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Confidential

28 September 1978

cc PSS
PSM

Mr. Dermot Nally
Deputy Secretary
Department of the Taoiseach
Dublin 2.

Dear Dermot

I enclose for your information a copy of a report by John Campbell in London on a recent conversation with Bernard Donoughue of the Prime Minister's office.

Yours sincerely

Hugh Swift



AMBASSADE D'IRLANDE

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CONFIDENTIAL

27 September 1978

Secretary
Department of Foreign Affairs

Attention Mr H. Swift, Anglo/Irish Section

I had lunch yesterday with Bernard Donoughue, the Prime Minister's Senior Policy Adviser.

Donoughue thought the re-emergence of the debate here on British withdrawal from Northern Ireland an interesting development which could have longer term consequences. He did not think that there would be any shift of Government policy on Northern Ireland within the life-time of the present administration. But the withdrawal debate could develop within the press and also within the Parliamentary Labour Party. The Daily Mirror policy on withdrawal is essentially due to the influence of Joe Haines, Harold Wilson's former press officer*. Donoughue thought there was a possibility that the Sunday Times might at some point adopt a somewhat similar stance. If this happened and if the Guardian were also to adopt some such position even if on more nuancé lines, there would be an important section of British press opinion on the issue to influence public thinking. He thought the revival of the debate might also have some influence on the Parliamentary Labour Party. The Government had essentially accepted the Speakers Conference recommendations on increased Northern Ireland representation at Westminster and it was therefore likely that some commitment to legislation on this would appear in the Queen's Speech. It was not at all improbable that such legislation might be opposed by a substantial number of Labour MPs (he hazarded a guess up to 60) if the public

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*Joe Haines book "The Politics of Power" (Jonathan Cape 1977) has a chapter on Ireland highly critical of the flux in British policy and advocating withdrawal.

NORTHERN
IRELAND

debate on withdrawal were to pick up steam. This need not effect the present Government's basic policy but it had implications for the future.

He also thought that new Labour MPs elected after the next election might have a more open and radical attitude to Northern Ireland than many present members. He had been struck by the fact that in his own constituency (Pancras South) - admittedly a constituency with a good number of Irish - one of the four main policy planks put forward by the new candidate concerned Northern Ireland policy.

Given that a shift in Government policy was unlikely within the present administration he thought that the Irish Government would be wise to withhold pressures for significant policy changes prior to an election. He hoped, therefore, that our position here would continue more or less on recent lines. On the other hand he thought that, depending on the development of public debate, there might be some pressure on Dublin to make areas of its policy more explicit and we should be ready to meet such needs as and when they arose.

In private conversations with me and with others in the past Donoughue has made no secret of the fact that in the long term he sees British disengagement from Ireland to be the right and inevitable course. He makes something of a point of saying that this view is shared by his other three colleagues at No. 10 who make up the Prime Minister's inner-circle of policy advisers - all with Irish backgrounds - namely: Tom McNally, the Prime Minister's political adviser; Tom McCaffrey, the press secretary; and Roger Carroll, who has recently joined the Prime Minister's staff, seconded from the Sun*. Donoughue was clearly interested by the way in which the recent re-emergence of public debate on withdrawal contains seeds of developments consistent with his own thinking although he cautioned against any dramatic inference from this for the immediate future.

We had some discussion of the present political situation and outlook. He said that all along Mr Callaghan has wanted to

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*our own experience suggests that while this is broadly true, there are definite variations in the thinking of each on the steps towards that end and their pace.

continue as close as possible to the end of his mandate. It was therefore no surprise to him that an election had not been announced for October. The Prime Minister's position was consistently that he saw no reason for an early election unless he was forced into it. Obviously he would have been forced into it if opinion polls over the summer had pointed to a clear Labour victory. This not being the case his decision to continue was only to be expected. The Government would not necessarily see itself as under tremendous pressure on the Queen's Speech. They would certainly do nothing to offend the Nationalists. But nor, he thought, ^{would they} move towards any formal pact with them. If the Nationalists were to oppose the Queen's Speech and bring about a defeat for the Government this would not necessarily be the worst scenario for the Labour party which would have a clear policy programme on the table on which to go to the country. His present reading of the situation was that the Nationalists (though admittedly they were divided) had no clear interest in an immediate election - recent opinion polls held out no promise for the SNP or Plaid Cymru - and could trust a Labour Government on devolution in a way they could not trust the Conservatives. The Conservatives had promised a date for a referendum on Scottish devolution and had also promised to accept ^{the decision of} 40% of the Scottish electorate in favour of the devolution bill. But Mrs Thatcher was fundamentally opposed to the whole principle of the Government's devolution bill and a Conservative Government would not campaign, as would a Labour Government, for a yes vote in a referendum. Furthermore, the 40% criterion in a referendum was not binding on the Government and the Nationalists knew if the vote fell a little below this the Conservatives would certainly use the result to scrap the devolution legislation whereas a Labour Government's position could be very different. In all the circumstances, even though the Conservatives might make pledges which would apparently match those of the Labour

Government the Nationalists knew that the Tory's fundamental hostility to devolution was a fact which they could not lightly ignore.

Just as the Government's attitude towards the Nationalists would, he suggested, be relatively relaxed, so, he felt, would their attitude towards the Unionists on the whole issue of Westminster arithmetic. He realised that the present political situation was one likely to foster continuing suspicions that the Government was ready to contemplate deals with the Unionists. His own view, however, was that this was not in accord with reality. The Government had accepted the Speakers Conference report on increased Northern Ireland representation and would almost certainly include some commitment to legislation in the Queen's Speech but he at least did not think that the Government would go out of its way to woo the Unionists with "deals" in other areas. His present information was that the legislation could not in any event be given effect so as to produce a greater number of Northern Ireland seats at Westminster prior to the next election (though I queried whether this was necessarily so). In any event, he said he personally found it hard to see how the Government, even if the legislation could be given effect within such a time scale, would harness themselves with the prospect of a larger number of Unionist seats at the next election. It was also questionable whether the Unionists, with Powell's strong influence, would see advantage in bringing about the Government's defeat.

If there was a defeat on the Queen's Speech when Parliament resumed for the next session presumably in November, December was not a suitable election month and therefore the earliest date practicable could be the latter part of January. However with the new Electoral Register ready to come into effect in February with advantage for the Labour vote, there would be little prospect of an election date before the latter part

of February. Such a date could be hazarded in the event of a defeat on the Queen's Speech but, of course, this was by no means certain and the Government could very well continue a great deal closer to the expiry of its mandate in October 1979.

THE FORD
STRIKE

On the Ford strike Donoghue said that the contours of the problem were fully anticipated by the Government. The Government had not, however, expected matters to develop as quickly as they had. The whole course of events had been telescoped by the unions' refusal to allow time to explore openings for increased benefits under a productivity deal above the 5% basic increase. He was very bitter about the part played by Moss Evans, (Jack Jones successor at the TGWU) whom he described as a "mediocrity", in the affair to date. The best prospect now was that after a short a period as possible the two sides would get together to explore the productivity aspects.

EUROPEAN
MONETARY
ISSUES

I asked Donoghue about present British thinking on the European monetary system. He said that he had been branded by some sections of the press as strongly opposed to the present ideas on EMS. This did not in fact represent his position. He thought the proposals had advantage for Britain but they had to be on acceptable terms. The advantages of the proposals for Germany were obvious in the prospects they offered for the maintenance of Germany's competitive position (particularly as the difficulties posed by the German Central Bank showed signs of being ironed out). The advantages for the French over a period when increasing pressures on the French franc could be anticipated were also evident although many French officials had told the British of their serious doubts about the French President's rallying to Schmidt's views at Aachen and had encouraged the British privately to maintain their opposition to some of the proposals. Monetary imperialism was the real dimension of practical imperialism

in the modern world and Britain could not accept any system which enhanced Germany's control so significantly in this area. The British position on the whole issue of EMS, therefore, must in his view be a very tough one from the beginning but he admitted that the risks for Britain in failing to develop an agreement acceptable to it were considerable and the British were not blind to this. They were not opposed to the principle of a new system; they were opposed to anything which would subject the British economy to the hegemony of the D mark and damage irreparably the present course of Britain's economic recovery.

He acknowledged that our position on EMS might in many respects be different from that of Britain, with different circumstances obtaining. On the other hand, he saw no evidence yet to suggest that either the French or the Germans were ready to contemplate significant transfers of resources as part and parcel of any EMS arrangement. While he saw the advantages for us that could be present in the longer term in a break with sterling he thought that in the short and medium term the difficulties posed for our exports, tourism, currency flows etc. would be formidable.

AFRICA

We had a brief discussion on recent developments in Africa on which Donoghue had little to say, his remit being essentially concerned with domestic affairs. He said that press speculation about a confrontation meeting between Callaghan and Kaunda had been wildly off the mark. None of the data of the problems in Africa had changed, of course, after the meeting between the two but Britain had acknowledged the need to step up economic support for Zambia and likewise the pace of developments for a general conference on Rhodesia could be expected to quicken.

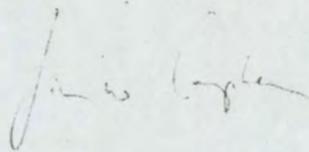
As a final point, Donoghue mentioned that he is very anxious to arrange for the return football match between Westminster

and Oireachtas teams in Dublin in the autumn. He hopes to contact Senator West on this in the next week or so. He also hoped there might be some prospect of getting help with the travel costs for the British team. He would have a word with West about how accommodation could be handled at the Dublin end. He asked me if Aer Lingus could be of any help as regards travel costs and I said that if he contacted me after he had spoken to West I could have a word here with Aer Lingus to see what if anything might be done.

CONCLUSION

Donoughue's is an important voice at No. 10 particularly on matters of economic and social policy. His views on the revived debate about British withdrawal are interesting. The present re-emergence of public discussion of these issues here can be seen, to an important extent, as a (delayed) consequence of a reaction to the policy of the Irish Government. So far it is the re-emergence of the debate which has significance rather than the line-up of participants. This is to say voices in support of British disengagement are to date for the most part those which have taken this line at one time or other in the past (e.g. the Daily Mirror, John Pardo) and no notable new public voice has yet emerged to express similar ideas. Donoughue's speculation as to how the debate might develop, e.g. in the press and the Parliamentary Labour Party, ~~are~~^{is} interesting. Interesting also is his view of how our policy might be shaped in the immediate future. He sees no significant shift of policy to be expected for the present Government and on this account feels the short-term position we have taken, in acknowledgment of a pre-election situation, to be the right one and the one to continue in present circumstances. But his message was also that we would be advised to be ready to react to possible developments in the withdrawal debate in a constructive way. Though he was not explicit on this, the inference of his remarks was that it could be in our interest,

in order to maintain public discussion in positive channels, to clarify at appropriate moments in greater detail the ingredients we see as desirable and necessary in the process towards unity. The general lines of our policy are clear and have stimulated debate. But the specifics of our policy required more clarification. Such clarification, spelled out at appropriate stages, could steer the development of the present debate, if it has potential for development, in constructive directions. Without such a response at appropriate stages on our part the discussion could settle into sterile and even negative lines, opposing an uninformed and irresponsible withdrawal lobby against an inflexible status quo direct rule position.



John H.F. Campbell
Minister Plenipotentiary