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AMBASAID NA HÉIREANN. LONDAIN

IRISH EMBASSY, LONDON

4 December 1996

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HA DARDY

Mr Sean O hUiginn Second Secretary Anglo-Irish Division HQ

Dear Secretary

Conversation with Jonathan Powell, Chief of Staff to the Leader of the Opposition

Jonathan Powell was my guest to dinner last night. It was the latest of a series of conversations and took place in the perspective of Mr Blair's visit to Ireland on 12-13 December. The core of the discussion, the main points of which I record below, was - at Powell's instigation - a detailed examination of the state of play on the Hume initiative. Somewhat in contrast to Mo Mowlam the previous evening, Powell is hopeful that the Prime Minister will take further steps in the course of this month to facilitate an IRA ceasefire and an inclusive political process beginning early in the new year. Powell proffered the suggestion that if progress is slow in our contacts with the British between now and next Monday, we should press for another meeting at the highest level before Christmas.

The British Government and EMU

Powell believes that a threat by Michael Heseltine to resign lies behind yesterday's statement by the Prime Minister that the Conservatives are keeping their options open on EMU as decided last April by the Cabinet. I am reporting directly to Assistant Secretary Fahey on this aspect of our discussion.

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Powell was satisfied that yesterday's statement by the Prime Minister will help Labour politically. The desire of Conservative Central Office to outflank Labour to the right on EMU has been thwarted.

Labour and the IGC

Powell expressed appreciation for the briefings being provided in Dublin today for Robin Cook and Laurence Whitty on European issues.

Labour hopes, in government, to enable the IGC to conclude in Amsterdam. I am covering this in my report to Mr Fahey.

Blair and Northern Ireland

Powell said that Tony Blair has been reading in the history of the Gladstone era with a view both to Northern Ireland and to Scottish and Welsh devolution. Blair's main conclusion is that "consent" is vital for constitutional change. It is not enough to win parliamentary victories if a minority remains deeply unsatisfied.

I underlined to Powell that in Northern Ireland consent is a two-way process. The principle of consent does not exempt the Unionists from the need to reach an accommodation with Nationalists. Powell was in full agreement.

Powell asked me whether my emphasis on the existence of two communities in Northern Ireland might ultimately make it more difficult for Northern Ireland to become integrated with the Republic - which Powell saw as the most logical long-term development.

I said that even in the long-term, and under a benign scenario from a Nationalist point of view, we would be anxious to accommodate the Unionist identity.

Powell asked me for my assessment of David Trimble's use of Eastern European analogies for the situation in Northern Ireland. We discussed Transylvania in particular on which Powell is expert, having worked on the human rights dimension of the CSCE during his Foreign Office days.

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I found Powell fully aware that the thrust of Trimble's position is to unravel the acquis in Anglo-Irish relations in terms of inter-governmental cooperation and the objectives of power-sharing and North/South cooperation. Powell said that a Labour Government would never accept this. Labour would uphold the Anglo-Irish Agreement, the Downing Street Declaration, the Framework Document and the Ground Rules in the Stormont talks. There would be no "repetition of Roy Mason". From his CSCE experience, Powell said half-jokingly that if Transylvania is to come into the discussion, where it might be relevant is as an illustration of the Unionists' position in a united Ireland. In both cases it would be legitimate for a minority finding itself in the majority in a particular region to have contact with an appropriate outside Government.

Powell said that Labour's problem in government will be to establish its credentials with the Unionists who will suspect rightly that Labour is instinctively less favourable to them than were the Conservatives. Powell wondered aloud how reassurance could be provided for the Unionists without sacrifice of basic positions. I urged that Labour should insist that the search for a settlement is not a zero sum game and that Unionists have nothing to fear in a balanced accommodation.

Powell remarked that the relationship between Blair and Trimble has not been the same since Drumcree not least because at a meeting a few weeks before the Twelfth Trimble gave assurances to Blair along the lines that Drumcree was in his constituency and that there would be no trouble. Trimble's judgement is now very much in question.

On the relationship between Blair and John Hume, Powell remarked that the chemistry is wrong and that the two men seem to belong to different cultures.

Comment: More openly than on any previous occasion, Powell acknowledged that Labour's instincts on Northern Ireland would be different to those of the Conservatives. At the same time he made the point that this could make it harder to manage relations with the Unionists. I was struck that the same general message had been conveyed to me the previous day by Mo Mowlam and, in a separate conversation, by Jim Dowd. (Dowd went so far as to apologise for "imperialist attitudes" for which British MPs need to make amends.) I recalled (inwardly) Blair's dismissive remarks, during his last meeting with the Tanaiste, about the role of right-wing Conservatives on Irish issues from the beginning of this century. It is probably right to conclude that the Labour leadership has in recent weeks become more comfortable about admitting to different feelings

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about Ireland than the Conservatives while of course maintaining bipartisanship on practical political grounds.

What happened last week

Rowell believes from the tone of contacts with British officials that the decision to publish the statement on "British Government Policy on the Northern Ireland Talks" was taken by the weekend of 23-24 November. Whether this was a final or formal decision is a fair but secondary question. In Powell's view the Cabinet meeting on the morning of 28 November was of very little relevance. The decision to publish was political.

On that Thursday, Powell was summoned to Blair's office at 12.30 because ITN was reporting that a statement on Northern Ireland was imminent. Efforts were at once made to contact Downing Street on three separate telephone lines. When Powell himself got through to John Holmes, Holmes was in the act of listening in to the telephone conversation between the Prime Minister and the Taoiseach.

Having said this, Powell urged the maximum understanding for Major's difficult position. Over several months it proved impossible to obtain precise information from John Hume on key issues. In the eyes of Cranborne and his backbench friends the Prime Minister was failing to stand up to IRA pressure.

Where Major stands now

From contacts with people close to Major, Powell understands that the Prime Minister expects to lose the General Election. As far as Northern Ireland is concerned John Major is "thinking of history". Powell is convinced that if at all possible Major will act to bring about an IRA ceasefire - an option which the NIO have grounds for believing is being considered by the IRA [comment: we are aware of Chilcot's dinner for Blair, Mowlam, and others on 28 November, which may be the source of Powell's hopefulness].

More than this, Major wants the ceasefire to lead to inclusive talks. He is unlikely to be interested in exploiting the equality of treatment argument to persuade Sinn Fein to enter into a confused situation from which inclusive negotiations will not emerge. Powell at this point emphasised that a new Labour government would find it difficult to bring the parties to the table if they are not already there. The

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Unionists can be relied on to act defensively vis-a-vis Labour. The Conservatives in opposition may try to exploit Labour's difficulties.

Powell believes that Major is in principle willing to exert significant pressure on the UUP to obtain inclusive talks soon. This has already happened to a reasonable extent on decommissioning. Insofar as it has not yet happened on the scenario for entry into negotiations, it is essentially for reasons of party management. In the current parliamentary situation, Major is more like a Chief Whip than a Prime Minister. His particular fear is of provoking irrational behaviour on the part of the more fanatical Euro-sceptics, for most of whom Northern Ireland is a potential casus belli.

Powell was less convinced than Mowlam had been of the validity of Monday's story in the Independent about the significance of the Wirral South By-Election. Powell believes that a Labour effort to move the writ after the end of January would have only a small chance of succeeding and that the Prime Minister would probably prefer to accept this risk than to call an early General Election simply to avoid the by-election. Powell also believes, unlike some others with whom I have spoken, that Labour would need an occasion of some kind to justify moving a vote of no confidence. Overall, therefore, Powell believes that there is only a small likelihood of a collapse of the Conservatives' position in Parliament in advance of a May General Election. There is every chance that Major will want to continue to May.

Despite this analysis Powell was certain in his own mind that the window of opportunity for a further British initiative on Northern Ireland ends at Christmas. His thinking was that such an initiative is predicated on bringing along the UUP and that Trimble will become less amenable to pressure after Christmas, both because of the general political uncertainty and because of electoral rivalry with Paisley. The increasing difficulty of dealing with Trimble, combined with the problem of managing the Conservative Party at Westminster as the election approaches, will make it almost unthinkable for Major to do anything dramatic on Northern Ireland in the new year.

In Powell's view, the key to a British initiative between now and Christmas will be to find a means of enabling Trimble to explain to his own supporters his non-rejection of such an initiative. Trimble needs something to show for his cooperation - even if that cooperation is in the event thrust upon him.

Powell speculated on two avenues of approach for Major:

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- to spell out one or two conditions of an unequivocal ceasefire, for example, an end to targeting, and allow Trimble to claim some credit; Trimble's response to the published paper foreshadows a possible approach of this kind
- to elicit new language from Sinn Fein in the general area of consent or permanence.

Comment: From Jonathan Caine, the former Political Adviser to Sir Patrick Mayhew, I have had the suggestion that the Prime Minister might try to gain Trimble's support for a further initiative by offering him something in a different sphere, as has been done in the past with the Grand Committee and the Select Committee. Powell made no suggestion of this kind.

Anglo-Irish contacts

Powell quizzed me as to whether in our own contacts there are any signs of further movement on the part of the British.

I was unable to offer much comfort on this point. I drew his attention to the openended nature of the four-step process set out in the Prime Minister's letter and to Sinn Fein's evident need for something more akin to a firm promise, even a conditional one.

Powell said that the Prime Minister will have the full support of the Labour Party if he tries to establish a timescale for the four steps. From Labour's point of view there would be no difficulty about an overtly bipartisan initiative, but Downing Street would be reluctant to act jointly with Labour. Labour will not bring down the Government on Northern Ireland.

Powell reiterated his conviction that the Prime Minister will want to move on Northern Ireland if at all possible and that it must happen before Christmas. Powell went on to suggest that if the meeting on 9 December fails to produce results, we should try to fix another meeting for "19 December". Comment: Why

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Powell chose 19 December, unless it was to establish a can-do lightness of tone, was unclear. It may be relevant, however, that he chose a date after the European Council and the two-day debate on Europe in the House of Commons which I understand has been fixed for 10-11 December.

The Blair visit to Ireland

Powell looked forward to the Blair visit to Ireland next week.

I am writing separately to Colm O'Floinn with some details regarding the programme. When he crosses the border on Friday morning, Blair will be visiting Seamus Mallon, David Trimble, and Peter Robinson in their constituencies.

The other engagement in Northern Ireland mentioned by Powell is a speech in Belfast to a business gathering. It will contain a section on Labour policy for business but also material on Northern Ireland and is being regarded as Blair's first policy speech of this kind. Powell is responsible for preparing the draft. The speech is likely to be finalised only on the evening of 12 December.

Yours sincerely

Philip Medangl

Philip McDonagh Counsellor