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15 January 1996

The Rt Hon Malcolm Rifkind, QC, MP  
Foreign & Commonwealth Office  
LONDON

Sir,

REPUBLIC OF IRELAND: ANNUAL REVIEW FOR 1995

1. The ceasefire held, and so did the Coalition. Relief at the return of normality to Northern Ireland was tempered by frustration at the slow progress of the peace process. For this the British were too often blamed, complicating what should be an exceptionally warm relationship, witness the reception given to both the Prince of Wales, and the Prime Minister.

THE COALITION

2. As the year opened, some commentators predicted a short life for the Rainbow Coalition. They under-estimated both the traumatic effects of the demise of the previous Government, and the capabilities of the new Taoiseach, John Bruton. The three Coalition parties recognised early on the need to work closely together, even on issues where their policies have traditionally diverged, notably the economy. This, coupled with determined efforts by the Taoiseach to forge sound working relations with Mr Spring (Labour) and Mr de Rossa (Democratic Left), has enabled the Coalition to complete a year on which they can look back with some satisfaction.

3. On domestic issues, the Government has shown determination to modernise. The White Paper on Education, published in the summer, was designed in part to weaken the control of the Catholic Church over the school system. The sensitive issue of the Divorce Referendum was at last resolved, paving the way for the right to re-marry to be enshrined in the Constitution, albeit by the narrowest of margins. The size of the minority which voted 'no' demonstrated the continuing strength of traditional views in Ireland. The need to reassure this minority in the wake of both the Referendum, and a series of scandals involving the Church hierarchy, was met fortuitously when the Taoiseach's wife spoke publicly in praise of family values. The accolades she received from traditionalists helped defuse a potentially difficult situation.

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4. The economy continued to perform well, with an estimated 6.25% growth in GDP and steady progress towards compliance with the Maastricht criteria. While the Government has succeeded in slowing the rapid growth of public expenditure, it has not met its own targets, leaving it vulnerable to any downturn in the international economy and limiting the scope for fundamental and much needed tax reform. Unemployment, particularly long-term, remains high at about 13%, despite rapid job growth.

5. On the international scene, it was the President, rather than the Taoiseach, who travelled widely, notably to Rwanda where she was visibly shaken. She led Ireland's 50th UN Anniversary celebrations with an impressive speech in New York. The Tanaiste was also often overseas, preparing for the Irish Presidency of the EU in July 1996. The long awaited White Paper on Irish Foreign Policy still had not emerged by the end of the year, delayed by indecision on how to handle the issue of Irish neutrality.

6. All being well, the Coalition can look forward to another 18 months or so in power before the next General Election, due in 1997. On present performance, there is little to fear from the Opposition. Bertie Ahern's leadership of Fianna Fail has been lacklustre, and his attempts to undermine the Irish Government's policy on Northern Ireland potentially dangerous. In contrast, the Taoiseach's stock is high in the opinion polls, with 60% of respondents believing he is performing well. If however the Coalition is to continue to work harmoniously, Mr Bruton must ensure that the Tanaiste's contribution, particularly on Northern Ireland, is given due credit; and that Mr de Rossa's tendency to extravagance on public expenditure is held in check. Given Mr Bruton's sympathy towards the UK, it is in our interest that he should remain in position.

#### THE CEASEFIRES

7. The ceasefires in Northern Ireland and their consequences have been the Irish Government's main preoccupation, with the immediate aim of achieving all-party talks on the future of Ireland. This task has been fraught with difficulties, notably the failure of 'Frameworks for the Future' to provoke serious discussion of constitutional and practical arrangements in Ireland; the impasse over decommissioning; and the tortuous negotiations which eventually led to the launch of the twin-track initiative.

8. In confronting these difficulties, the Irish have had to attempt a series of delicate balancing acts, starting with the Coalition itself. Here they have successfully presented a united front, in spite of tensions between the Taoiseach's inclination to work closely with the British, and the Tanaiste's instinct that pragmatism sometimes requires alignment with the nationalist position.

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9. Dealing with Sinn Fein has been harder, especially for the Taoiseach, whose antipathy to terrorism is well known. In their determination to achieve peace in Ireland, the Coalition leaders have redoubled the efforts of the previous Government to involve Sinn Fein's leaders in the democratic process, spending many hours in discussion with Messrs Adams and McGuinness, both face to face and in the Forum for Peace and Reconciliation. Their task has been complicated by their awareness of the dangers of encouraging the emergence of a wider nationalist front involving both the SDLP and Fianna Fail, but controlled by Sinn Fein.

10. It is perhaps unsurprising if the Government's efforts have been only partially successful. Sinn Fein have refused to budge on decommissioning arms before participating in talks. The leadership has failed repeatedly to condemn the continued violence in the North. They have regularly threatened violence if they did not get their way, as when they caused Mr Bruton to cancel the Summit planned for 6 September.

11. Nor have Irish overtures to the Unionists been conspicuously successful, a particular irony as Mr Bruton is rare among Irish politicians in recognising that the Unionist cause cannot simply be dismissed because it is inconvenient to the nationalists. Following the departure of Mr Molyneux in the wake of the Frameworks debacle, the emergence of David Trimble as leader of the Ulster Unionists offered a fresh opportunity. Mr Trimble, however, a hard-liner by reputation, has made it plain that he will not accept any interference by the Irish Government in the affairs of Northern Ireland. So far he has rebuffed suggestions of talks with the Tanaiste, but Unionist attempts to draw up an acceptable plan for an elected body in the North may yet bear fruit.

12. The crucial relationship is with ourselves. Only if the British and Irish Governments work together can there be progress towards lasting peace. The year has seen frustration and elation for both Governments.

13. A particular frustration for the Irish has been our refusal to soften our position on the third of the three conditions on decommissioning announced by Sir Patrick Mayhew in Washington on 7 March, that handing up at least some arms is a precondition to participation in all-party talks. Subsequent discussions on the twin-track initiative, designed to provide a way round the impasse, proved almost as intractable, with the Irish edging all the time closer to the nationalist position, and both Governments appealing to the Americans for support. Eventually, it was the Taoiseach who compromised, wishing to avoid the disaster of a second postponed Summit, and an unsatisfactory visit by President Clinton.

14. Mr Bruton was right. The announcement of the twin-track initiative at a hastily arranged press conference in Downing Street on 28 November just hours before the President's arrival

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provoked considerable euphoria. So too did the President's visit to London, Belfast and Dublin. Building on the earlier success of the Investment Conference in Washington in May, the Americans again demonstrated that, in adopting an even-handed approach, they can make a positive contribution to developments in Ireland.

15. However unpalatable to the Irish, British firmness of purpose on decommissioning and related issues has proved justified, witness the continued punishment beatings, and, more recently, the spate of drug-related murders in the North. The Irish public recognised this in a recent opinion poll which showed 76% in favour of the requirement that arms should be given up in advance of admission to talks. Interestingly, Irish Government comment on the issue has grown increasingly muted.

16. Nevertheless, in general the Irish attitude to us remains ambivalent - and volatile. They are suspicious of our motives, and quick to blame us for set-backs. Incidents of all kinds can provoke a spate of invective from ministers, officials and press commentators: football hooliganism; the release of Private Clegg; the treatment of Irish prisoners in Britain; nuclear power; Irish Steel.

BILATERAL EXCHANGES

17. The bilateral relationship may be some way from the balance of normality, but it is capable of astonishing warmth. Two moments in 1995 stand out: the emotional welcome given to the Prince of Wales by a broad range of people, not least the Taoiseach himself; and the audience in the National Concert Hall rising to give the Prime Minister standing ovations on arrival and departure.

18. Overall it was a very good year for bilateral exchanges. Several ministerial visits took place in both directions, focussing particularly on agriculture, fisheries, education and health. Security co-operation continued to be close. Liaison between Ministries, and between the RUC, Garda and Security Service flourished. Relations between the two Armed Forces took a dramatic turn for the better, largely due to the appointment of an open-minded Chief of Staff, who was able to build on the patient work over many years of my Defence Attaché. Among numerous Service visitors to Dublin, General Sir Michael Rose was the first ever member of the Army Board to visit the Republic.

19. Once again The Queen and the President met in London, this time for the 150th anniversary celebrations of the Queen's Universities in Ireland. The year ended with a formal invitation to the President to pay a visit to Britain in June as guest of Government, prompting the Irish press to speculate on how soon The Queen can come here.

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PROSPECTS

20. Much must happen before a visit by Her Majesty can be contemplated. The continued violence in the North makes it impossible to exclude the possibility of a break-down in the cease-fire, with disastrous results for the bilateral relationship. Even if this is avoided, and the twin-track process does pave the way for all-party talks, these will be protracted. On the other hand, there are grounds for hope: violence has not yet involved the security forces; Senator Mitchell is working on decommissioning; many of the parties are talking to each other, notably the SDLP and Unionists; and a compromise solution on all-party talks, involving an elected body, may yet emerge from current exchanges.

21. In the end a solution to the problems of Northern Ireland must come from within. Meanwhile, the importance of promoting exchanges both within Ireland, and between London and Dublin, cannot be overestimated. The initiative approved at the December Summit to thicken the bilateral relationship provides the impetus to improve understanding at all levels, both official and ministerial. The need for this will increase, not only on Northern affairs, but also in the EU context, where the interdependence of the two economies will pose particularly difficult problems. Pre-empting misunderstandings by fostering close personal relationships and presenting careful explanations of our policies will be a major task for 1996.

OBJECTIVES

22. The Embassy has again met its objectives, and has had conspicuous success in implementing the Market Plan for the Republic. The move to the new Embassy premises went smoothly.

23. I am sending copies of this despatch to the Private Secretaries to Her Majesty The Queen, His Royal Highness The Prince of Wales and Prime Minister; and to the Secretaries of State for Northern Ireland and Defence; and to HM Ambassadors at other EU posts, Washington and the Holy See.

I am, Sir  
Yours faithfully

(Signed)

V E Sutherland

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