Economics driving Northern Ireland peace process

James M. Lyons

James M. Lyons is the senior trial partner at the Denver law firm of Rothgerber Johnson and Lyons LLP, where his practice includes international trade and business development. In 1993 Lyons was appointed by President Clinton to serve as the U.S. Observer to the International Fund for Ireland. In 1997, Lyons was tapped by the president to succeed Senator George Mitchell as Special Advisor to the President and Secretary of State for Economic Initiatives in Ireland. Lyons is listed in "Best Lawyers in America (Business Litigation), and has received numerous honors for his public service. A Fellow of the Colorado Bar Foundation, he holds a law degree from DePaul University College of Law in Chicago.

Peace has traveled a hard road in Ireland, arriving at this point in time after more than 400 years of detours and often treacherous conditions. "Ireland's history is a complicated one," said Jim Lyons. "It speaks in blood, and speaks in violence and is not susceptible to anybody's solutions, let alone one from an outsider."

While the problem appears to be religious in nature - Catholic vs. Protestant - it is actually a civil rights issue, said Lyons. "It is in my mind a struggle toward the elimination of discrimination and the guarantee of key elements that anybody wants - a job, education, house, future and safety of the streets."

Lyons' initial role in the peace process was not to focus on class struggles - the Irish people have to solve that problem themselves - but to deal with the "underlying economic problems" caused by those struggles. His major tool was the International Fund for Ireland.

"The president recognized that this was a vehicle which could be used effectively by us to promote prosperity and reconciliation," said Lyons.

Funding peace

The International Fund for Ireland, which operates like a foundation, was created as part of the Anglo-Irish Agreement of 1986, Lyons explained.

Major funding comes from the U.S., which contributes about half of the IFI budget - $40 million to $50 million a year - and the European Union. Additional support comes from Canada, New Zealand and Australia, which have substantial Irish populations. The U.S. has put over $100 million into the International Fund for Ireland in just the last three years, said Lyons, noting that this is a small amount when viewed in context of the total United States foreign aid package.

Allocation of IFI monies is determined by an independent board appointed jointly by the British and Irish governments. The purpose of the fund is not to replace spending by the public or private sectors, but to spur expansion of worthwhile projects by leveraging existing dollars or injecting additional funds where needed.
Tourism boost

In addition to ongoing programs that target urban and rural development, the IFI also targets "flagship projects," such as the Shannon-Erne Waterway.

Ireland's extensive canal system, developed in the mid 19th century, was unused and in disrepair. Yet the canals represented a tourism opportunity such as the popular waterways that can be found in France and Germany, said Lyons.

With the goal of stimulating economic regeneration in the region, the International Fund for Ireland contributed six million pounds, Ireland and Britain another 28 million pounds, to reopen the historic Ballinamore-Ballyconnell Canal which links the island's two central waterways: the Shannon River, running through Northern Ireland to the west, and the Erne River, running down southwestern Ireland.

Many parts of the canal and a number of locks had to be re-dug and rebuilt to open up more than 200 miles of navigable water stretching from Fermanagh in Northern Ireland to Limerick in the south.

Lyons described this IFI flagship project, completed in 1994, as "wildly successful" and an "economic engine."

He said, "Each of the rural towns along these three or four abandoned canal waterways now has a tourism stimulant that has brought some real hard pounds into communities which otherwise would not have experienced it."

Vocational training

Another flagship project that got a boost from IFI funding is Springvale. Located in west Belfast, between the Protestant and Catholic communities, Springvale was an old industrial site that had been abandoned. The University of Ulster proposed cleaning up the site and creating a community college or vocational facility for the high school graduates who do not test into college.

"Springvale is designed to provide young men and women the opportunity to develop vocational skills that are essentially the equivalent of an associate's degree," said Lyons.

The idea for such a niche educational facility had been around for a while and was languishing due to a lack of financial support. But the idea was kept alive by Jim Lyons and the IFI which in 1993 pledged to fund the first five million pounds of the 60 million pound project. Support finally materialized when the Blair government came into power in May 1997 and helped the International Fund for Ireland attract additional funding from other sources.

"For me, the highlight of the president's visit to Northern Ireland last September was that he and Tony Blair broke ground for Springvale," said Lyons.

Strategy & Opportunity

The IFI pursues a strategy that focuses on attracting new investment and helping small- and mid-sized companies develop strategic partnerships with either domestic or North American companies.

Trade missions and trade conferences serve to showcase investment opportunities in Northern Ireland. The IFI cosponsored trade conferences held in Washington in May 1994 and in Pittsburgh in the fall of
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1996. According to Lyons, Britain and Ireland "can offer some very attractive investment packages, principally for American and Canadian companies which recognize the benefits of having a facility in Ireland and being part of the EU."

In addition, there are two U.S./IFI programs that specifically target small companies in Ireland:

**NAPP** - (North American Partnership Program) identifies companies with 15 employees or less and promotes the establishment of long term, strategic alliances between companies in the southern border counties of Northern Ireland and companies in North America.

"We made about 30 successful matches in the last year or two," said Lyons.

**RADIANT** (Research and Development between Ireland, the United States and Canada) provides grants to partner Irish and American companies in the high-tech sector to do basic research and development for which they would not otherwise have the funds or resources.

Jim Lyons is also working on a micro loan program to put credit into the hands of entrepreneurs who cannot qualify for loans through mainstream lending sources. This fund would also be used to help integrate newly released political prisoners from both sides back into society by giving them the means with which to become entrepreneurs and find financial freedom.

"We can't find work for these men -- principally men but some women -- and the likelihood that they will return to their previous paramilitary activities is pretty high," said Lyons.

The Office of Transition Initiatives, which is part of the U.S. Agency for International Development, has successfully implemented reintegration programs in places like Haiti and Somalia. The IFI is now trying to suggest these programs to Northern Ireland.

Not everyone has the skills to start or expand a business. **AMBIT** *(American Management and Business Internship Training Program)* allows business people from Ireland to spend time with a related business in the U.S. for the purpose of gaining valuable experience.

**Prognosis**

Lyons is bullish on Northern Ireland, calling it “the best kept secret in the EU, from an economic perspective."

- Northern Ireland is a legitimate gateway to the EU, which is the largest single trading partner of the U.S.
- The workforce is young, highly educated, English speaking and motivated.
- The airports and ports are first class.
- The telecommunications system is digital from one end of the country to the other.

It used to be that young people had to leave Northern Ireland to find jobs, but now this migration has reversed itself, thanks to economic development and the jobs that are being created at home.

Since 1993, according to a KPMG study completed a few months ago, “the $300 million contributed by the IFI donor countries have leveraged over $1.5 billion for investment and created over 20,000 permanent jobs,” advised Lyons.

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The economic initiatives funded by the IFI create the peace structures, and "form a platform for economic prosperity which at the end of the day is really all that Northern Ireland needs."

He praises Congress for its strong and continuing support of the International Fund for Ireland.

Lyons is realistic about the social problems. "The sectarian differences are going to take a long time to resolve but if you can eliminate obvious discrimination and create economic opportunity, I am a firm believer that history will solve the problem without the U.S.

"But we will have played a very significant role in getting history to move along."

Ireland's civil rights problems have long history

Centuries of unresolved hostilities between Ireland and England - with Catholics and Protestants center stage - have come into sharp focus in the last 40 years, said Jim Lyons. That all sides are now talking is a major accomplishment in itself.

Ireland's history is filled with strife from earliest times. Some highlights:

- July 11, 1690 - The Battle of the Boyne sees the defeat of the Catholic King James II, by the English. This marks the beginning of Protestant control over Catholics in Ireland, with England continuing to pursue a policy of "plantation" - the physical removal of Catholics from land in Northern Ireland.
- Between 1695 and 1728, the British enact legislation denying Catholics the right to vote, to own land, to bear arms, to practice their faith, and to be educated.
- "This did not sit well with the Irish and there was in each generation a revolt against British rule, or a 'rising' as it was called," said Lyons.
- In 1793 England lifts many of the restrictions on Catholics, without granting full civil rights.
- In the mid 19th century, Catholics emigrate en masse, seeking religious and economic freedom. The potato blight of 1845 creates famine and further decimates the Catholic population, most of which are farmers.
- 1905 - Sinn Fein party formed with goal of independence from England.
- 1920 - Britain partitions Ireland creating Northern Ireland, and in 1921 the Irish Free State.
- With the end of World War II, two of Northern Ireland's major industries collapse: shipbuilding and textiles.
- 1949 - Ireland cuts all ties with Britain; becomes an independent republic.
- 1972 - Britain suspends Northern Ireland government; rules from London. "So in addition to the collapsing economy in '72, the civil rights struggle now turned violent," said Lyons. "There was an absolute government vacuum as social dysfunction spread."