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Andrew J. Wilson

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**“Doing the Business”:
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by
Andrew J. Wilson

INTRODUCTION

During his tenure in the White House, President Bill Clinton devoted an unprecedented amount of time and energy to Northern Ireland. His personal interest, manifested in three presidential visits to the province, drove a sequence of major policy initiatives, which, at certain stages, played a pivotal role in advancing the peace process. His decision to grant a US visa to Sinn Féin leader Gerry Adams was an important element in the IRA’s decision to declare its first ceasefire in August 1994. Senator George Mitchell, Clinton’s principal representative in Northern Ireland, used all his political skills to win the confidence of most of the province’s political leaders and lay the foundation for the 1998 Belfast Agreement. In the hours before the Agreement was signed, Clinton worked the phones from the Oval Office, giving assurances of support and encouraging compromise from all the major participants.¹

Later, the Clinton administration tried to achieve consensus over the most divisive issues of the Good Friday accord. In autumn 1999, when the whole deal seemed to be unraveling, George Mitchell’s review helped secure the convening of the Northern Ireland power-sharing executive. And right up to the final hours of his presidency, Clinton continued to work for a breakthrough. He kept in contact with the major political leaders and sent Jim Steinberg, his Deputy National Security Adviser, to participate in multi-party talks aimed at ending the impasse over decommissioning, demilitarization, and policing.²

While Clinton’s political interventions in Northern Ireland have received widespread media and analytical coverage, significantly less attention has been paid to his support for economic development. This has tended to obscure the key role which helping deliver a “peace dividend” played in Washington’s strategic considerations. The following article provides a narrative account of the Clinton administration’s economic initiatives. It examines the rationale and aims of these initiatives and assesses their impact on the Northern Ireland economy and the peace process.

Andrew J. Wilson is a Senior Lecturer in Modern European history at Loyola University, Chicago.

Commercial Diplomacy

Almost immediately after the announcement of the first IRA ceasefire in 1994, the Clinton administration began exploring ways to boost the peace process with an economic development package. Nancy Soderberg, head of Irish affairs at the National Security Council, began coordinating a White House panel that consulted with government officials, politicians, and business leaders on both sides of the Atlantic. After considering a diverse range of proposals, the administration unveiled its package in early November 1994.

Although there was initial speculation that the White House was considering \$120 million in direct financial aid to Ireland, hopes of such a large “peace windfall” were sharply curtailed by limitations on the federal budget and competing forces on Capitol Hill. Instead, the November package focused on ways to encourage private investment and expand bilateral trade.³ The centerpiece of this effort was the announcement of a major US investment conference designed to showcase opportunities in Northern Ireland.⁴ As a prelude to the event, Commerce Secretary Ron Brown led an elite delegation of business leaders to Prime Minister John Major’s Investment Conference in Belfast in December 1994. This visit marked the beginning of a broader initiative in which the Commerce Department organized frequent trade missions to Northern Ireland aimed at giving American CEO’s the opportunity to assess economic conditions for themselves, and hopefully commit to investment.

The Clinton administration also pledged to expand transatlantic partnerships between mid-level companies and to support community regeneration at the micro level through assistance to small businesses. As part of this effort, the White House created the American Management and Business Internship Training Program (AMBIT), under which business leaders from Northern Ireland and the border counties would be given the opportunity to increase their experience through short-term placements with leading US companies.⁵ Later, the Clinton administration also played an important role in the passage and implementation of the Walsh Visa Program, which gives young, unemployed Irish people three-year US work visas. The primary objective is for participants to acquire skills in growth industries that would bring economic regeneration to their communities when they returned home.⁶

In December 1994, to coordinate the various levels of the November package, Clinton appointed Senator George Mitchell as his Special Advisor for Economic Initiatives in Ireland. The talent which Mitchell brought to this position eventually paved the way for his chairmanship of the multi-party talks in 1996 and the central role he would play in securing the Belfast Agreement. Taken together, Mitchell’s appointment and the November initiatives represented a major effort to encourage economic development in Northern Ireland. *Irish Times* journalist Conor O’Clery had some justification – albeit exaggerated – for characterizing Clinton’s actions as “the most significant economic engagement

by the United States in any western European country since Truman's Marshall Plan in the 1940s."⁷

At the core of the November package, and in subsequent Irish economic development programs, was Clinton's belief that peace and prosperity were inextricably linked. He was convinced that while economic incentives alone would not secure political agreement, advances in the peace process could be supported by a peace dividend designed to bring about tangible economic improvements and to give people a stake in supporting political compromise.⁸ Washington's model for economic assistance was largely based on principles which had been established for the distribution of American financial aid through the International Fund for Ireland (IFI).⁹ Consequently, strenuous efforts were taken to ensure that US economic support was impartially distributed and directed to disadvantaged neighborhoods – to improve conditions in areas that had seen the worst of "the troubles" and to show combatants the rewards of peace. The White House was also committed to supporting cross-community and cross-border economic development projects as a means of breaking down barriers between nationalists and unionists. In addition, the administration tried to give priority to schemes that encouraged entrepreneurship and a movement away from dependency on government subsidies.¹⁰

Clinton's Irish economic programs also incorporated some broader US foreign policy objectives. From its acceptance of liberal economic theories on globalization, the White House was convinced that spreading American-style capitalism throughout the world would foster democracy. Regional conflicts, such as those in the Middle East and the Balkans, were seen as impediments to globalization and, therefore, the expansion of export markets for US goods and capital. Resolving regional conflicts was, thus, seen to be in America's direct interest. In the Irish context, peace would provide greater stability for the substantial US investment already made in the Republic and would increase profit opportunities for American companies.¹¹

Many of the assumptions driving Clinton's policy are reinforced by an extensive body of theoretical literature which stresses the importance of economic expansion and external economic aid to the amelioration of protracted ethno-political conflict. In the case of Northern Ireland, Sean Byrne and Michael Ayulo outline how external economic aid can effectively help the peace process by targeting more resources to disadvantaged areas.¹² When grass-roots programs succeed in improving local economies, the resulting increase in employment opportunities can create a sense of pride, where previously there was hopelessness and alienation, which may foster "more conciliatory attitudes" among protagonists.¹³ External aid agencies can also promote cross-community economic development projects which, by sustaining contact and establishing mutually beneficial goals, may help to counteract the sectarianism and stereotyping which fuels violence in Northern Ireland.¹⁴ These economic programs may even create conditions favorable to the use of other conflict-resolution strategies, such

as dialogue groups and problem solving workshops, “that address non-negotiable values of identity, security and territory.”¹⁵ Yet, despite these potential benefits, most theorists accepted that economic aid alone is unlikely to be an effective peacebuilding tool, and must be part of a multi-dimensional strategy which secures political and social cooperation.¹⁶

The Washington and Pittsburgh Investment Conferences

In its efforts to lure private investment, the Clinton administration attempted to expand an already important American business presence in Northern Ireland. For most of the Troubles, the US remained the largest source of foreign investment, with around 40 companies providing about 9,000 jobs – approximately nine percent of the manufacturing work force. The presence of firms such as Ford and Du Pont brought many benefits to the Northern Ireland economy, but there were also some catastrophic failures. The De Lorean automobile plant in West Belfast, which consumed over 70 million (GBP) of public money before collapsing, remains the most infamous example of the consequences of ill-considered support for American investment.¹⁷

Obviously aiming for more Du Ponts than De Loreans, the Clinton administration, following the announcement of its November package, immediately began preparing for the US investment conference.¹⁸ One of George Mitchell’s first priorities as economic envoy was to help organize the event. But due to the constricted time frame, and the pressure of other priorities for the Clinton administration, the conference suffered a succession of logistical difficulties. Administration officials were forced to switch the venue from Philadelphia to Washington and then change the date when a suitable hotel couldn’t be found. Bill Clinton sent out personal invitations to over 2,000 US companies, yet only a small percentage chose to show up.¹⁹ Problems also developed with the organization of partnership meetings between Irish and US companies, and a number of break out sessions were only sparsely attended.²⁰

Despite the organizational difficulties, the conference did provide an important showcase for Irish companies. While no large-scale business deals were cut in Washington, a few contacts between small- and medium-sized businesses eventually crystallized into future transatlantic joint ventures and investment.

While the official objective of the Washington conference was to generate economic links between the US and Ireland, it also became an important catalyst for advancing political dialogue. With the “encouragement” of the Clinton administration, Northern Ireland Secretary Sir Patrick Mayhew held a short meeting with Gerry Adams just before the event opened. The encounter, while producing no dramatic breakthroughs, was an important step in the progression of British ministerial-level contacts with Sinn Féin.²¹ The conference also provided a forum for “track-two” diplomacy – getting representatives from most of

the political parties together for the mutually beneficial objective of economic development. This point was captured in a rather optimistic *Irish Echo* editorial which reported how:

[L]ess than a year ago, some of those in attendance at the conference were involved in murderous campaigns or actively supporting such campaigns to assassinate people with whom they were now engaged in friendly chats at the bar and in the corridors of the Sheraton Hotel. This alone is progress. The administration's initiative has allowed people, who back in Northern Ireland would never cross each other's paths, to meet in a relaxed atmosphere and get to know each other. Under such circumstances, it cannot but become clear that the imagined political ogre or sectarian monster that was conjured up is, in fact, a person much like oneself, with common interests, such as bettering the economic prospects of his or her community.²²

The Clinton administration was sufficiently convinced of the success of the Washington Conference that plans for a similar event began almost immediately. Yet the pervasive optimism generated by the White House gathering, and later underscored by Clinton's visit to Northern Ireland in November 1995, was quickly undermined by the developing crisis in the peace process. In February 1996, as the impasse over decommissioning seemed intractable, the IRA ended its ceasefire with the bombing of Canary Wharf and carried out additional attacks in Britain and Northern Ireland. The peace process was also shaken by the lack of progress in multi-party talks, which began in June, and by the escalating violence surrounding the Drumcree standoff. Clinton's economic initiatives also suffered a major setback when Ron Brown and Assistant Secretary of Commerce Charles Meissner, who had spearheaded regeneration projects in Northern Ireland, were killed in April when their plane crashed during a trade mission to the Balkans.²³

Plans for a second economic conference suffered from the downward spiral of events. The venue and timing was changed on a number of occasions before the gathering was finally held in Pittsburgh in October 1996. Working through Joe White, the Commerce Department's representative in Northern Ireland, the Clinton administration arranged for over 150 Irish and American companies to attend the conference, along with economic development officials from Dublin and Belfast.²⁴ William Ginsberg, the new Assistant Secretary of Commerce, tried to ensure that political disputes were minimized and that the principal focus was on building joint partnerships between Irish and American companies. Special sessions were devoted to particular economic sectors, and there were seminars at which US business leaders who had already invested in Northern Ireland could espouse the favorable working conditions and potential for profit.

Yet the Commerce Department's hopes of minimizing politics and for improving Northern Ireland's image were dealt a shattering blow when an IRA

bomb exploded in Lisburn on the opening day of the conference, killing two British soldiers. George Mitchell announced the attack during the first luncheon, at which he had planned a glowing presentation of Northern Ireland to the assembled American CEO's. Conference organizers continued with scheduled events, and business leaders such as Ted Smith, vice-president of H.J.Heinz, tried to minimize the impact of the bombing by claiming that American companies "had already factored in the political uncertainty when making their investment decisions."²⁵ Still, the news from Lisburn cast a shadow over the proceedings and severely undercut the effort to sell Northern Ireland. While Clinton officials downplayed the problems and tried to spin the Pittsburgh conference as another important step in showing Northern Ireland's potential to American business leaders, there would be no further investment colloquia. Efforts to lure US companies to the province were subsequently focused on Commerce Department trade missions.

The Commerce Department and Trade Delegations

Commerce Secretary Ron Brown brought charisma and salesmanship to the Clinton administration's efforts to boost the Northern Ireland economy. Leading two business delegations to Ireland in 1994 and 1995, he helped focus positive worldwide media attention on Northern Ireland.²⁶ Yet, while Brown's actions attracted much of the spotlight, Assistant Secretary Charles Meissner was chiefly responsible for the daily coordination and implementation of policy. Through frequent consultation with business leaders and politicians, Meissner acquired a deep understanding of the challenges facing economic regeneration in Northern Ireland.²⁷ He worked closely with community organizations to ensure that US aid, through the IFI, was targeted at disadvantaged areas. Meissner also insisted that US trade missions visited these areas so that local activists could pitch for investment.

After Brown and Meissner were killed in Croatia, there was some concern that the Commerce Department's work in Ireland would be seriously compromised. While there were obvious hurdles, Virginia Manuel, Meissner's assistant on Irish programs, had sound "institutional memory" and a good relationship with Irish politicians and business leaders. She helped maintain the continuity of Commerce Department policy and brought a wealth of experience from working on regeneration projects in Maine – a state with similar economic problems to those of Northern Ireland.²⁸

Manuel continued working with community organizations, trying to help them grow into vital agencies for economic regeneration. She used the resources of her department to assist in developing a range of services, from job training programs to child care facilities. Manuel also encouraged some groups to move away from grant support and become self-sufficient by launching their own business ventures. To further this process, she helped arrange for community leaders

to cross the Atlantic and study the most successful Community Development Corporations in the US, including Focus Hope in Detroit and the New Community Corporation in Newark. She believes that this experience enabled the participants to improve their organizations in Northern Ireland and, perhaps more importantly, forge strong cross-community bonds.²⁹

Manuel's support for grassroots community development was part of a wider strategy coordinated by Jim Lyons, George Mitchell's successor as Irish Economic Adviser. From his experience serving as the US observer on the IFI board, Lyons was particularly interested in the potential of micro-enterprise funds to stimulate community regeneration. In 1999, he helped launch the Aspire program to provide small loans to Belfast businesses that had difficulty getting financing from traditional sources. Most of Aspire's funds were directed to disadvantaged areas to help generate employment and increase services for local people. Since its inception, the program has provided over 80 businesses with more than 500,000 GBP in loans. Its work has been widely praised and there are plans to extend its operations to other parts of the province.³⁰

Lyons and Manuel also helped ensure that at least one or two Commerce Department trade missions visited Northern Ireland each year. These missions typically consisted of small groups of executives from knowledge-based industries, but more high-powered delegations were occasionally assembled. Just after the signing of the Belfast Agreement, Commerce Secretary William Daley traveled to Northern Ireland with a group of executives from eight "Fortune 500" companies, including Motorola, Pfizer, and Pitney Bowes. The Clinton administration was always quick to claim results from these efforts, holding press conferences at the Commerce Department when companies that had participated in trade missions decided to invest.³¹

The White House also worked closely with Northern Ireland's Industrial Development Board (IDB) and other economic agencies to plan trade missions to the US. The most ambitious of these missions was an Investment Roadshow, led by Secretary of State Mo Mowlam, which toured America in October 1998. At conferences in 11 major cities, business executives were given a lavish presentation on the potential for making money in Northern Ireland. Nationalist and unionist political leaders delivered optimistic assessments for permanent peace, while senior directors of US companies with business in Ulster provided glowing testimonials of the success of their operations.³²

In pitching Northern Ireland, Commerce Department representatives and Irish officials usually emphasized the tariff free market access to the European Union and the extremely attractive financial assistance packages. They also pointed to a young, productive, highly educated, English-speaking labor force, which was skilled in new technology. There was little sentimental appeal. Instead, Clinton officials stressed the low risk of labor unrest and an average hourly wage that was 36 percent lower than that paid in the US.³³

Both Virginia Manuel and Jim Lyons found, however, that despite all the investment incentives, the “biggest single obstacle to business development in Northern Ireland was the perception, if not the reality, of continued political instability.”³⁴ When dealing with US business leaders, Manuel says she tried to give a “realistic but positive” assessment of the province. However, she always found that outbreaks of violence “made it harder to convince people to join trade missions, let alone invest their money.”³⁵ Manuel is convinced that the political uncertainty caused major American companies to shy away from large-scale investments and that whatever successes the trade missions achieved came from facilitating partnerships and joint ventures between US and Irish SMEs.

John Cullinane and the Friends of Belfast

While the Clinton administration’s drive to get American business leaders involved in Northern Ireland had mixed results, there were a few individuals who did make a significant contribution. One of the most prominent was John Cullinane, the Boston-based founder of Cullinet Software – a company that reached \$1billion valuation on the New York Stock Exchange in 1985. With parents from Co. Waterford, Cullinane says he was motivated by a family tradition of “giving something back to Ireland.” He also developed an interest in Dublin’s vibrant high-tech sector and began planting seed money in a number of fledgling companies.³⁶

Cullinane’s investments in the Republic eventually brought him to the attention of some of Northern Ireland politicians and economic development officials. In October 1994, he met with leaders of a Belfast City Council trade delegation who were trying to establish new business links with Boston. Their presentation so impressed Cullinane that he invited the group to return to the US to make a follow up pitch at the annual American Ireland Fund dinner. Shortly afterwards, Cullinane agreed to join with Governor William Weld in a Massachusetts delegation which traveled to Northern Ireland as part of Ron Brown’s mission in December 1994.³⁷ What he saw during the trip helped convince Cullinane of the province’s potential and ignited a desire to help the peace process by supporting economic development.³⁸

Cullinane’s first project was promoting a US-Ireland Technology Fund – inspired by a highly successful technology research scheme between the US and Israel called the Bilateral Industrial Research and Development (BIRD) Foundation. As the technology fund was originally conceived, the US, Britain, Ireland, and the European Union (EU) would each contribute \$20 million which would be used for loans to Irish high-tech firms undertaking research and development in cooperation with American partner companies. Cullinane believed the fund would be mutually beneficial to the US and Ireland by creating jobs on both sides of the Atlantic and by providing American companies with much cheaper research and development of products.³⁹

In February 1995, while attending a White House dinner, Cullinane sat at Bill Clinton's table and had a detailed discussion about the merits of the technology fund. The President then arranged meetings with his staff to work out details of the initiative. Cullinane recalls that selling the technology fund was a prolonged process in which his close associate, Frank Costello, played a major role. Costello, who, as Chairman of Boston Ireland Ventures, had years of experience in transatlantic economic development initiatives, also had important political connections from serving as a top aide to Mayor Ray Flynn and Congressman Joe Kennedy. Together, Costello and Cullinane eventually helped convince key decision-makers in Washington, London, and Dublin of the technology fund's viability and its potential for boosting Northern Ireland's high-tech sector.⁴⁰

The technology fund, which is financed by the IFI, was formally launched in 1996 as the Research and Development between Ireland and the United States (RADIUS) program. It has since expanded to include Canadian and EU companies interested in joint ventures in product and process development with Irish firms. While there was some initial criticism that RADIUS program sites were not located in West Belfast, the program has won considerable praise for its catalytic role in high-tech innovation.⁴¹ Cullinane and his colleagues also stress its importance as a positive example of the benefits of cross-border business cooperation.⁴²

After working on the RADIUS program, Cullinane began making numerous trips to Ireland to meet with political and business leaders. He soon became a featured speaker at economic conferences and began formulating his vision for the regeneration of the Northern Ireland economy. Echoing the basic principles of the Clinton administration, he stressed the need for emerging Northern Ireland high-tech firms to break into the global market through partnerships with larger US corporations. Cullinane also urged companies to end their dependency on government grants by securing foreign venture capital. To facilitate this process, he helped organize and fund an annual Technology Investment and Partnering Opportunities conference at Harvard University where companies from Israel and both parts of Ireland could explore joint ventures and secure investment capital.⁴³

Through his expanding work in Northern Ireland, Cullinane began to build a close relationship with leaders of Belfast City Council's economic development committee. In 1997, as part of a larger strategy to attract foreign investment, the Council appointed him as Belfast's Special Economic Advisor for North America.⁴⁴ Working on a pro bono basis, Cullinane used his position to help create the Friends of Belfast – an informal network of powerful US business leaders, academics, and professionals who were willing to promote the city's economic opportunities.⁴⁵ In November 1998, the Friends, in close cooperation with the economic development agencies in Northern Ireland, arranged for over

40 small businesses from Belfast to promote their products during a three-day event in Boston. The show also featured workshops on business development and matchmaking seminars with US companies.⁴⁶ The April 2000 Belfast Trade Show was expanded to include a presentation in Pittsburgh and a bi-partisan sales pitch from the main political parties in the City Council. Both events generated considerable business for the participating companies and offered an important forum for publicizing Belfast's "economic renaissance."⁴⁷

In November 1999, Chris McGimpsey, then chairman of the City Council's Economic Development Committee, led a team across the Atlantic to meet with Cullinane and discuss expanding the Friends network.⁴⁸ Since then, new chapters have been established in Denver, New York, and Pittsburgh, and there are current efforts to include several other cities. The Pittsburgh and New York groups are led respectively by Ted McConnell and John Connorton, both politically connected attorneys who have been active in Irish affairs for several years. Jim Lyons chairs a Denver chapter which includes Mike Sullivan, former Ambassador to the Irish Republic, and members of the Colorado Irish Business Network, a group of executives from local companies that have operations in Northern Ireland.⁴⁹ All four groups hold regular networking functions at which they promote Belfast and help organize transatlantic trade delegations. Some of the chapters, working in conjunction with Invest Northern Ireland, the province's new economic development agency, are currently exploring the possibility of establishing high-tech business incubators in their cities. The first of these facilities, designed to help smaller firms expand and break into the US market, was opened in Boston in late 2001.⁵⁰ With such initiatives, Friends activists are convinced their network, while still a small-scale operation, can become an important catalyst for economic development. The realization of this potential, however, depends on a number of variables. The most important will be the willingness of Belfast City Council to prioritize the initiative and the continued commitment of activists in the US.⁵¹

The International Fund for Ireland-MacBride Principles Controversy

The Clinton administration's private investment initiatives were part of a dual strategy which included providing direct financial aid through the International Fund for Ireland. In the November package, the White House proposed raising the IFI contribution by \$20 million over two years for projected figures of \$29.6 million in 1996 and 1997.⁵² Efforts to secure this money from Congress, however, were hampered by a number of political problems. During the week that the Clinton administration announced its increase, the syndicated television show *Inside Edition* ran a feature which criticized the Fund. The report contained interviews with Northern Ireland political activists who accused the IFI of wasting money on frivolous projects instead of targeting deprived areas and promoting economic equality.⁵³ The program also featured Congressman Scott Klug (R-WI), who had solicited co-sponsors for a bill to end US support

for the IFI in a memo entitled "The Leprechauns Are Looting Our Gold."⁵⁴ Controversy over the *Inside Edition* broadcast had barely subsided when Senator Jesse Helms issued proposals to cut the Fund entirely or else link continued US financial backing to IRA arms decommissioning. His proposals were only withdrawn following a vigorous lobbying campaign spearheaded by Dermott Gallagher, the Irish Ambassador in Washington.⁵⁵

It was against this backdrop that Congressman Benjamin Gilman (R-NY), the incoming chairman of the House International Relations Committee, launched a campaign to require projects seeking IFI money to adhere to a set of "Principles of Economic Justice." These principles were almost identical to the MacBride Principles – nine equal opportunity guidelines for US firms operating in Northern Ireland. Since its launch in 1984, the MacBride campaign, led by a coalition of Irish-American lobby groups, had persuaded more than a dozen states and almost 50 cities to enact laws that tied their investments to the willingness of US companies in Ulster to counteract employment discrimination.⁵⁶

Clinton had voiced his support for the MacBride Principles during the 1992 presidential campaign and saw impartial assistance as fundamental to his economic strategy. Yet White House officials were convinced by the British government's contention that new legislation introduced under the Fair Employment Act of 1989 had made MacBride unnecessary. Clinton aides also listened to political leaders in Northern Ireland, particularly John Hume, the leader of the Social Democratic and Labour Party, who saw the regulatory and monitoring requirements of the MacBride Principles as a "hassle" which could become a disincentive for companies to invest. There was also concern that MacBride would place onerous burdens on small businesses and community organizations, thus undermining IFI efforts at economic regeneration in disadvantaged neighborhoods. In addition, the Clinton administration believed that linking MacBride to IFI spending would antagonize unionists, who saw the campaign as a republican divestment strategy aimed at destabilizing Northern Ireland. This issue became increasingly important to Clinton officials as the White House tried to convince unionists that US involvement in the peace process was impartial.⁵⁷

For these reasons, the Clinton administration began working against the MacBride-IFI initiative. At various hearings and committee meetings, White House officials expressed their support for the principles but opposed their incorporation into federal law. Richard Holbroke, Assistant Secretary of State for European and Canadian Affairs, outlined the administration's position in a hearing on the "U.S. Economic Role in the Peace Process in Northern Ireland" in March 1995:

While we support the MacBride Principles, the Administration sees no reason to promote additional legislation in the Congress. Federal enactment of the MacBride Principles would add reporting requirements on U.S. companies investing and operating in Northern

Ireland. To put the Principles into specific legislation could have an inhibiting effect on the investment goals we seek. The proposed U.S. legislation is coming at a time when the British Government has strict anti-discriminatory legislation in force and the U.S. Administration is attempting to reduce regulatory and other requirements on U.S. companies. We must be sensitive to the need not to hobble American businesses with complicated requirements which businesses from other countries are not bound by. The key is the actual legislation and practice in Northern Ireland, which we will monitor closely.⁵⁸

The White House ensured that the MacBride Principles were not a major issue at the Washington Investment Conference by limiting debate to a small breakout session. Clinton officials also endorsed a proposal by Congressman Lee Hamilton (D-Ind.) which would have made adherence to MacBride a non-binding but recognized goal. Still, although Hamilton was supported by Jean Kennedy Smith, US Ambassador to Ireland, and by William Crowe, US Ambassador to Britain, the House International Relations Committee voted against him by a large margin.

Despite their victory against the Hamilton proposal, the MacBride lobby, faced with further hurdles on Capitol Hill, eventually compromised on the wording of their legislation. Irish-American activists accepted that IFI grant applicants “should” rather than “shall” adhere to the principles and included a provision that there would be no quotas or reverse discrimination. The nuances of these changes were sufficient to convince some skeptics that the MacBride proposal was now acceptable and would not damage the work of the International Fund.⁵⁹ In spring 1996, a foreign aid bill (HR1561) with the MacBride-IFI linkage passed through a Senate and House conference and a full congressional session. Congress also voted to give \$19.6 million in financial support to the IFI for the next two years.⁶⁰

The euphoria of MacBride activists was tempered in April 1996 when Bill Clinton vetoed HR 1561, primarily because he believed its sweeping cuts would undermine vital foreign policy objectives. In spite of this explanation, 11 Irish-American groups released a statement expressing “deep disappointment” with Clinton’s opposition to the MacBride-IFI link. Fr. Sean McManus, the principal MacBride advocate in Washington, later accused the president of a “terrible betrayal” that could destroy his political support among Irish-Americans.⁶¹ In response, another prominent group of Irish-Americans, many of whom were key figures in the MacBride campaign, issued a rebuttal of the Clinton critics. While stating that they did “not agree with each and every position of the Administration,” they acknowledged “that Ireland and Irish-America has no greater friend than Bill Clinton.”⁶² As this internecine squabble intensified, Ben Gilman wrote a scathing article in the *Irish Echo* which lambasted “Clinton’s

[w]oeeful [r]ecord on MacBride” and criticized a number of recent IFI projects for not targeting deprived areas. The clear implication was that if there was no MacBride linkage then backing for continued IFI funding could not be guaranteed.⁶³

MacBride supporters were convinced that the wrangling over Clinton’s veto had considerable impact within the administration, especially in the run-up to the 1996 presidential election. After the Democratic Party endorsed a platform which included full support for the MacBride Principles, Clinton released a letter emphasizing his commitment to “equal opportunity and fair employment” in Northern Ireland. He asked IFI administrators to ensure that the intent of the MacBride proposal be “carried out to the greatest extent possible.” The president also reiterated his position that HR 1561 was vetoed for “reasons entirely unrelated” to the MacBride section.⁶⁴

Fr. Sean McManus and his associates assumed the Clinton administration would now accept the MacBride-IFI linkage. But when Ben Gilman again attached a MacBride rider to a new foreign aid bill (HR 1486) after the presidential election, White House staff renewed opposition. The administration seemed generally satisfied with the changes that had been made in the wording of the MacBride provision but still felt it should not be written into federal law.⁶⁵ Clinton officials did, however, accept the overall revisions contained in HR 1486. And since the president did not have the option of a line item veto, the requirement that IFI fund recipients should adhere to the MacBride Principles became law when Clinton signed the Omnibus Appropriations and Authorization Bill in October 1998.⁶⁶

Given the conflict during its passage, the MacBride-IFI law has been implemented with surprisingly little controversy. Senior IFI administrators maintain that the linkage has made little impact on their operations; they remain adamant that financial aid has been impartially distributed since the Fund’s inception.⁶⁷ The politicians and activists who led the MacBride campaign seem to generally accept their assertions.⁶⁸ This may be because successive independent investigations have praised International Fund programs for creating economic opportunity, focusing on disadvantaged areas, and promoting cross-community cooperation. The most systematic of these reports, released by KPMG management consultants in October 2001, estimated that IFI projects had created over 32,000 jobs since 1986, with a further 5,400 in the pipeline. The KPMG study also showed that more than 90 percent of IFI money had gone to its designated disadvantaged areas and over 11,000 people had participated in its cross-community and cross-border programs.⁶⁹ KPMG praised the IFI’s ability to target social exclusion and generally reiterated the findings of an earlier report which concluded that:

[b]y tightly integrating its economic development and reconciliation activities, the Fund has stimulated the development of a range of new

activities and new contacts both between the communities in Northern Ireland and between North and South. In this way, the Fund has made a major contribution to the development of an economic and cross-community dynamic in Northern Ireland and the Border Counties which has had an important role in underpinning the Peace Process in Northern Ireland.⁷⁰

The IFI still draws fire over some of the projects it has supported, and there are lingering criticisms that its funding procedures remain overly bureaucratic.⁷¹ But the KPMG reports and other independent studies provide convincing evidence of the important role the Fund has played in the economic development of disadvantaged areas in Northern Ireland.⁷² By focusing on cross-border and cross-community projects, the IFI has tried to nurture reconciliation by showing both traditions that cooperation can bring mutual economic benefit. What remains inconclusive, however, is the degree to which these inter-communal ventures have actually brought reconciliation between participants.

CONCLUSION

The Clinton administration saw economic development as an essential complement to its political initiatives in support of the Northern Ireland peace process. Washington strategists were convinced that political progress had to be reinforced by an equitably distributed peace dividend that would bring substantial material benefits to both communities. There was an assumption, backed by a considerable body of theoretical literature, that improved economic conditions, particularly in areas that had been hardest hit by violence, could foster cross-community cooperation and reconciliation.

The Clinton administration, however, never saw the promotion of economic development in purely altruistic terms. Its appeals for greater levels of American investment in Northern Ireland were based on taking advantage of low wage levels, the substantial government subsidies, and a workforce that was well trained and unlikely to make demands which would jeopardize profits. The White House also believed that peace could provide greater security for US companies whose investments were at the core of the Republic's "Celtic Tiger" economy. In a broader context, the Irish initiatives were framed within a foreign policy that sought the resolution of regional conflicts as a means of accelerating the free movement of American capital and commodities through globalization.

The Washington and Pittsburgh conferences, combined with the frequent trade missions, represented an unprecedented effort to persuade American business leaders to invest in Northern Ireland. Figures from the province's economic development agencies, and the work of individuals like John Cullinane, suggest that the White House enjoyed some success. Between 1994 and 2000, the US remained Northern Ireland's largest export market and the most important source of internationally mobile investment. American firms directly invested

almost \$1.5 billion, creating the potential for over 10,000 new jobs.⁷³ The number of wholly or partly-owned US firms in the province rose to well over 100, with major investments from Seagate Technology, Emerson Electric, Caterpillar, All State, and Raytheon.⁷⁴ These companies provide about 22,000 jobs. In addition, a number of economic analysts claim that the example of US firms locating in the province helped create a "halo effect" which gave confidence to corporate executives in Britain and the Far East that their investments would be secure and profitable.⁷⁵

Yet, while the Clinton administration deserves credit for its efforts, there is little evidence to show a direct link between the economic initiatives and actual investments. Only a few companies cited White House encouragement among the factors which helped sway their decision to choose Northern Ireland.⁷⁶ Indeed, some analysts maintain that the higher level of US investment after 1994 was primarily determined by natural and global factors, particularly the boom in the technology sector, which would have brought greater investment anyway.⁷⁷ More importantly, even with the increased inward investment during the Clinton administration, the levels achieved fell well short of expectations. While there are conflicting explanations for this failure, there is widespread acceptance that there remains a major gap between actual inward investment and the levels required to sustain economic growth in Northern Ireland.⁷⁸

One of the most troubling consequences of the failure to attract sufficient investment is the impact on disadvantaged communities. Following specific government guidelines, and in keeping with the goals of the Clinton administration, the IDB tried to encourage foreign companies to locate in areas of "New Targeting Social Need." Between 1995-2000, 89 percent of inward investment went to these areas, promising 11,101 (88 percent) of total new jobs created.⁷⁹ Yet these investments have had only a limited impact. Studies of West Belfast, in particular, have found little indication of a peace dividend. The quality and quantity of jobs created has been much less than official pronouncements and there continues to be high levels of poverty, underemployment, and social marginalization.⁸⁰ Consequently, the areas most effected by the troubles, which have been the source of much of the violence, have not experienced the promised rewards of outside investment and wholesale economic regeneration. In these communities the power of the republican and loyalist paramilitaries has remained pervasive.

Partly in recognition of this problem, strategists in Northern Ireland's revamped job creation agency, Invest Northern Ireland, have targeted foreign direct investment, especially from US knowledge-based companies, as an essential component for future economic development.⁸¹ As such, there have been calls for the Bush administration to appoint a new economic envoy and support greater numbers of trade missions.⁸² But the prospects for such increased involvement are limited. While administration officials pay lip service to the pol-

icy of supporting the peace process with economic aid, and the White House helped organize a US-Ireland Business Summit in September 2002, Northern Ireland has been relegated well down the Bush administration's list of priorities. In addition, the ongoing weakness in the US economy has greatly reduced the potential for investment from America. Inward investor visits to Northern Ireland reached an all-time-low in 2002.⁸³ Under such circumstances, it seems that the effort to attract foreign investment will continue to face major hurdles for the foreseeable future.

The "investment deficit" is just one of the elements in an ongoing debate over the impact of the peace process on Northern Ireland's economy.⁸⁴ Economic development officials are quick to emphasize some of the positive achievements over the past several years. Northern Ireland's manufacturing output has continued to outperform the UK average. There are record employment levels and unemployment has steadily declined.⁸⁵ Retail spending has sharply increased and Belfast city center, in particular, has experienced a boom in new civic construction, department stores, hotels, and restaurants.⁸⁶ Yet many sectors which hoped to benefit from the peace process have not experienced the expected dividends. Tourism, for example, while rising to record levels after the first IRA ceasefire, was unable to sustain this growth level in subsequent years. More troubling, however, is the persistence of underlying structural weaknesses in the Northern Ireland economy. These include a bloated public sector, a relatively high percentage of manufacturing in declining traditional industries, and a failure of many companies to adequately invest in research and development. In its 2001 annual review of Northern Ireland, PriceWaterhouseCoopers reached the alarming conclusion that the economy was only growing at half the rate needed to match the province's expanding population.⁸⁷

Despite its concerns over the MacBride Principles linkage and threats that cash support might be cut entirely in Congress, the White House fought to maintain a \$19.6 million yearly donation to the International Fund for Ireland and helped secure an additional \$5.4 million in 2001. Independent assessments have shown that IFI projects brought important economic benefits to disadvantaged areas and promoted cross-community interaction.⁸⁸ One of the principal goals of this cash support, and of the drive to secure private investment and broader economic development, was to nurture cross-community reconciliation. Recent research suggests, however, that there has been little success. The 2002 University of Ulster Life and Times Survey showed that more people from both communities are happier than they were in 1996 to live and work separately and to send their children to denominational schools.⁸⁹ Studies of the mobility between Belfast's peaceline communities revealed "harrowing and depressing" results which showed a steep decrease in the numbers of residents who worked in integrated workplaces and who were willing to shop in the "other side's territory."⁹⁰ Hope that this might change over time has hardly been encouraged by the findings of a Community Relations Council report which found that the roots of

bigotry were already evident in children as young as three years of age.⁹¹ The ongoing interface conflicts in North and East Belfast are just one of the outward manifestations of the resilience of sectarianism in Northern Ireland. It is hard to avoid the conclusion that despite hopes it would foster contact and reconciliation, community relations have actually deteriorated during the peace process.

The apparent failure of economic development to help improve community relations has been reflected in, and conditioned by, the inability of Ulster's politicians to secure political stability. In the Assembly, unionist and nationalist MLAs worked together for mutually beneficial economic objectives. Many acknowledged that continued political uncertainty significantly undermined the realization of a peace dividend.⁹² Yet the province's leaders never put economic self-interest above fundamental political differences. For most Northern Ireland politicians, the experience of government failed to create any real sense of mutual confidence or trust. At the beginning of 2003, the Assembly is under its fourth suspension and there is little prospect it will be reconvened soon. There is a general assumption that upcoming elections, if they are held, will further polarize Ulster politics by bringing substantial gains to the Democratic Unionist Party and Sinn Féin.

Endnotes

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3. David Sharrock, "U.S. Aid for Ulster Less Than Expected," *The Guardian*, 3 November 1994.
4. "Supporting Peace in Northern Ireland," *US State Department Dispatch* 5, no. 45 (7 November 1994), p. 755.
5. Virginia Manuel, "Northern Ireland is on the Move in a Changed Climate," *Business America* 118, no. 9 (September 1997). Despite the optimism at its launch, the AMBIT program received a lukewarm response from Irish companies. To boost the number of participants, the program was opened to leaders of community development organizations. But from 1995 to the end of 2000, only about 75 people had taken part in the scheme.
6. Andrew J. Wilson, "The Irish Peace Process And Cultural Training Program Act 1998 (Walsh Visa Program): A Case Study In US Economic Support For The Good Friday Agreement," *Irish Political Studies* 16 (2001), pp. 245-56.
7. Conor O'Clery, *The Greening of the White House: The Inside Story of How America Tried to Bring Peace to Ireland* (Dublin: Gill and Macmillan, 1996), p. 215.
8. Bill Clinton, "Remarks Announcing the Appointment of George Mitchell as Special Adviser for Economic Initiatives in Ireland," *Weekly Compilation of Presidential Documents* 30, no. 48 (5 December 1994).
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- single contributor, but the Fund also receives donations from New Zealand, Canada, the European Union, and, until recently, Australia.
10. For a classic articulation of the administration's policy rationale, see "Remarks by the U.S. Ambassador to the Republic of Ireland, Michael J. Sullivan, Before the Northern Ireland Chamber of Commerce," Belfast, 17 November 1999.
11. For a concise analysis of the economic principles which shaped Clinton's foreign policy, see David Sanger, "Economic Engine for Foreign Policy," *The New York Times*, 28 December 2000. By 2002, there were over 570 American companies in the Republic of Ireland employing over 89,000 people. The US was the Republic's largest source of inward investment and annual exports by American companies exceeded 26 billion euros – 84 percent of all foreign manufacturing exports.
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13. *Ibid.*, p. 426.
14. John Paul Lederach, *Building Peace: Sustainable Reconciliation in Divided Societies* (Washington, DC: United States Institute of Peace, 1997).
15. Byrne and Ayulo, "External Economic Aid," p. 432. See also Mervyn Love, *Peacebuilding Through Reconciliation in Northern Ireland* (Aldershot, UK: Avebury Press, 1995).
16. Milton Esman, *Peaceworks: Can Foreign Aid Moderate Ethnic Conflict?* (Washington, DC: United States Institute of Peace, 1997); and Sean Byrne and Cynthia Irvin, "A Shared Common Sense: Perceptions of the Material Effects and Impacts of Economic Growth in Northern Ireland," *Civil Wars* 5 no.1 (Spring 2002).
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21. Frank Connolly, "U.S. Encourages Adams, Mayhew Meeting," *The Sunday Business Post*, 21 May 1995.
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25. Jane Suiter, "Lisburn Bombs Overshadow Pittsburgh," *The Irish Times*, 8 October 1996.
26. Seamus Boyd, "USA Switches on Economic Lights . . .," *The Irish News*, 30 November 1995.
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28. In 1996, the IFI introduced the Ron Brown Business Development Program. Under this scheme, a small group of business executives, from both sides of the border, attend an intensive two-week management training course at Babson College near Boston.
29. Author interview with Virginia Manuel, Senior Adviser, Assistant Secretary's Office, US Department of Commerce, 22 May 2000.

30. Author interview with James Lyons, former Special Adviser for Economic Initiatives in Ireland, 8 November 2001. See also, Adrienne McGill, "Businesses Find that a Small Loan can Make a Big Difference," *Belfast News Letter*, 5 June 2001; and Robin Morton, "Micro-Loan Firm Breaks Through Finance Barrier," *The Belfast Telegraph*, 8 January 2002.
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32. For a report on a typical presentation during this tour, see Ann Marrill, "Northern Ireland Hopes Peace Will Bring Jobs," *The Minneapolis Star-Tribune*, 20 October 1998.
33. Ron Brown quoted in Paul Lewis, "Clinton Urges U.S. Investment to Cement Ulster Peace," *The New York Times*, 26 May 1995.
34. Author interview with James Lyons, 8 November 2001.
35. Author interview with Virginia Manuel, 22 May 2000. For an example of this, see Christopher Walker, "Drumcree Crisis Scares Off U.S. Delegation," *The Times*, 7 July 2000.
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39. Robert Connolly, "Hub Software Honcho Boosts U.S.-Irish Deals," *The Boston Herald*, 1 May 1995.
40. Author interview with Frank Costello, 9 June 2000.
41. Anne Cadwallader, "Gilman Expresses Serious Concern About IFI Funding," *The Irish News*, 24 April 1996.
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45. Author interview with John Cullinane, 11 May 2000. Cullinane hoped to build a network similar to the Boston-Derry Ventures initiative. Ted Kelly, President of Liberty Mutual Insurance, convinced him of the untapped potential of Irish-American business leaders. In 1994, Cullinane helped persuade Kelly to join him on Ron Brown's business delegation to Belfast. The visit was a catalyst for the company's opening of a software development center in 1996. By 2000 it was employing over 200 people and its investment opened the way for other companies to locate in Belfast.
46. Author interview with Laura Leonard, Economic Development Officer for Investment, Belfast City Council, 8 May 2000.
47. Internal reports by Belfast City Council's Economic Development Sub-Committee estimate that the 1998 mission led to over 20 Million (GBP) in business deals for the city and the creation of 150 jobs among the firms that participated. In its initial review of the 2000 mission, the sub-committee calculated 10 million (GBP) in business deals. Development (Economic Development) Sub-Committee, *Belfast Trade Mission 2000*, Item No. 52, 7 June 2000.
48. Author interview with Chris McGimpsey, Chairman of Belfast City Council Economic Development Committee, 5 June 2000.

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51. Author correspondence with Frank Costello, 17 December 2002.
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59. Author interview with Fr. Sean McManus, Chairman of Irish National Caucus, 21 September 2000.
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62. Conor O'Clery, "Irish-American Leaders Reject Priest's Criticisms of Clinton," *The Irish Times*, 29 April 1996; and Fr. Sean McManus, "MacBride Principles," *The Irish Times*, 9 May 1996.
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64. Joe Carroll, "Clinton Supports Spirit of MacBride Principles," *The Irish Times*, 29 August 1996.
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68. Author interview with Fr. Sean McManus, 27 July 2001.
69. KPMG Consulting, *The International Fund for Ireland: Assessment of the Fund's Impacts to 30 September 2000* (October 2001), p. 42.
70. KPMG Consulting, Colin Strutt, and NIERC, *Assessment of the Impacts of the International Fund for Ireland 1987-1997* (October 1998), p. 86. Similar conclusions were reached in reports released by the European Commission in 1997 and 1999. A USAID investigation in 1996 concluded that the IFI was "complying with the principles of economic justice," and was "the best and most logical local partner through which the U.S. could positively engage in changing

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