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SUMMARY

1. Reynolds re-elected as Taoiseach and announces his new Fianna Fail/Labour Cabinet. Six posts for Labour, including Foreign Affairs for Spring. Priorities for new Government include the currency crisis, the budget and Northern Ireland.

DETAIL

2. On 12 January the Dail approved the appointment of Albert Reynolds as Taoiseach by 102 votes (Fianna Fail, Labour) to 60 (Fine Gael, Progressive Democrats, Democratic Left). Later the same evening Reynolds announced his new Government (full list in MIFT) and a reorganisation of Departments.

3. Six Cabinet posts go to Labour - Foreign Affairs (Spring), Industry and Commerce (Quinn): The Gaeltacht (Higgins): Labour (Taylor): Health (Howlin): and Education (Bhreathnach). Spring becomes Tanaiste (Deputy Prime Minister): the post is to be given more substance, with the creation of a separate Office of the Tanaiste alongside the Taoiseach's Department and will have its own junior minister (expected to be Eithne Fitzgerald) who will represent the Government on a new National Economic and Social Forum and, with the Taoiseach's Minister of State, Dempsey, ensure liaison between the coalition parties and socio-economic issues.

4. Maire Geoghegan-Quinn takes Justice, which she has been covering since Padraig Flynn's departure for Brussels and David Andrews moves to Defence and the Marine (one of the Irish defence forces' main tasks is fisheries protection). Three important portfolios remain unchanged; Ahern at Finance, Walsh at Agriculture and Smith at the Environment. The Attorney General, Whelehan, who was at the centre of much of the controversy affecting the previous Government, keeps his job. Two Fianna Fail members of the former Government are dropped; Brennan (Education) and O'Connell (Health), both of whom opposed coalition with Labour.



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5. Submitting his new Cabinet to the Dail, the Taoiseach stressed that it would be a partnership Government. He promised Dail reform, to include a register of members' interests, a new Foreign Affairs Committee and the attachment of afting experts to the Attorney General's Office: outlined plans for reorganising Government Departments (details in MIFT): and committed the Government to maintaining the existing parity of the Irish pound within the EMS. On Northern Ireland, he said the Government would work for a resumption of the talks 'with a view to negotiating a balanced settlement which deals with all issues and which will create a new climate of cooperation and understanding on this island and a basis for enduring peace''. In the meantime, he said, ''the Anglo-Irish Agreement will continue in full operation and will be actively worked and developed by the Irish Government''.

COMMENT

6. The key appointments for us are Spring at Foreign Affairs and Geoghegan Quinn at Justice. Northern Ireland is known to be a priority for Spring but he will not find it easy to fulfill all the Northern Ireland and EC commitments of the job if he is to keep a grip on the Taoiseach and the workings of the coalition. There is speculation that an effective junior minister may be appointed to deal with EC business: and no doubt the elaborate arrangements of the new Office of the Tanaiste will help. As already reported separately, Spring is likely to prove a more straightforward interlocutor on Northern Ireland matters than Andrews, but if anything tougher on confidence issues. The new Justice Minister is effective and likely to continue existing policies on security cooperation and extradition. Labour will carefully watch this area anyway. We shall need to keep an eye on the Taoiseach's pledge to ''develop'' the Anglo-Irish Agreement. The attachment of drafting experts to the Attorney General's office might help us over extradition.

7. While the Labour Party have secured the key portfolios covering economic and social issues, in particular employment and social reform, it is notable that finance stays firmly with Fianna Fail.

8. I recommend messages from the Prime Minister to the Taoiseach: the Foreign Secretary and the Northern Ireland Secretary to Spring and Andrews: the Northern Ireland Secretary to Geoghegan-Quinn and the Employment Secretary to Cowen and Taylor. I would also see advantage in other Ministers making early contact with their opposite numbers particularly those new to the Government.

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threats from Democratic Left. Altogether, the new team looks the most capable Irish Government in recent years. Unless major new scandals surface involving Fianna Fail, the coalition seems likely to last.

5. Revised LPRs follow by fax to RID.

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[ADVANCE COPY OF TELEGRAM FROM HM AMBASSADOR]

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MIPT: NEW IRISH GOVERNMENT: NORTHERN IRELAND

Points of interest in the Fianna Fail/Labour text are: 1.

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(a) A commitment to the urgent resumption of talks.

(b) The mention of the New Ireland Forum Report. While this 1984 document remains the last agreed Nationalist position, we might have hoped to have got beyond it in last year's talks. It may just be relevant that Spring was Tanaiste when it and the 1985 Anglo- Irish Agreement were agreed, and was much involved in both.

(c) The commitment to ''seek any necessary endorsement in a referendum for an agreed package'' which achieves constitutional balance and creates structures to bridge divisions, promote reconciliation and ''ensure enhanced co-operation''. This falls short of an explicit commitment to put Articles 2 and 3 of the Constitution to a referendum, but it implies that a new coalition government would be prepared to do so as part of a package. It may be possible to tease out the wording in the context of restarting talks. The section as a whole implies a deal comprising North/South structures, constitutional balance and constitutional amendment, with equality between the traditions in economic, political and ''symbolic'' matters. The word ''administrative'' implies minority representation eg perhaps through the SDLP's ''external commissioners. The language is disappointing in that it formalises Irish positions.

(d) The firm commitment to security measures and co-operation. The Defence section of the text also mentions as a priority equipping the defence forces to carry out their principal tasks, especially along the border.

2. In sum, there are few explicit changes from the positions adopted by the Irish in the talks before Christmas, though the overaal tone, emphasising dialogue and cooperation, is helpful.

3. The DFA are refusing to speculate on the text.

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NEW INISH GOVERNMENT: NORTHERN IRELAND

1. The following is the tast of the passage on Burthern Iroland from the Fienda Fill/Labour "plan for a parthership Government, 1993-7", published on 7 January:

Quot.c.

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The future weiters of all the people of treland is overshadowed by the cooffict in Northern Ireland, which causes a heavy tolof human auffering and imposes a pointless and unwanted burden in takes of wasted resources and lost economic opportunity. A key element in the government a programma will be the search for an end to this conflict. We will mobilite all the resources of the government which can contribute to this process. In particular:

address comprehensively all of the relationships involved in an open and innovative spirit, ready to discuss every lange and to incorporate all agreed changes:

We will use this process to work towards an accommodation netween the two traditions in Ireland, based on the principle that both must have equally satisfactory, secure and Carable, pelitical, administrative and symbolic expression and protection, as set out in the Forum Report:

Since the final outcome of such negotiations will need to be acceptable to the papple North and South, we will seek any necessary endersement in a reterondum for an infeed increase, which acatemes a balanced accomponetion of the

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NEW IRISH GOVERNMENT: NORTHERN IRELAND

1. The following is the text of the passage on Northern Ireland from the Fianna Fail/Labour ''plan for a partnership Government, 1993-7'', published on 7 January:

Northern Ireland

The future welfare of all the people of Ireland is overshadowed by the conflict in Northern Ireland, which causes a heavy toll of human suffering and imposes a pointless and unwanted burden in terms of wasted resources and lost economic opportunity. A key element in the government's programme will be the search for an end to this conflict. We will mobilise all the resources of the government which can contribute to this process. In particular:

- We will seek an urgent resumption of political dialogue to address comprehensively all of the relationships involved in an open and innovative spirit, ready to discuss every issue and to incorporate all agreed changes:
- We will use this process to work towards an accommodation between the two traditions in Ireland, based on the principle that both must have equally satisfactory, secure and durable, political, administrative and symbolic expression and protection, as set out in the Forum Report:
- Since the final outcome of such negotiations will need to be acceptable to the people North and South, we will seek any necessary endorsement in a referendum for an agreed package, which achieves a balanced accommodation of the

differing positions of the two main traditions on constitutional issues, and creates structures which will bridge divisions and promote reconciliation between the unionist and nationalist traditions and ensure enhanced co-operation between both parts of Ireland:

- Unless or until it is transcended by new agreed arrangements, we will continue to operate fully the provisions of the Anglo-Irish Agreement, in close co-operation with the British Government, to deal with issues concerned with Northern Ireland and with relations between the two parts of Ireland:
- Recognising that violence, from whatever source, is repugnant to the great majority of people in both parts of Ireland and a major obstacle to political progress, we will seek to combat it through the necessary security measures and co-operation and to the greatest extent possible prevent it:
- The challenges of economic development are a shared concern of both parts of Ireland. We believe that economic co-operation between North and South can be substantially expanded to mutual advantage and will make this a priority, completing such projects as the Ballinamore-Ballyconnell canal and the modernisation of the Dublin-Belfast railway:
- We will bring forward programmes of action in this area, taking account in particular of the opportunities arising from the advent of the single market and the range of EC programmes which can be harnessed to develop a comprehensive and full-fledged partnership between North and South:
- In addition to developing co-operation at official level, we will also seek in this area to build on the substantive North-South co-operation already in place between private sector and voluntary bodies and through the work of the International Fund for Ireland.

Unquote.

See MIFT for comment.

PS/SOS Mr J HANLEY ZCZC SP1663 06011713 ICI563 17.12 1 JAN 1993 PS/Mr MATES AQ SP1 OGI PUS R 01 LNNS MR D FELL CENT LNNKAN 5944 DLLNAN 2887 MR LEDLIE DUS (B) RESTRICTED MR WOOD OO NOIRO MR DODDS FM DUBLI TO FCOLN MR J STEELE MR ALSTON OVAL SERVI 186/1 041600Z JAN GRS 393 - 8 JAN1993 MR MACCABE RESTRICTED LIAISON X 2

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SUMMARY

1. TAOISEACH REPORTS SUBSTANTIAL PROGRESS IN COALITION NEGOTIATIONS WITH LABOUR: NEW GOVERNMENT LIKELY ON 12 JANUARY. PDS ALLEGE FIANNA FAIL ABUSES REGARDING THE BEEF TRIBUNAL.

DETAIL

2. ON 5 JANUARY THE TAOISEACH REPORTED TO THE DAIL SUBSTANTIAL PROGRESS IN THE NEGOTIATIONS ON THE FORMATION OF A GOVERNMENT, ALTHOUGH A NUMBER OF MATTERS REQUIRED ''FURTHER INQUIRIES'' BY HIMSELF AND SPRING, THE LABOUR LEADER. HE HOPED AN AGREED PROGRAMME FOR GOVERNMENT COULD BE PUT TO BOTH PARTIES WITHIN THE NEXT FEW DAYS: IF IT WERE APPROVED, THEY WOULD BE IN A POSITION TO FORM A GOVERNMENT BY ''EARLY NEXT WEEK''. THE DAIL ADJOURNED UNTIL 1430Z ON TUESDAY 12 JANUARY.

3. THE FIANNA FAIL/LABOUR PROGRAMME FOR GOVERNMENT IS EXPECTED TO BE PUBLISHED TOMORROW, 7 JANUARY, AND WILL BE CONSIDERED BY SEPARATE MEETINGS OF THE TWO PARLIAMENTARY PARTIES THAT DAY. A SPECIAL LABOUR PARTY DELEGATES' CONFERENCE WILL BE ASKED TO ENDORSE THE PROGRAMME ON 10 JANUARY.

4. ALSO ON 5 JANUARY PROGRESSIVE DEMOCRATS' LEADER DES O'MALLEY CLAIMED THAT DOCUMENTS OF HIS HAD BEEN WRONGLY MADE AVAILABLE TO FIANNA FAIL IN ORDER TO HELP REFUTE HIS EVIDENCE TO THE BEEF TRIBUNAL. ON 6 JANUARY THE ATTORNEY-GENERAL, ASKED BY THE TAOISEACH TO INVESTIGATE, REPORTED NO EVIDENCE OF WRONG-DOING.

COMMENT

5. THE MINISTER FOR FINANCE, WHO LEADS THE FIANNA FAIL NEGOTIATING TEAM, TOLD ME OVER THE NEW YEAR THAT A FIANNA FAIL/LABOUR COALITION WAS ALL BUT AGREED, AND THAT HE BELIEVED THE AGREEMENT WOULD STICK IN THE LONG TERM. ACCORDING TO RUMOUR LABOUR ARE EXPECTED TO HEAD A NEW MERGED DEPARTMENT OF LABOUR, INDUSTRY AND COMMERCE AND A NEW DEPARTMENT FOR EQUALITY. ON THE TWO JOBS OF KEY INTEREST FOR US, DAVID ANDREWS MAY NOW RETAIN FOREIGN AFFAIRS, DESPITE EARLIER REPORTS THAT SPRING HIMSELF HAD BEEN INTERESTED IN THE JOB BECAUSE IT WOULD PUT HIM AT THE CENTRE OF RESUMED NORTHERN IRELAND TALKS. MAIRE GEOGHEGAN-QUINN, WHO TOOK OVER JUSTICE AFTER FLYNN'S DEPARTURE FOR BRUSSELS, MAY KEEP THE PORTFOLIO IN THE NEW GOVERNMENT. BUT FINAL DECISIONS ON PORTFOLIOS HAVE PROBABLY NOT YET BEEN TAKEN.

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6. O'MALLEY'S INTERVENTION LOOKS LIKE AN ATTEMPT TO EMBARRASS ABOUR AND UPSET THE COALITION NEGOTIATIONS. IF SO, IT IS TLIKELY TO SUCCEED.

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