

CONFIDENTIAL

NOTE OF A STOCK-TAKING MEETING HELD IN NIO(L)
ON THURSDAY 28 JANUARY 1982 AT 11.00 AM

Those Present: Mr Marshall
Mr Burns (De Lorean only)
Mr Coston
Mr Spence
Mr Harrington
Mr Chesterton
Miss Christopherson
Mr Hill

IRISH GENERAL ELECTION

1. The main issue in the campaign would be the Irish economy but both main parties would be more strident over Northern Ireland and Mr Haughey might indulge in criticisms of the AIIC which, if he won the election, could force him to take a tough line over the further development of the Anglo-Irish relationship.
2. The campaign should not affect the proposed constitutional initiative as nothing would be published before the date of the election (18 February) but it did mean that there was little chance of using Dublin to influence the SDLP.
3. Senator Dooge was still anxious to call on the Secretary of State the following morning and as the Coalition formally remained in power until after the General Election there was no possible objection to the meeting going ahead (although the convention observed in the UK once a General Election had been called was to cancel any such engagements).

CONSTITUTIONAL INITIATIVE

4. The current proposals for two-stage devolution involved the election of a deliberative Assembly with enhanced advisory powers which could be triggered into a fully-devolved legislature once agreement had been reached on how power should be exercised. The trigger could be provided either by a

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weighted majority vote or by a decision of the Secretary of State. The idea of having a nominated Executive involving local figures and led by the Secretary of State had gained some currency in the media and other political circles and had been supported by the SDLP, but the Secretary of State had now concluded that it would be unworkable.

5. The aim was to get a paper to OD in about three weeks' time which should just allow time to put a White Paper to the Cabinet for early release, to be followed by the publication of a Bill around Easter. This was an exceptionally optimistic timetable but if it could not be met no Act could be made this Session. The initiative would run out of steam or circumstances would change before a Bill could be introduced next Session and even if it was passed the Assembly could not become operational until mid-1983 which was uncomfortably close to the next UK General Election. The Secretary of State and FUS would no doubt take every opportunity to brief their colleagues so that the proposals got a smooth run.

6. No consideration had been given to any fall-back position.

HOMOSEXUAL LAW REFORM

7. The Secretary of State did not want to upset Paisley, the UUP, certain Conservative backbenchers and the Catholic hierarchy at this stage by undertaking to reform the law on homosexuality, but there were other arguments in favour of doing so and he was being asked to consider them. In particular, the Attorney-General had said that he felt constrained under the present law to prosecute a particular case which would not be actionable if the law had been changed. If he did not have sufficient discretion to decide against prosecution, this would bring the whole issue out into the open. There was as yet no media interest and no pressure on the UK from the Committee of Ministers of the Council of Europe but this could soon change.

RAIL STRIKE

8. Despite in some cases considerable inconvenience staff had shown commendable loyalty in turning up for work and the functioning of the Office had not been disturbed.

KINCORA

9. Paisley had tabled an Early Day Motion and a Priority Written Question and the scandal clearly had some way to run. Private Eye had just published a scurrilous article alleging a degree of involvement by the late Sir Maurice Oldfield.

FIREMEN

10. The NI Firemen had sought an increase in 'danger money' which the DOE was minded to refuse. Mr Mitchell was to discuss with the Secretary of State the possibility of setting up an inquiry into the principle of paying 'danger-money' but even though only 7% of calls had a security dimension this might be difficult to overturn. There was a possibility of industrial action although recent large pay increases would reduce public support for the firemen.

UNEMPLOYMENT

11. The unemployment figure had now reached 19.7%. 1,000 redundancy notices would be issued at De Lorean that day. Shorts and Mackie's were considering large job cuts. Harland and Wolff was in a very precarious situation with very few orders in prospect. (Ministers would consider the terms of an order for BSC some time in February and if that order were not taken it would soon become apparent that the Yard would have to close). British Enkalon would be kept going until March but there seemed little prospect of reaching viability by then.

MEDIA

12. The Press Office continued to be very busy responding to enquiries about the proposed initiative and De Lorean. The Secretary of State would be hosting an off-the-record drinks reception for lobby journalists that evening. He might use the occasion to throw some cold water on the idea of a nominated Executive and if this were reflected in the morning papers it might influence his meeting with the SDLP that afternoon.

DE LOREAN

13. Mr Burns reported on recent events. The Belfast company had debts totalling £30m, largely caused by the failure of the US company to sell sufficient cars. Mr De Lorean's original request for £40m assistance was turned down; his subsequent proposal for a "modest restructuring" of the company was met by a proposal that Sir Kenneth Cork be asked to undertake a detailed study of the company and report within 14 days. The object of such a study would be to establish the actual position of the Belfast company and whether or not it could be viable. Mr De Lorean refused to agree to such a study (because of the loss of control it implied and Sir Kenneth's links with Receiverships) and tried to get financial backing from the USA. This failed but he did negotiate the sale of 300 cars in Canada which eased the cash-flow problem by providing some £3m, staving off the collapse of the Belfast company by about three weeks. Following a meeting with the Secretary of State late on 27 January he had agreed to an independent study of the Belfast company by Coopers Lybrand with Sir Kenneth (who is a senior partner of the firm) acting as the Government's special adviser. In an exchange of letters between Mr Bloomfield and Mr De Lorean that morning it had been agreed that no cars would be shipped from Belfast without being paid for by the US company and that the books of both companies would be open to Coopers Lybrand.

14. The Government held two levers over Mr De Lorean. Some cars had been shipped from Belfast without being paid for by the US company which constituted a breach of the original Agreement; and interest of £440,000 due in December had not yet been paid. Legal advice had been taken on the implications of agreeing to forego this interest.

David Hill

D J R HILL
ESL Division

29 January 1982