

CONFIDENTIAL

1. Copy *Mr. Williams*  
*Mr. Tamm*  
*Mr. Clark*  
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2. My copy *id*  
18920 - 1 *C. H.*

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CONFIDENTIAL  
FM FCO  
TO DESKBY WASHINGTON 271800Z  
TELNO 362  
OF 271645Z FEBRUARY 86  
AND TO IMMEDIATE NIO (BELFAST)  
INFO PRIORITY DUBLIN, UKREP BRUSSELS, CG NEW YORK, BIS NEW YORK  
INFO SAVING OTTAWA, CANBERRA, WELLINGTON, ATLANTA, CHICAGO  
INFO SAVING LOS ANGELES, SAN FRANCISCO, BOSTON, CLEVELAND  
INFO SAVING HOUSTON

YOUR TELNOS 460 AND 472: ANGLO-IRISH AGREEMENT:  
PROPOSED US FINANCIAL ASSISTANCE  
1. WE ARE SOMEWHAT DISTURBED BY THESE DEVELOPMENTS. THE STATE  
DEPARTMENT HAVE HAD SIX WEEKS TO CONSIDER THE POINTS BRENNAN AND  
BLOOMFIELD MADE, AND TO EXAMINE THE DOCUMENTS THEY LEFT WITH  
WENICK ON 13 JANUARY. WHILE WE RECOGNISE THEIR DIFFICULTIES IN  
FINDING SUITABLE VEHICLES THROUGH WHICH TO ORGANISE THE FUND, THE  
SOLUTION THEY HAVE SPRUNG UPON US IS COMPLICATED, AND IT IS NOT  
IMMEDIATELY OBVIOUS HOW THE DEVICES WHICH THEY SUGGEST WILL  
RESULT IN ADDITIONAL EXPENDITURE ON APPROPRIATE OBJECTIVES IN  
NORTHERN IRELAND AND THE REPUBLIC. WE SHALL NEED TO EXAMINE  
CAREFULLY THE PROPOSAL SET OUT IN YOUR TELNO 460 AND THE  
MATERIALS ENCLOSED WITH SHEINWALD'S LETTER OF 28 JANUARY, BUT  
UNTIL WE CAN ASK THE STATE DEPARTMENT IN SOME DEPTH HOW THEY SEE  
THESE APPLYING IT IS DIFFICULT TO JUDGE WHETHER THE PACKAGE  
MAKES SENSE IN OUR TERMS. WHILE WE APPRECIATE THE STATE

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DEPARTMENT'S

DEPARTMENT'S NEED FOR A RAPID RESPONSE NOW, WE NEED TO GUARD AGAINST THE REAL POSSIBILITY THAT IT MAY BECOME APPARENT IN SIX MONTHS TIME (EG THROUGH LACK OF TAKE-UP) THAT THE MEASURES WERE ILL-CONCEIVED AND DID NOT FIT NORTHERN IRELAND'S CIRCUMSTANCES PROPERLY.

2. OWING TO UNAVOIDABLE PREVIOUS ENGAGEMENTS AND THE POLITICAL SITUATION IN NORTHERN IRELAND, WHERE 3 MARCH SEEMS CERTAIN TO BE A DAY OF UNIONIST PROTEST, ALTHOUGH AT THIS STAGE WE ARE UNCERTAIN HOW SUCCESSFUL THEIR PLAN FOR A PROVINCE-WIDE GENERAL STRIKE WILL BE, THE DATES SUGGESTED BY WENICK FOR A MEETING IN WASHINGTON ARE IMPOSSIBLE FOR BLOOMFIELD, BRENNAN, GOODALL AND CLARK. IF THE STATE DEPARTMENT ARE SET ON PRESENTING A PACKAGE OF THIS KIND WE WOULD PREFER TO SEND A DELEGATION A LITTLE LATER, PERHAPS TOWARDS THE END OF THE WEEK OR AS SOON AS POSSIBLE THEREAFTER. WE MIGHT WANT TO INCLUDE ONE OR MORE EXPERTS FROM NORTHERN IRELAND DEPARTMENTS, EG HOUSING, FINANCE. INCIDENTALLY, THERE APPEARS TO BE A MISUNDERSTANDING ON WENICK'S PART ABOUT BLOOMFIELD'S REACTION TO THE PROPOSAL FOR ASSISTANCE FOR HOUSING. THE NIO CERTAINLY WELCOME AID FOR THE HOUSING SECTOR IN NORTHERN IRELAND. HOWEVER IT WAS NOT CLEAR THAT THE DISCUSSION ON 13 JANUARY WAS ANYTHING OTHER THAN SPECULATIVE, THE APPLICABILITY OF THE MEASURES DESCRIBED IN SHEINWALD'S DOCUMENTATION TO NORTHERN IRELAND IS NOT SELF EVIDENT, AND THE VALUE IN NORTHERN IRELAND OF GUARANTEES FOR BANK LOANS WHICH WOULD PRESUMABLY BE USED IN THE PRIVATE SECTOR IS PROBLEMATICAL. WE NEED TO DISCUSS ALL THIS AND OTHER ASPECTS OF THEIR PROPOSALS IN DEPTH WITH THE STATE DEPARTMENT BEFORE THEY ARE IRREVOCABLY COMMITTED TO THEM.

3. BLOOMFIELD AND DONLON HAVE DISCUSSED THE SUBSTANCE OF YOUR TURS BRIEFLY ON THE TELEPHONE. BY MUTUAL AGREEMENT THE IRISH, WHO SHARE OUR HESITATIONS, WILL BE INSTRUCTING MCKEARNAN LATER TODAY TO PUT A LINE INTO THE SPEAKER'S DEPARTMENT SAYING THAT WE HAVE BEEN GIVEN AN ADVANCE INDICATION OF THE STATE DEPARTMENT'S LIKELY PROPOSALS TO CONGRESS, AND HAVE DOUBTS ABOUT THEM FOR THE REASONS GIVEN ABOVE. IF, AS SHEINWALD SAID TO CLARK ON THE 'PHONE, YOU SEE DISADVANTAGE IN SUCH AN IRISH APPROACH, WE SUGGEST YOU TALK IT OVER DIRECT WITH MCKEARNAN BEFORE HE APPROACHES O'NEILL'S OFFICE.

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LIMITED  
RID  
NAD  
ECD(I)  
SPD  
PS  
PS/LADY YOUNG  
PS/PUS  
MR GOODALL  
MR RENWICK

## COPIES TO:

SIR R ARMSTRONG, CABINET OFFICE  
MR MALLABY, CABINET OFFICE  
MR BRENNAN, NIO (LONDON)  
MR CHESTERTON, NIO (LONDON)  
MR BELL, NIO (LONDON)