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CONFIDENTIAL



T J B George Esq
Republic of Ireland Department
Foreign and Commonwealth Office
Downing Street East
LONDON SW1

11 February 1987

Dear Mr George,

I told you earlier this evening that I would let you have as soon as possible tomorrow a revision of your draft paper on handling Mr Haughey over Northern Ireland. This I now attach, and it includes improvements suggested by colleagues elsewhere in the Office as well as from my own division.

Judging by our earlier conversation, I doubt whether you will find much to object to. But, in addition to fairly minor points of drafting, our revisions do show that our thinking has progressed (I hope) a little since we last met in Belfast. I should be happy to explain in more detail why we have made some of the changes that we have. And, if it is convenient to you, I should be happy to come over to the FCO tomorrow afternoon. Ideally, I would like to have a clean, agreed text with our Permanent Secretary by close of play tomorrow afternoon.

In the meantime, I am sending a copy of this letter and its attachment to all the recipients of yours, plus our two Permanent Secretaries (who also saw your first version).

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PP P N BELL

cc: PS/PS (LVB) - M
PS/Mr Bloomfield - M
Mr Elliott - M 2A113
Mr Cairns
Mr Chesterton
Mr.
Mr Donnelly. CO

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NORTHERN IRELAND: HANDLING MR HAUGHEY

1. Mr Haughey may well be chosen Taoiseach when the Dail reassembles on 10 March following the Irish General Election on 17 February. He may have an absolute majority. Other outcomes are possible, including a return to power of a coalition led by Dr FitzGerald; but a Haughey administration remains probable, and will present the greatest problems to us in the management of Northern Ireland, particularly in the context of the Anglo-Irish Agreement. It is for that reason that this paper concentrates on this particular outcome, as well as on Mr Haughey's most likely policies if (and when) he assumes power. But it must be recognised that other outcomes are possible, and that Mr Haughey may embrace more radical tactics about which at this stage it is premature to speculate.

Mr Haughey's Attitude

2. Mr Haughey appears to have unusually strong nationalist convictions, including a belief in the reunification of Ireland. He believes that Northern Ireland is a "failed political entity" and that an internal solution would not work. He does not accept the "constitutional aspects" of the AIA, and appears to consider that Article 1 conflicts with Articles 2 and 3 of the

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Irish Constitution, although he has not sought to test this in the Dublin courts. The Fianna Fail manifesto harks back to the New Ireland Forum Report. (This considers a number of options for progress in Northern Ireland, but came down clearly in favour of a unitary state. It was also ambiguous on the question of whether the future status of Northern Ireland should be determined by the consent of the Province's inhabitants.)

3. On the other hand, Mr Haughey is a realist, and an opportunist who wishes to make his mark on history. Although he is likely to take a particular close interest in Northern Ireland affairs, his first priority, and preoccupation, on assuming office is likely to be the Irish economy, which is in a mess. He accepts that the AIA is a considerable achievement, and has said that Northern Ireland is too serious an issue to be used for electioneering. Although he has threatened to renegotiate the AIA, he knows that it is popular abroad as well as in his own country, and will hesitate to play into the hands of the Unionists. While indicating that it will be an "ongoing object of Government policy" to secure amendment of Article 1 of the Agreement, he has said that he will not denounce it, or provoke an early crisis; and that Fianna Fail manifesto supports reforms or improvements "which could be brought about through the Conference". We expect Mr Haughey's style to be rougher than that of the present Irish administration: he will be less willing to establish an overtly cooperative stance in the Conference, and

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will seek to pin blame for developments in Northern Ireland on HMG. Moreover, his hostility to Article 1 will make it more difficult to represent it as a reassurance for Unionists; while his lack of enthusiasm for devolution will make it harder to represent this as a major policy objective. It is also unlikely that he would be prepared to ratify the ECST without changes in the judiciary in the North. Since he is a tactician, rather than a strategist, he has probably not finally made up his mind how to act. His options range through the following:

- (a) operating the Conference, but seeking further changes in Northern Ireland of primary interest to the nationalist community, and reopening issues such as three judge courts, which we hoped had been closed;
- (b) demanding, as he is entitled, a review of the working of the Conference under Article 11 before the three year period, after which a review of the workings of the Conference is prescribed, have expired; and
- (c) demanding, which he is not entitled under the terms of the Agreement, a renegotiation of Article 1 to water down the principle of consent; (Such

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demand might be made also in the context of an Article 11 review.)

4. Failure, or perceived failure, at each stage could quite quickly lead to the next. Nevertheless, we believe that it is probably his intention at this stage to operate within option (a) and to look for ways of putting his mark on the workings of the Agreement. He will want to be seen to succeed where Dr FitzGerald has allegedly failed, and for domestic reasons, he will at some point need to be able to claim sufficient changes in the AIA or its operation to represent them as a form of "renegotiation".

5. A joker in the pack is the possibility of a private case currently before the courts, seeking to strike down the constitutionality of the AIA. This could either force Mr Haughey's hand, or let him off the hook. Economic failure (and the auspices are not good) could also lead him to strike attitudes on Northern Ireland. This case, if it were proceeded with, could also force the Government, who would be the defendants, to make invidious decisions about the line they should adopt on the constitutionality of the Agreement in court.

6. On some issues (eg extradition) Mr Haughey may prefer to operate outside the IC and the Secretariat; to make greater use of the normal diplomatic channels that existed before the

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Agreement was concluded; and he may also wish to revive a wider role for the AIIC (which is more directly his creation than the Conference) or seek to put pressure on HMG through the European Community. It would of course be harder for Mr Haughey to plausibly to claim that he was securing more from the Agreement than his predecessor should he appear to be downgrading, or bypassing the Conference and Secretariat in any way. But, should he do so, we should need to react cautiously to limit the possible damage to the operation and standing of the Agreement and its institutions.

Our Objectives

7. Our objectives in signing the AIA were to:
 - (a) promote cross border security;
 - (b) secure greater nationalist acceptance of Northern Ireland institutions;
 - (c) reassure Unionists that there could be no change in the status of Northern Ireland without the consent of a majority of its people; and

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- (d) create conditions in which a long term solution in Northern Ireland might emerge.

8. These objectives remain valid and, although the Agreement continues to be rejected by the Unionists, its abrogation would seriously set back the hope of reconciliation in Northern Ireland (and in Ireland as a whole), damaging severely the SDLP and playing into the hands of Sinn Fein.

9. Our initial aim must be to demonstrate to Mr Haughey that we have a wide range of common interests, and that the Agreement is the best way of furthering them; that it does not prejudge the future, but rather enshrines the principle of consent on the part of the whole community; that it offers a good way of dealing with cross border security issues; and that no better deal is likely to be available. While we could not ultimately resist a demand for review under Article 11, we need to play close attention to Mr Haughey's intentions in regard to a public request for a review before one was due, and to study carefully in the prevailing political context, the domestic implications of such a review in Northern Ireland. Mr Haughey should be told that Article 1 would not be negotiable, and why too strident a reiteration of his objections to it could in itself prove counterproductive. But, if we are to minimise the risk of serious trouble, we must also be seen to operate the Agreement in a way which does meet nationalist concerns to the maximum

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extent possible, and which does not, provoke Mr Haughey into a more radical attitude.

Action

10. It remains in our interests to proceed as far as possible on a "business as usual" basis, with the Conference meeting frequently and regularly, and with the Secretariat and other joint working parties continuing their operations. We shall continue to need to keep up the momentum on cross border security cooperation. But until Mr Haughey's intentions become clearer, we shall have to be ready to respond quickly and flexibly to whatever moves he makes. In addition, the above analysis suggests (a) a number of practical steps: /if it is clear that Mr Haughey will be Taoiseach, the Ambassador should seek to make informal contact with him before the Dail assembles in order to reaffirm our commitment to the AIA and to express the hope for his cooperation in the activities of the Conference. The Ambassador should not, unless necessary, anticipate Mr Haughey's seeking formal review under Article 11. He should warn against the dangers of a direct challenge to Article 1, and to the principle of consent which it enshrines, should Mr Haughey show signs of launching one;

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- (b) once Mr Haughey is elected Taoiseach, the Prime Minister might send a message recalling the good working relationships which prevailed at the time of the summit meeting of December 1980. This could also look to the continuation of harmonious Anglo-Irish relations, and the resumption of "business as usual" to the Conference;
- (c) in view of the time which will have elapsed since the last meeting of the Conference, and to sustain our argument that we are seeking to continue "business as usual", the Northern Ireland Secretary might send a message to whoever is designated as his co-Chairman, suggesting an early date for a Conference, with a suggested agenda of a review of work in hand, plus any new issues that might have emerged. (This message might be reinforced via the Secretariat.) Should the Irish not wish to kick off by a formal meeting of the Conference, he might suggest, as a fall back an early bilateral meeting;
- (d) the Foreign Secretary will need to write to his new opposite number looking to good Anglo-Irish relations as a whole, including over Northern Ireland;

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- (e) a bilateral between the Prime Minister and the Taoiseach in the margins of the European Council on 29/30 June might be suggested to No 10;
- (f) pending a meeting of the Conference, existing contacts (eg between the Garda and the RUC), should be maintained, as well as those through the Secretariat, in the hope that the existing pattern of cooperation will be maintained;
- (g) we must be prepared to restate convincingly, in the light of expected Fianna Fail arguments, the position on a number of issues; whether to resist (eg over three judge courts) or to explain our position in detail (eg on extradition); but also to present positively work in hand likely to prove of especial interest to the minority (eg employment opportunity, the Irish language);
- (h) we should stress the initial meeting of the Conference, the importance of cross border security to us, whilst not downplaying issues of greater interest to the Irish/Nationalist side. (We may also be able to make some capital out of recent INLA bloodletting to reinforce our case.);

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(1) we should be ready to offer an extension of the active agenda of the Conference to economic and social issues, where the advantages in thus "diluting" the agenda were not outweighed by possible disadvantages. But we should not push this until we have some idea of how Mr Haughey is likely to react to the Conference as at present operating.

11. At some stage, we may need to seek support from the United States in maintaining the AIA. But, in the short run, we shall probably need to concentrate our efforts in the US on new extradition cases and combatting the MacBride Principles, over which a Mr Haughey administration is likely to take an even less helpful stance than the present Irish Government.

12. The arrival of Mr Haughey as Taoiseach would undoubtedly create problems for the management of Anglo-Irish relations generally, and the operation of the Anglo-Irish Agreement in particular. The going would be likely to be distinctly harder than with his predecessor. On the other hand, there is no doubt about our fundamental policy objectives, and the current desirability of keeping the AIA and its organs in good working order. Thus, although Mr Haughey is likely to be preoccupied initially with the economy, we should not hesitate to press ahead with a positive "business as usual" approach in the Conference and Secretariat.

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13. Ministers are accordingly asked to endorse the general strategy outlined above, and the specific proposals in paragraph 13

P N BELL

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