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FM WASHINGTON 050021Z AUG 81  
TO IMMEDIATE F C O  
TELEGRAM NUMBER 2333 OF 4 AUGUST  
INFO IMMEDIATE NIO BELFAST, NIO LONDON, ROUTINE DUBLIN,  
INFO SAVING C.G.'S IN U.S.A.

*relead*  
*mf*

MIPT: NORTHERN IRELAND HUNGER STRIKE.

1. IT SEEMS DOUBTFUL WHETHER THE VARIOUS CURRENT ATTEMPTS BY IRISH NATIONALIST ORGANISATIONS TO ORGANISE BOYCOTTS OF BRITISH GOODS WILL HAVE ANY MEASURABLE EFFECT AND THERE IS NO EVIDENCE AT PRESENT OF MORE GENERAL DAMAGE TO BRITISH TRADE, THOUGH A FEW STORES HAVE DEFERRED PROMOTIONS OUT OF PRUDENCE. NOR WAS THE 24 HOUR BOYCOTT OF BRITISH SHIPS, CALLED BY THE LONGSHOREMEN'S ASSOCIATION IN MAY, MORE THAN A GESTURE - THOUGH IF REPEATED AND PROLONGED IN THE EVENT OF FURTHER DEATHS, IT COULD DO US MORE DAMAGE. THE MOST SERIOUS AREA OF RISK IS INVESTMENT. IT IS NOT EASY TO GET A CLEAR VIEW OF THE NUMBER OF U.S. COMPANIES SPECIFICALLY INTENDING TO INVEST IN NORTHERN IRELAND WHICH HAVE CHANGED THEIR MINDS BECAUSE OF RECENT EVENTS THERE. BUT WE HAVE EVIDENCE OF FIVE POTENTIAL INVESTMENTS FROM THE GREAT LAKES AREA BEING LOST PRINCIPALLY FOR THIS REASON, AND DURING THE LAST TWELVE MONTHS OR SO WE HAVE NOTED 16 FIRMS IN THE U.S. WHICH HAVE EITHER DECIDED AGAINST INVESTMENT IN NORTHERN IRELAND OR REFUSED TO CONSIDER IT. IN MANY OF THESE CASES, THE SECURITY SITUATION WAS AN IMPORTANT CONSIDERATION. IN SEVERAL OF THEM, THE INVESTMENT WENT, OR IS LIKELY TO GO, TO THE REPUBLIC OF IRELAND, THOUGH IN A NUMBER OF OTHER CASES, THE POTENTIAL INVESTORS HAVE LOOKED INSTEAD AT OTHER SITES IN THE UNITED KINGDOM.

2. AN EXAMPLE OF A DIFFERENT KIND WAS EVIDENCE IN MAY THAT BOEING WERE BECOMING RELUCTANT TO PLACE ADDITIONAL BUSINESS WITH SHORTS, GIVEN THE PRESENT SITUATION IN NORTHERN IRELAND. THIS PROBLEM WITH BOEING SEEMS NOW TO HAVE BEEN OVERCOME, AND IN ADDITION PRATT AND WHITNEY HAVE GIVEN SHORTS THE INITIAL CONTRACTS TO PRODUCE PODS FOR THEIR NEW ENGINE. BUT FUTURE BUSINESS OF THIS KIND MUST BE VULNERABLE IF THE TROUBLES IN NORTHERN IRELAND CONTINUE AT THEIR PRESENT LEVEL.

3. THE IMAGE OF NORTHERN IRELAND AS AN INDUSTRIAL BASE HAS STARTED TO DETERIORATE AGAIN AFTER THREE YEARS OF NOTABLE IMPROVEMENT.

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TO IMMEDIATE F C O

TELEGRAM NUMBER 2332 OF 4 AUGUST 1981

INFO IMMEDIATE NIO BELFAST, NIO LONDON, ROUTINE DUBLIN  
INFO SAVING C.G.'S IN THE U.S.A.

MY TELNO 2322: NORTHERN IRELAND HUNGER STRIKES.

1. THE FOUR HORSEMEN'S LETTER TO PRESIDENT REAGAN IS REPORTED IN TODAY'S NEW YORK TIMES AND WASHINGTON POST. THIS MORNING'S CBS NATIONAL RADIO NEWS CARRIED A REPORT FROM A CORRESPONDENT IN BELFAST SAYING THAT WHILE SOME OF THE HUNGER STRIKE FAMILIES, SUPPORTED BY THE CATHOLIC CHURCH, WERE LOOKING FOR A WAY OUT, NEITHER THE BRITISH GOVERNMENT NOR THE PIRA WAS PREPARED TO COMPROMISE. THE NEW YORK TIMES ARTICLE MAKES A SIMILAR CLAIM.

2. PRESS COVERAGE OF THE HUNGER STRIKES, THOUGH LESS PROMINENT THAN A FEW WEEKS BACK, REMAINS EXTENSIVE. THE LEVEL OF DEMONSTRATIONS REMAINS HIGH. YOU ALREADY KNOW ABOUT THIS MORNING'S BOMB SCARE IN NEW YORK. I AM REPORTING SEPARATELY THE DAMAGE DONE TO THE CONSUL GENERAL'S HOUSE IN BOSTON OVER THE WEEKEND, AND THERE HAVE BEEN NEW DEMONSTRATIONS IN SAN FRANCISCO AND LOS ANGELES.

3. THE CONGRESSIONAL SUMMER RECESS MAY GIVE US SOME RESPITE. MOREOVER, THE FOUR HORSEMEN AND OTHER FRIENDS OF IRELAND ARE NOT IMPERVIOUS TO THE FACTS OF THE SITUATION. I HAVE RECENTLY SENT THEM A STATEMENT SETTING OUT ALL THE MEASURES WE HAVE TAKEN TO TRY TO BRING THE HUNGER STRIKE TO AN END; AND THE HORSEMEN'S LETTER TO THE PRESIDENT WAS CERTAINLY BETTER IN ITS FINAL VERSION THAN IN AN EARLIER DRAFT WHICH WE SAW. HOWEVER, THERE IS NO DOUBT THAT THE HUNGER STRIKE IS AN ADDITIONAL AGGRAVATION IN OUR RELATIONS WITH THE UNITED STATES AT A TIME WHEN ALMOST ALL DAY-TO-DAY NEWS OF BRITAIN, PROMINENTLY REPORTED IN THE MEDIA HERE, IS BAD.

4. THE MESSAGE WE GET FROM IRISH AMERICAN CONGRESSMEN, FROM RESPONSIBLE JOURNALISTS AND EVEN FROM SOME OFFICIALS IN THE ADMINISTRATION IS NOT THAT THEY BELIEVE THAT THE HUNGER STRIKE IS JUSTIFIED OR THAT THE STRIKERS' CLAIMS ARE IN ANY WAY VALID, BUT THAT IN OUR JUDGEMENT OF HOW TO HANDLE THE ISSUE WE HAVE FAILED TO GIVE ADEQUATE WEIGHT TO LONGER TERM CONSIDERATIONS WHICH WILL ULTIMATELY BE OF MUCH GREATER SIGNIFICANCE THAN THE IMMEDIATE ISSUES WHICH PREOCCUPY US. THE SAME ARGUMENTS COME UP TIME AND AGAIN IN CONVERSATION; THEY FIND IT HARD TO UNDERSTAND THAT WE ARE PREPARED TO TALK TO THE HUNGER STRIKERS BUT NOT TO THE HUNGER STRIKERS PLUS MCFARLANE; OR THAT WE ARE, AS MR ALISON TOLD THEM, PREPARED TO MAKE CHANGES IN THE PRISON REGIME AND YET ARE NOT WILLING TO ANNOUNCE PUBLICLY WHAT THE CHANGES ARE AND TO SAY THAT WE WOULD BE PREPARED TO IMPLEMENT THEM IMMEDIATELY

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/ THE HUNGER

THE HUNGER STRIKE WAS BROUGHT TO AN END. EVEN THOSE MEMBERS OF CONGRESS WHO FOLLOW THE LOGIC OF OUR ARGUMENT BELIEVE THAT IT IS OUT-WEIGHTED BY THE DISADVANTAGE TO OUR INTERESTS, NAMELY A SERIOUS GROWTH OF ANTI-BRITISH SENTIMENT IN THE UNITED STATES, A DRAMATIC BOOST TO THE CREDIBILITY AND FUND-RAISING ABILITY OF THE PROVISIONAL IRA, WHOSE AIMS HAVE BEEN VALIDATED IN MANY AMERICAN EYES; AND A DETERIORATION IN OUR RELATIONS WITH THE GOVERNMENT OF THE IRISH REPUBLIC. THE PUBLIC CREDIBILITY IN THE UNITED STATES OF OUR POLICIES ON NORTHERN IRELAND DEPENDS ON THE RELATIONSHIP BETWEEN LONDON AND DUBLIN. AMERICANS REGRETFULLY SEE US UNDOING THE GOOD THAT WAS ACHIEVED BY THE PRIME MINISTER'S MEETING WITH MR HAUGHEY LAST DECEMBER.

5. I MENTIONED IN AN EARLIER TELEGRAM THE ACTION THAT SOME IN CONGRESS MIGHT TRY TO TAKE TO HOLD UP THE RENEWAL OF DEFENCE CONTRACTS. THAT DANGER REMAINS, THOUGH THE CONGRESSIONAL RECESS IN AUGUST MAY GIVE US A BREATHING SPACE. MORE INSIDIOUS, AS I HAVE SUGGESTED, IS THE CONTRIBUTION WHICH THE HUNGER STRIKE IS MAKING TO THE EROSION OF OUR PUBLIC POSITION HERE, NOT LEAST AMONG AMERICANS WHO CARE NOTHING FOR NORTHERN IRELAND BUT WHO SEE THE CONTINUATION OF THE HUNGER STRIKE, AS A WELL KNOWN AMERICAN JOURNALIST DESCRIBED IT IN A RECENT ARTICLE, AS A QUOTE COLOSSAL FAILURE OF BRITISH WILL AND INSTITUTIONS UNQUOTE. IT IS HARD TO ASSESS WITH ANY ACCURACY WHAT THIS COSTS US IN REAL TERMS. BUT I AM IN NO DOUBT THAT THE VIEW OF ULSTER AS A CANCER FOR WHICH WE HAVE NO REMEDY HAS CONTRIBUTED SIGNIFICANTLY TO A SITUATION IN WHICH, ACROSS THE UNITED STATES, THE EMPHASIS OF OUR WORK ON INWARD INVESTMENT HAS SHIFTED FROM ATTEMPTING TO SECURE NEW INVESTMENT TO FORESTALLING DISINVESTMENT. SOME LOSSES ARE DIRECTLY ATTRIBUTABLE TO THE CONTINUATION OF A HIGH LEVEL OF TENSION IN NORTHERN IRELAND; ON THIS, SEE MIFT.

6. I AM VERY CONSCIOUS OF THE ENORMOUS DIFFICULTIES INVOLVED IN BRINGING THE HUNGER STRIKE TO AN END ON A BASIS THAT WILL NOT LEAD EITHER TO US LOSING CONTROL OF THE PRISONS OR TO THE RESUMPTION OF THE HUNGER STRIKE IN A FEW WEEKS TIME. BUT I DO BELIEVE IT WOULD HELP OUR CASE HERE IF WE COULD SET OUT, MORE CLEARLY THEN WE HAVE BEEN PREPARED TO DO IN PUBLIC BEFORE, THE STEPS WE WOULD TAKE IF, AND ONLY IF, THE HUNGER STRIKE WERE BROUGHT TO AN END.

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