impossible for two governments to rule a region jointly when sooner or later some of their policies are bound to be in collision. The weeks of confrontation with the Stormont Government have driven home that fact. Cabinet members painfully remember the apprehension with which they browbeat men with the moral authority of a large Ulster electoral majority and the ability to precipitate a mass Ulster reaction which would divide every part of Britain and shatter Heath's own Conservative Party.

"CONFLICT FREE" AREAS OF JURISDICTION !!!

It is understood that the drafters of the Heath proposals have divided the areas of jurisdiction of the former Stormont parliament into two categories. In the first they have included those areas where they considered that conflict involving the Westminster Government is likely to occur and in the second they have included the areas where they reckoned such conflict is improbable. Westminster is to become solely responsible for the first category. It includes police, local defence forces, courts and other aspects of security. A regional assembly is to become responsible for the second category or "conflict free" areas of jurisdiction. It is to be elected by proportional representation and is to have various devices for participation in government by the opposition.

A government dependent upon another for the physical means of enforcing even its minor decisions and made to share authority with political opponents will be a weak government and, judging from precedents elsewhere, a corrupt one. A strong government prospers: a weak one attracts disasters.

If the drafters of the proposals had seen malcontents in Ulster cheering at the sight of bomb mangled British servicemen and Ulster citizens, they would realise that a politically significant element is not interested in the opportunity to operate "conflict free" areas of jurisdiction. They would realise also that such people together with a larger number of less brutalised fellow-travellers are interested only in having the region annexed by the Irish Republic and would use the proposed local assembly as a new point of departure with which to discredit British authority and undermine Ulster confidence.

The concept of "conflict free" areas of jurisdiction is naive beyond belief. The Sudeten Germans in their sabotage of the

Czech state used with much effect cultural issues such as which language should be the medium of instruction in schools; which history should be taught in schools; or which languages should be used in public services, government offices, street signs, etc. Already in Ulster one Republican group has demanded that the Ministry of Education provide a state school with Irish as the language of instruction. Almost any issue can be used by determined protagonists to provide a pressure point with which to initiate conflict and tension. Economic and development issues, for example, are as suitable as cultural as the experience of Nigeria prior to the Nigerian Civil War demonstrated.

The Ulster people want a parliament under their own control as a guarantee that the region will never become part of the Irish Republic. They would cheerfully forgo having one if they could be persuaded that another form of guarantee would be more effective. The British Government of 1920 understood this fundamental fact. Until Edward Heath and his colleagues also understand it, their proposals will continue to be cruelly mischievous. Ulster demands a four square defence system and they offer a Trojan horse.

DOMINIONHOOD PROBABLE

The fact that Ulster has only three constitutional choices has been emphasised. The Heath administration has turned its back on the first choice of complete Ulster integration into the Westminster system and is totally uninterested in the second choice of a federal system for the United Kingdom. The prospect is thus real that Ulster may be forced to opt for the third choice of dominion status. Until recently such a step would have been profoundly repugnant to the Ulster public. The patronising complacency, incompetence*, and unending slaughter and destruction of direct rule is making it less so. The time has come when responsible Ulstermen must face the probability of independence and weigh the implications.

WESTMINSTER SUBSIDIES ARE VALUED, BUT . . .

What would be the economic and social implications of dominion status? Until now the press and other commentators have assumed that the key to Ulster prosperity is a continuation of Westminster

*The Provisional IRA began to use nitro benzene bombs in the first week of July 1972 and immediately the security forces urged the Whitelaw administration to ban the sale of the chemical to the public. The simple regulation to do so was not completed by Lord Windlesham, the Whitelaw Minister of State for Northern Ireland, until 8th September and did not come into effect until 22nd September. From 9th July to 21st September 154 persons were killed by terrorist action. A proportion were the victims of nitro benzene explosions.

financial subventions and free access for Ulster products to the mainland market. Only from the general public have come common sense queries such as, "What is the value of such prosperity if it leads to Westminster betrayal and annexation by the economically backward and politically and socially reactionary Irish Republic?" or "How did Israel prosper when at independence it had two-fifths of Ulster's population and little more than a few drought plagued citrus groves?"

The Westminster financial subventions to the economically weaker regions of Britain (including Ulster) have not been given in a niggling spirit, but neither have they been wholly uninterested philanthropy. They have helped to improve conditions in the weaker regions and to slow the drift of the young and enterprising to southern Britain. On the other hand, they have been a means of topping up spending capacity for the benefit of manufacturers in the more prosperous area. Ulster provides the manufacturers of Great Britain with an extension of one-and-a-half million consumers to their home market and there is an unrestricted flow of profits to Great Britain from numerous mainland-owned enterprises. Also, several other areas of the United Kingdom receive more financial aid in relation to population than Ulster.

The financial subventions are substantial sums and much benefit the Ulster economy. During the year ending 31st March, 1972, they amounted to an estimated 17% of the public revenue.* Acceptance of subventions on such a scale forces Ulster to follow mainland economic and fiscal policies irrespective of whether they suit the needs of the region. The Selective Employment Tax, for instance, was not justified by Ulster interests. Most people, however, consider that this objection is outweighed by the benefits to the economy. More formidable is the objection that they are part of an equation which includes the political supremacy over Ulster of a government which lacks the will and integrity to take the steps necessary to ensure permanent peace and political stability in the region. The Government of Northern Ireland has paid £20 million to victims of IRA terrorism. The sum consists largely of emergency payments designed to provide relief until claims can be adjudicated and is no indication of the final sum which will be required even for injuries and damage sustained to date. Many individuals, businesses and industries have had serious losses for which no compensation can be claimed. Additional social security,

* The figure includes payments to the N.I. health and social services (a major item); N.I. National Insurance Fund; Regional Employment Premium to industry; and Agricultural Remoteness Grant, but excludes agricultural payments common to farmers in all areas of the U.K. The Agricultural Remoteness Grant and agricultural payments to farmers are to be discontinued as an aspect of U.K. membership of the EEC.

welfare, and hospital costs have been imposed on the social services. Considerably more important in economic terms, however, is the severe handicap imposed on Ulster in attracting industrial investment. The amounts of subventions given by the Westminster Government are known. The number of industries which have not come to the region and the number of jobs which have not been created because of the appeasement policies and lack of will of the same government cannot be known.

If Westminster subventions ceased, Ulster would respond with new economic policies and a radically reshaped fiscal system. Priorities would be laid down and new sources of revenue found. Some groups might experience hardship, especially during the transitional period, but the majority of the population would be unlikely to be markedly affected.

A considerable proportion of the subventions are to the Northern Ireland social services. The latter would continue much as before. The sums required would be discovered from sources within the dominion. No western government would now dare challenge the assumption that it has an overriding responsibility to ensure the health and welfare of its citizens from infancy to old age. If economies must be made, they will be made elsewhere.

The present Westminster subventions have only a limited bearing on the question of the economic prospects of an independent dominion of Ulster. The task of the latter would be to maintain a favourable balance of trade with the world at large and it would have at its command the instruments of devaluation, tariffs, political leverage on allies, *etc.* Several small independent countries, with resources no greater than Ulster, are surviving comfortably without financial subventions.

EEC MEMBERSHIP QUESTION

The question of Ulster independence cannot be separated from the further question of whether or not the new dominion would be a member of the European Economic Community. If it were a member certain consequences would follow: if a non-member a very different situation arises. The issue is of the utmost importance.

A majority of the British public is opposed to membership of the EEC. The region where the majority is largest and the opposition most positive is Ulster.* It may be largely an instinctive

* An additional consideration with the Ulster public is that, under the terms for entry of the United Kingdom to the EEC, continuation of the Safeguarding of Employment Act has been secured for only seven years. The Act prevents uncontrolled immigration into Northern Ireland and is a security against large inflows of Irish immigrants dedicated to the annexation of the state by the Irish Republic.

reaction, but when the economic implications are examined the instinct is seen to be remarkably sound. Economists of distinction have pointed out how membership will seriously damage Britain's industry, trade and balance of payments. Professor Nicholas Kaldor of the University of Cambridge, Professor Richard Cooper of Yale University, and Professor Harry Johnson of the London School of Economics, in particular, have made devastating attacks on the case for membership.

The movement for EEC membership is an example of one of those plausible hunches which coming at a particular time have conned enough people for it to become government policy. Free trade, protection, pre-1914 jingoism, post 1933 appeasement and many another policy has been based on the same type of hunch with the same contemporary disregard for supporting evidence.

The United Kingdom is small, highly industrialised and must export to survive. 78 per cent of exports are to non-EEC countries and Ulster exports a higher percentage than the rest of Britain. The Community works on the principle that non-EEC markets are expendable and of much lesser consequence than the EEC internal one. The Community is an inward looking, largely self-contained area with high costs of living, expensive local raw materials and increasingly high costs of manufacture. It will function satisfactorily for the present members because of the common tariff wall against the products of the rest of the world. Countries like Great Britain or Ulster which have their main markets on the outside of the tariff wall would find it a different matter.

EEC STEEL IS AN EXAMPLE

The price of steel influences the whole economy of a nation and is vital for such industries as heavy engineering and shipbuilding. EEC steel manufacturing is an example of how Community internal considerations dominate over economic good sense. The European Coal and Steel Community controls the coal and steel industries of member countries. It has long used anti-monopoly powers to resist the natural tendency of the industry to gravitate into the West Germany-Benelux-north east France region. Such a development would give Germany the lion's share, France only one area of steel manufacture and Italy none.

During the negotiations for British entry into the EEC, a fierce struggle took place on the future of the British steel industry. The ECSC initially suggested that the nationalised British Steel Corporation should be broken into two companies. When fears about British public opinion thwarted the idea, it concentrated on receiving assurances that the closures of the older mills would continue and that BSC plans for expanding steel production from

26 million to 35 million tons in four years and to 45 million in a further five years would not be implemented. Edward Heath and his negotiator, Geoffrey Rippon, issued denials at the time, but the story has been confirmed from sources within both the EEC and Britain, including senior officials of the BSC.

Manipulations to restrict the size and location of steel production in the EEC may be defended on political grounds, but must result in expensive steel which in turn means that the Community will be forced to maintain a permanent tariff to keep out cheaper non-EEC steel and steel products. Also, the discrepancy in price between EEC and non-EEC steel will increase with time as Japanese* and American producers bring ever larger and more advanced mills into production. It is a fact highly relevant to Harland and Wolff where 84 per cent by value of current orders are for customers outside the proposed enlarged EEC.

A PERIPHERAL AREA OF A PERIPHERAL AREA

The rise of the British Empire has been attributed to the position of Britain on the ocean trade routes. Today geography continues to be a major influence. Industry has a tendency to concentrate in specific regions. In Britain it is the "golden triangle" of south east and midland England. In Western Europe it is the region stretching from the Benelux countries through West Germany and part of France to north Italy.

The greater the concentration, the more competitive a region becomes. Already Britain's "golden triangle" is feeling the competition of the larger EEC industrial heartland to the south. As a member of the EEC Great Britain would be a peripheral area with the consequent industrial handicaps and Ulster, if also a member, would be a peripheral area of a peripheral area.

Michelin, Enkalon, Goodyear, Dupont and other European and American companies, which have established factories in Ulster, have done so because the region provided specific advantages for the particular industry. These ranged from government incentives and reasonable labour costs to Commonwealth preference for a proportion of exports. EEC standardisation in taxation, wages, public and social expenditures, banking, and agricultural prices together with monetary union and the loss of the ability to revalue a country's currency will remove Ulster's local advantages one by one and leave the disadvantage of remoteness from the larger EEC markets.

* At present the ECSC has a voluntary understanding with Japanese steel producers to restrict exports to the EEC, but the Japanese are unlikely to continue it indefinitely.

THE CANADIAN EXPERIENCE

An instructive parallel exists in the experience of Canadian industry in competition with American. Canadian industry is concentrated between Windsor Ontario and Quebec City and is on the wrong side of the Great Lakes-St. Lawrence River water and wilderness chain in the same way as British industry is on the wrong side of the English Channel. Canada and the United States were once joined in a near common market, but economic reality forced Canada further and further from the concept.

The recent history of the Canadian motor industry is particularly instructive when one bears in mind that the Canadian and British industry have similar problems with geography and smaller home markets than rival manufacturers.

The Canadian industry is the world's seventh largest manufacturer of motor vehicles. The American industry, however, produces many times as many vehicles and prior to 1965 the larger American runs of production meant that vehicles cost about 10 per cent less to manufacture. Canadian built vehicles sold in their home market thanks only to Canadian import tariffs. Canadian subsidiaries of Ford, General Motors and Chrysler built 93 per cent of Canadian produced vehicles. The parent companies openly admitted that, but for the Canadian import tariffs, they would close their Canadian subsidiaries and concentrate production in the lower cost American plants.

In 1965 the unique Canada-United States Automotive Agreement was signed. It has been an important stimulus to the Canadian motor industry and during the debate in Britain on EEC membership was quoted as an example of the stimulus which the British motor industry could expect from free trade with EEC countries. The truth is that on the Canadian side the agreement was based on the premise that unqualified free trade would be totally disastrous for the Canadian motor industry.

The agreement provided for the suspension of tariffs on motor vehicles and parts imported into either country from the other. Equally important the Canadian Government insisted on laying down minimum quantities of vehicles which had to be produced by American subsidiaries in Canada as a condition for the suspension of Canadian tariffs. Thus the American companies were prevented from closing their Canadian subsidiaries. Unable to close them, logic dictated that they should be made more viable and additional production was transferred from American parent plants. The United States entered into the agreement under the impression that the provision of minimum floors of production within Canada was a temporary expedient to cushion the transition to true free trade. Canada was under no such illusion and has resolutely resisted all subsequent American pressure to have the provision amended.

BRITISH MOTOR INDUSTRY AND THE EEC

Subsidiaries of Ford, General Motors and Chrysler produce 53 per cent of motor vehicles manufactured in Britain. They also have subsidiaries in the present EEC. Each of the latter is a larger producer than its counterpart in Britain and has larger runs of production for most models. They have consistently made profits during the last few years, but in Britain only the Ford subsidiary has done so.

All three companies are co-ordinating the production and sales of their EEC and British subsidiaries. Ford established Ford of Europe in 1967. More recently General Motors took the same step and Chrysler is soon to follow suit. The concentration of production in the more remunerative European plants appears inevitable once Britain is a full member of the EEC and the present British 11 per cent import duty on motor cars is phased out.

The domestically owned British Leyland Motor Company, which produces 46 per cent of British vehicles, is under similar pressures to the American subsidiaries in Britain. As with the latter, the production runs of BLMC, in the main, are shorter than those of EEC competitors. Lord Stokes, the chairman, has made bold statements about how EEC membership will boost the prospects of the company in Britain, but the forward planners of BLMC are under no such illusions. They are keenly aware of the advantages of competing from inside Europe rather than from inside Britain. They have set a target of 450,000 European vehicle sales for 1975 and plan to produce 300,000 of them in plants in Europe.

TARIFFS CAN BE VITAL

As a member of the EEC Ulster would surrender the right to impose import and export tariffs and to use devices such as export incentives to industry. The discussion of the Canadian and British motor industries has emphasised the importance of tariffs. It is fashionable in some quarters to be contemptuous of them as reactionary impediments to trade. Excessive and indiscriminate tariffs are undoubtedly harmful, but when used judiciously they contribute to economic stability and growth. Developing countries are particularly indebted to them and the EEC itself relies on them against the manufacturers of non-member states.

A modern economy should be a balanced spectrum of inter-dependent industries. In unfettered competition an industry need only be a little uncompetitive to be destroyed. As it dies other industries are weakened and made less competitive. In the years following World War II, changes in technology and distribution caused the textile industry in New England to crumble in the face of competition from the southern American states. The Canadian

textile industry has more natural handicaps than the New England, but tariffs were amended to protect it. Today Canadian textiles dominate their home market and have ousted American textiles from those areas of the Caribbean where they have the small Commonwealth preference. If Canada had been in an EEC type free trade relationship with the United States, she could not have saved her textile industry and, in addition, the important garment and synthetic fibre industries would have succumbed with it.

NO ULSTER SYNTHETIC TEXTILE INDUSTRY IF EEC MEMBER

The EEC restrictions on governmental incentives to specific industries and the narrow confines within which it permits aid to developing areas would be important for Ulster. During the last number of years a new, predominantly synthetic textile industry has been established and now is much more important than the older linen industry. A decisive factor was the regional development policies implemented by the Government of Northern Ireland. It was a period of chronic world glut in textiles. EEC policy permits state aid to developing areas only in industries whose products are not in surplus. Thus had Ulster been part of the EEC the new textile industry, which now employs more people than ship-building and aircraft construction combined, would not have come into existence.

KEEP OUT OF EEC AND DEVALUE

Economic considerations would debar membership of the EEC for a dominion of Ulster*. The instinctive inclination of the Ulster people would also debar it. How then would Ulster fare as an independent state outside of the EEC and with Great Britain a member of it? The answer would appear to be that it would survive with success and possibly with dynamic success.

A devaluation of the Ulster pound would enable Ulster manufacturers to compete in EEC countries, including Great Britain, irrespective of EEC tariffs against the products of non-member states. No less important, it would enhance their ability to undercut competition in other areas of the world and would guard against balance of payments problems. Ulster would continue to be a member of the sterling block. Imports would cost more as would foreign holidays, but the gain for industry would more than compensate and the general standard of living would be satisfactory.

*EEC associated status might be possible for Ulster, but the limited advantages would have to be weighed against other considerations.

SOME STEPS TO BE TAKEN

Import tariffs would be used to give Ulster industry a stable local market and to encourage the manufacture of a wider range of goods for local consumption despite the smallness of the local market. The latter would conserve foreign exchange and absorb surplus labour. Raw and semi-processed materials required by Ulster industry would be imported from any part of the world without tariff or quota restriction.

Tax and rent concessions, settlement grants, provision of factories and the other incentives which the Government of Northern Ireland has long used to attract industry to the region would be continued with the addition of others used by independent countries. The latter might include "free port" facilities for products not manufactured in Ulster. The drain of revenue from the region by BEA and British Caledonian Airways would be curtailed by the formation of an Ulster airline and the new dominion would insist on a fair share in the shipping services to Great Britain. Steps, too, would be taken to ensure an Ulster owned banking industry.

Companies and individuals, irrespective of nationality, are interested in profits. As a dominion Ulster would offer lower production costs than EEC or North American countries plus other local advantages. The attractiveness would increase as production costs in Great Britain rise to general EEC levels. In addition, EEC membership will prevent British manufacturers from availing themselves of Commonwealth preference, but those in an independent Ulster would continue to do so.

ULSTER INDUSTRIES AND DOMINION STATUS

The main industries of Ulster should be able to take independence in their stride. 16 per cent by value of the current orders of Harland and Wolff are for customers in the United Kingdom and the remaining 84 per cent for ones outside the proposed enlarged EEC. 70 per cent of output at Shorts is for foreign and overseas customers. They include the American companies of Boeing, Lockheed, McDonnell Douglas, Northrop and Avco. The company manufactures the engine pods for the Lockheed TriStar and the wings of the Fokker F28 Fellowship. The missile division supplies equipment to fourteen navies in addition to the Royal Navy.

The Ulster people would wish to maintain as close links as possible with Great Britain in trade and industry. A number of mutually useful arrangements would be possible. A permanent share in British missile and aerospace contracts, for instance, could be ensured for Shorts. It would be valuable to the company and would be welcomed by the Royal Navy and British army which plan to use the Seacat and Blowpipe missiles until the 1980s.

Ulster would have several strong bargaining positions. It would have more "disallowance leverage", either to use or to hold in abeyance, than Malta under Mr. Dom Mintoff. The present market in Ulster for British products provides the equivalent of full-time employment for 120,000 workers on the mainland. The products of an independent Ulster outside the EEC would continue to sell in Great Britain because of lower costs of production, but the products of the latter would have a lean time in Ulster if part of the market were reserved for local manufacturers and the remainder thrown open to world competition.

Ulster's recent industrial record is encouraging for the future. In 1971 the index of industrial production rose by 6.7 per cent compared with 0.9 per cent for the United Kingdom. Productivity in all production industries rose by 10.8 per cent compared with 4.3 per cent in the United Kingdom and in manufacturing industries by 8.5 per cent with 3.3 per cent in the United Kingdom. About 33 per cent of Gross Domestic Product went to fixed capital investment compared with about 21 per cent in the United Kingdom. These results were achieved despite the IRA terrorist campaign which discouraged industrial investment from outside the region and damaged the tourist industry. Unemployment in Belfast, Co. Antrim, and north Co. Down was under 5 per cent. The remainder of the region brought it up to 8.1 per cent. The latter compared unfavourably with 2.5 per cent in south east England (3.6 per cent for all Great Britain), but less so with 10.1 per cent in Port Glasgow-Greenock.

RECOGNISE REALITY: MAKE THE WORKERS RESPONSIBLE

Industrial relations are better in Ulster than in Great Britain. In 1971 industry on the mainland lost 30% more working days per 1,000 workers through strikes than industry in Ulster. Independence should increase the discrepancy. Much of the momentum for dominion status already comes from the shop floors and farms. Industries which identified with the new dominion would have the staunch loyalty which has been characteristic of the workers of Israel. In addition a completely new era in harmonious industrial relations could be secured by a major innovation. There is no strong wish for the restoration of the former Stormont senate. It could be replaced by a second chamber which would consist of representatives of the whole spectrum of Ulster workers, ranging from unskilled to professional and managerial and including farmers. Already the nucleus for such a development exists in the Loyalist Association of Workers which is based on factory committees.

Modern industrial conflict cannot be resolved by schoolmaster type "industrial relations acts" whether of the kind implemented by the Conservative Government or contemplated by the preceding Labour one. The workers, unskilled to managerial, are now the dominant power in industry and the solution to industrial conflict is to give them direct responsibility. They will be keenly aware that the interests of the industries of the nation coincide with the interests of the workers and will make certain that they are not injured by irresponsible policies or unnecessary industrial conflict. Such a step would have sound historical precedent. When the barons, or knights of the shire, or industrial middle class emerged as major national forces, they were eventually given corresponding responsibility within the system of parliament.

DOMINION STATUS MUST INCLUDE FOREIGN AFFAIRS

The British Government would have no insurmountable difficulty in bringing itself to accept a dominion of Ulster which respectfully followed it into membership of the EEC. An Ulster determined to remain outside and with a mind of its own on foreign affairs would be much less acceptable. The other EEC countries also would be uneasy at the prospect and would endeavour to influence the British Government against permitting it. Foremost among them would be the Irish Republic which, apart from other considerations, would have the exceptionally difficult task of protecting its high cost EEC agriculture and industry from massive smuggling from Ulster.

The London government would probably endeavour to reserve to Great Britain responsibility for Ulster foreign relations on the model of Gibraltar and small former colonial territories such as St. Kitts and Nevis. It would be in the Ulster tradition of identification with Great Britain in peace and war and would have a measure of support in the region. The majority of the Ulster public, however, would be opposed to it in their present mood. They greatly resent the conduct of relations with the Irish Republic since the beginning of the present crisis and the failure of the British Foreign Office to fight the Ulster cause abroad.

Apart from current Ulster sentiment there are solid reasons why the government of Great Britain could not be permitted to remain responsible for Ulster foreign relations. How could the same foreign office represent the commercial interests of Great Britain and Ulster when they were in conflict? The Ulster airways, for instance, might wish to secure a route from a foreign government to the exclusion of BEA or BOAC.

International affairs, and especially international power politics, are matters which are taken seriously in Ulster. The memory of the cost which the region paid between the battle of the Somme and November 1918 is still too vivid for it to be otherwise. There is considerable unease at the Anglo-French nuclear understanding and the drift in foreign policy away from the United States and Canada. Nor is Ulster likely to be happy with certain trends which are not yet appreciated by the public. One is the tendency of France and Britain to see West Germany as an emerging force which must be restrained and another is the probability that, as the Anglo-French dominated EEC begins to assert itself in political and military terms, the Soviet Union in self-defence will detach West Germany from present alignments by offering reunification with East Germany. On such issues the Foreign Office could not represent both Great Britain and Ulster. The latter would have to have its own Ministry of External Affairs.

POLITICS IS THE ART OF THE POSSIBLE

The Commonwealth consists of thirty-two independent states. Many are poorer than Ulster and some have smaller populations. Apprehensions existed in each before independence as to the reaction of foreign controlled industry and capital. Invariably the apprehensions turned out to be ill founded. On the northern approaches to Europe there is room for an Ulster—independent, democratic, flexible, imaginative and deeply British.

Dominion status is a practical, although until now an unwelcome, alternative for the Ulster people. Edward Heath and his colleagues must grasp this fundamental fact. It is improbable that they wish to force one of the most loyal and industrious of the British peoples out of the United Kingdom. The scheme for an assembly with "conflict free" areas of jurisdiction must not be allowed to proceed further. The Ulster people either will repudiate it with region-wide violence immediately it is made public or with Machiavellian subtlety will return at the first election a majority solemnly pledged to declare the assembly unconstitutional and dissolved. In either event the remaining credibility of the Heath administration in the region would be shattered and Ulster confidence in the Westminster link further undermined.

Politics is the art of the possible. A settlement of the Ulster crisis must be based on a constitution which will function over the years and it must be acceptable to the Ulster people.

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