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Permanent Under Secretary
Sir Kenneth Stowe, KCB, CVO

NORTHERN IRELAND OFFICE
GREAT GEORGE STREET,
LONDON SW1P 3AJ

2 July, 1980

2756/PUS/L/

Clive Whitmore, Esq.,
No. 10 Downing Street,
LONDON SW1

Prime Minister.

A unique piece of scene-setting
as Northern Ireland enters a
new phase.

AWS.

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Dear Mr. Whitmore,

PROSPECTS IN IRELAND

Government policy towards Northern Ireland is about to "go critical" in several respects, the principal cause being the publication of the White Paper today. You might find it helpful to have for your personal information the following analysis of affairs in the Province which is derived from meetings with Party leaders with the Secretary of State and from official and unofficial contacts over a wide spectrum.

On the political front, the Government will be told that their proposals for further discussion (dependent upon the critics' standpoint) are: biased in favour of the majority/the minority, too hasty/too slow, devoid of content/too complicated, backed by insufficient resources/prolonging the excessive subsidies for the Protestant intransigents. But there is going to be pressure on the Northern Ireland Parties as well as on the Government. From our discussions with the three Conference-attending Parties last week, it is clear that the leadership of each Party are very apprehensive about what the Government are going to do to them. They fear that we are going to ask them to move farther and faster than their supporters will tolerate. Equally they are, I believe, aware that we may have the support of public opinion at large. The SDLP and DUP leaders are each looking over their shoulders. The former look to Dublin and Mr. Haughey's power to influence events, as they fondly suppose in their favour. The latter look to the OUP whose votes they aspire to capture.

There are three aspects which are favourable.

- i) The first, which is to the credit of the Government (and will I judge be increasingly recognised as such),

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is that political discussion has been re-established in the Province by the process which began with the calling of the Conference last autumn. It was carried forward by the Secretary of State's conduct of it, and of the subsequent political talks, with quiet patience. It must be an objective of our further conduct of affairs to ensure by the same style that the upsurge of political activity does/aggravate community unrest (on which see para. 7 below).

/not

ii) Second, there is a real awareness of the Government's (this means the Prime Minister's personal) determination to make the people of Northern Ireland carry some responsibility for their own affairs. This, as you will be aware, is putting pressure on Dr. Paisley and the DUP; they continually seek reassurance that the Government are not weakening in their resolve, because that resolve is their justification for entering into discussions with the Government and for indicating privately that they would be ready to live with a lot less than they are bidding for. Contrary-wise, this sense of determination worries the SDLP. Their leader at least (and their ex-leader Gerry Fitt) are aware that the Government's determination to proceed can never embrace the kind of institutions (for absolute power-sharing and for Irish unity) which their tradition requires. So they turn to Mr. Haughey for support. The lesson to be drawn from this is that we must keep up the sense of determination concurrently with encouraging the Republic, and through them of the SDLP, to recognise and develop the "unique relationship" between Dublin and London. The Prime Minister secured the base for this development in her talks with Mr. Haughey. John Hume personally (though not necessarily his Party) now recognises that in the development of the Dublin/London axis lies part of the solution to his problem.

iii) Third, we have established, at least in the minds of the parties who attended the Conference, that the Government take seriously their discussions with them. This paid off in the meetings which the Secretary of State had with them last Friday. They were each apprehensive that the immediate popular reaction to the Government's White Paper would be that this initiative would now "fail". But we were able to persuade them that it would only fail if they refused to continue their discussions with us about the proposals, and that it was in their interest to enter into such discussions. In fact, we have contingently agreed dates with all three parties for meetings at the end of July.

4. A fourth and complicating aspect is the confused leadership among the Official Unionists. Mr. Molyneux, in his private

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meeting with Mr. Atkins, has indicated readiness in principle to engage in bilateral discussions with the Secretary of State. This is where the sense of determination on the Government's part to make progress must again be maintained. As long as Messrs. Molyneaux and Powell believed that the Government would be so foolish as to initiate political discussions in Northern Ireland only as a facade behind which a quite different policy was to be pursued, then they were bound to be hostile or at least aloof. They now have an opportunity to come in from the cold and we shall woo them.

We are now preparing for 2-3 months of political discussion and negotiation in the Province with the twin aims of enlisting popular support for consideration of the Government's proposals and identifying what next steps we might safely take. You will recall how helpful it was that BBC Panorama were able to publish a Marplan Poll showing 84% of the adult population of Northern Ireland in favour of political participation in the Conference - a similar reaction to our proposals for further discussion, similarly publicised in, say, September, would obviously be helpful and we are doing what we can to bring that about. The Secretary of State will, I think, want to give his MISC 24 colleagues an assessment and a prospectus towards the end of September so that proposals can then be formulated for consideration by OD and Cabinet before the Queen's speech.

I turn now to economic affairs, which are no more comforting in Northern Ireland than elsewhere. For the first time in two decades we have brought public expenditure programmes in Northern Ireland under constraint. Budgeting had been so generous hitherto that funds were never lacking for any project and indeed special efforts had often to be made to ensure that the money available was spent. As you may have seen, we have just put out a moratorium on all spending plans to ensure that the resources available are spent to the best effect. This is, in my judgement, a long overdue dose of realism and, interestingly, it is seen as such by the more perceptive people here. The less perceptive continue to plead the poverty of Northern Ireland, its unique problems and its entitlement to all the help it needs from a benevolent British Government. We regard this need to take a realistic view of priorities within a constrained budget as a powerful support, which we shall want to exploit, for the establishment of institutions within which locally elected representatives can take decisions about priorities. The other side of the economic coin is, of course, that the revival of the private sector is going to be even more difficult in Northern Ireland than in Great Britain. It has in the past been the aim in Northern Ireland to attract inward investment overseas by various kinds of regional aid, but the Republic can offer as good if not better terms for much the same location within the same Community market; both parts of the island are now competing for inward investment in a world recession. The prospects are not good.

On security there are, as always, possibilities of unforeseen and dangerous setbacks. At the moment our main concerns are the risk of intersectarian violence provoked by Protestant/Unionist

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paramilitaries; and the prospect of PIRA attacks timed to coincide with publication and immediate consideration of the White Paper. A quite different problem we have to cope with are Unionist rivals exploiting particular incidents to further their own ends (the Paisley/Brookeborough tussle for influence in South Fermanagh is a case in point, of which you will be aware). We are handicapped in replying to a lot of nonsense that is uttered. Maurice Oldfield in one of his first Reports to the Secretary of State opined that "intelligence will be the match winner". There is increasing evidence and results to support this view. Even Ministers in Northern Ireland would not wish to know the full (and impressive) extent of our delicate sources and their successes, and of course, still less can we exploit this progress publicly beyond saying, as we do, that the security forces are engaged in both covert and overt operations with increasing success. This means that the Brookeboroughs have the easy option of attacking the Government whenever the security forces fail to prevent a terrorist incident, especially near the border. Enoch Powell is one of the few politicians locally who is experienced and perceptive enough to understand what is going on. It is significant that he stands back from the disreputable exploitation of security incidents. Our stance is essentially to back the GOC and Chief Constable in their conduct of operations while stressing both our determination and confidence that terrorism will be defeated.

What is now required of us is patience, cool nerves and a hard slog, but with sensitivity on all three fronts - politics, economic affairs and security. We are in for a bumpy ride, with a lot of ground to cover. Off we go!

I am copying this to Robert Armstrong for his personal information.

Yours sincerely

Enoch Powell

P.P. K.R. STOWE

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