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10/233

PS/Secretary of State (L)

cc PS/Secretary of State (B)  
 PS/Junior Ministers (L & B)  
 PS/PUS (L & B)  
 PS/Mr Kidd ✓  
 Mr Janes  
 Mr Hannigan  
 Mr Marshall  
 Mr Ford  
 Mr Buxton  
 Mr Cowan  
 Mr Innes  
 Mr Chesterton  
 Mr Cowling

LUNCH WITH CONSERVATIVE NI GROUP - 24 OCTOBER

In response to Mr Pilling's minute of 18 October, I attach separate notes on:-

- (a) Political and Constitutional Matters
- (b) Security
- (c) The Economy

as briefing for the Secretary of State's lunch with the Conservative's tomorrow. For the notes at (b) and (c) I am indebted to contributions provided by Division 1(B) and 2(L) respectively.

*a/wilson*

A P WILSON  
 23 October 1978

Ms. Oliver

Recent discuss. If we haven't already  
 perhaps we should have a file for  
 reports of Party conferences, Political briefings,  
 etc. There are a few other things of the  
 same ilk running around. OUP resolutions and  
 SDLP Conference Report are examples.

VC

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POLITICAL AND CONSTITUTIONAL MATTERS - POINTS TO MAKEMeetings with Parties

I have recently seen Alliance and SDLP. OUP are interested in a meeting; and I shall see DUP (at Dr Paisley's request). These meetings may develop into a new round of informal talks. I am saying two things to the parties: first, that acceptability remains the crucial test to be applied to any constitutional arrangement and second, that I would like to hear their ideas about arrangements which might pass this test. My five point plan suggested one way in which this might have been achieved. They may have other ideas. It would be unrealistic to be optimistic. But I shall go on looking for common ground between the parties.

"Extra Seats" Bill and PR

The Bill will be introduced next Session. It will be a straight-forward implementation of the Speaker's Conference recommendations. The SDLP asked me for PR; I did not immediately turn them down flat; but press reports that I ordered a feasibility study are nonsense. In fact, I am under no illusions about the feelings of most Members on the subject of PR. It would not get through the House; but it is possible that Gerry Fitt may seek to debate the matter by way of a "reasoned amendment" on Second Reading.

UTLG

Mr Neave and Mr Biggs-Davison spoke to me about this on 16 October. The all-important point is acceptability. Just as we cannot impose a devolved government against the will of the SDLP and minority community, neither can we impose UTLG. The imposition of either would risk serious political and security consequences. And because UTLG would inevitably have substantial responsibilities eg housing,

planning etc, the SDLP will be opposed to it unless it includes satisfactory arrangements for participation. Minority representation on executive committees is not enough. They would always be out-voted. There is no difference between UTLG and full devolution when it comes to acceptability.

Second, the administrative upheaval of introducing GB-style UTLG would be immense. The existing Departments would have to be split up and relocated; staff would have to be transferred. It would not be easy to allocate functions - at present looked after by a single Department - between local and central government; and duplication and extra expense would be inevitable.

Finally, there are the consequences for the long-term. UTLG would block full devolved government for years to come, because UTLG and a full devolved government cannot exist side by side without chronic over-government. Macrory found that. The creation of UTLG could take two-three years because it would be so complex. You would then have to allow a good five years before contemplating the further massive upheaval that would be caused by its dismantlement to make room for full devolved government. So UTLG is a substitute for full devolution, not a stepping-stone towards it.

I was interested to hear that you were considering a new independent inquiry. But what assumptions would that inquiry start from? Would it assume an intention to restore devolved government at the same time or later - in which case a repeat of the Macrory conclusion that the best approach would be a merging of upper tier and regional (ie Stormont) government would be likely. If the assumption was that devolution was not likely in the foreseeable future this would also be of immense political significance.

Northern Ireland indefinitely. It would then cease to be the temporary stop-gap that successive Governments have seen it to be; and it is the temporary nature of direct rule which contributes greatly to its present acceptability.

My officials have produced a paper which looks at some of the administrative implications of establishing a British-model UTLG in Northern Ireland. Copies can be made available to you if you like. My own conclusions, based on my appreciation of the political situation as well as these administrative difficulties, are that Northern Ireland is just not suitable for UTLG as it is known in Britain. A quite different system will have to be devised that allows for minority participation, minimises the administrative upheaval, and builds on the structure of central regional Departments that already exists. All that would have been possible under my five-point plan; but I recognise that there are other possible approaches and I shall continue to seek ways of building on areas of agreement to devise an acceptable system.

SECURITY MATTERS: POINTS TO MAKE

Public confidence has continued to increase in the past 6 months. Barriers are down in town centres throughout the province - even in the middle of Londonderry. The figures are all significantly down on last year's, as they were on the year before. But this is less true of attacks on the security forces than other terrorist activity; and it is less true of border activity as well.

2. The Provisionals largely kept away from targets where they might cause civilian casualties since the La Mon tragedy. But they may well drop this ban, as indeed they have in cases like the recent bombing of the train from Dublin. They have to try to counter the perception growing in the public mind that normality is returning. This may mean taking risks with (other people's) lives.

3. But the steady pressure of the security forces will mean a continuing reluctance to take risks in the cities, and growing emphasis on activities in which the border plays a part.

4. We shall not relax the security profile. But the security forces are becoming increasingly sophisticated in their operations many of which are covert - and are thus only successful if they escape notice. The primary objective is still to take the terrorists before the courts and have them convicted as other criminals are. The continuing success of this policy is shown in the steady rate of charges for terrorist offences. These have dropped since last year, but not greatly in the case of Republican offenders. The cause for the drop can be found in the reduced rate of violence itself.

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5. Terrorist use of the border requires us to strengthen relations between the two police forces to the maximum. The RUC are making steady progress here; but there is always more to be done. Local cross-border relationships have become much closer in the past year and this could begin to produce useful results.

6. Our policy is aimed at alienating the terrorists from their community. The Provisionals own propaganda effort is devoted chiefly to obtaining sympathy for non-conforming prisoners at the Maze. The prisoners have a lot of resolution, but the campaign is not making much headway outside. We are determined not to give way on the issue of principle; to do so would give an enormous boost to the movement.

Background

7. Comparative figures for the first nine months of 1976, 1977 and 1978 are attached.

SECURITY STATISTICS 1976-78

	1976	1977	1978
	<u>Jan - Sep</u>	<u>Jan - Sep</u>	<u>Jan - Sep</u>
DEATHS			
Army	10	13	9
UDR	8	12	5
RUC	11	8	5
RUC 'R'	7	6	5
Civilians	199	60	42
TOTAL	<u>235</u>	<u>99</u>	<u>66</u>

## INJURIES

Army	166	134	87
UDR	16	12	6
RUC	181	114	80
RUC 'R'	52	28	13
Civilians	1748	886	365
TOTAL	<u>2163</u>	<u>1174</u>	<u>551</u>

Explosions	606	242	261
Neutralisations	354	125	112
Shooting Incidents Involving SF	785	575	327
Shooting Incidents Not Involving SF	680	372	262
TOTAL	<u>1465</u>	<u>947</u>	<u>589</u>

CHARGES	1976			1977			1978		
	P	RC	Total	P	RC	Total	P	RC	Total
Murder	34	38	72	49	60	109	25	23	48
Attempted Murder	17	67	84	22	94	116	9	56	65
Firearms	99	173	272	85	154	239	54	114	168
Explosives	26	119	145	22	87	109	10	53	63
Theft	84	43	127	86	65	151	46	82	128
Other	54	168	222	123	200	323	25	167	192
	<u>314</u>	<u>608</u>	<u>922</u>	<u>387</u>	<u>660</u>	<u>1047</u>	<u>169</u>	<u>495</u>	<u>664</u>

## UNEMPLOYMENT

The level of unemployment has risen slightly during 1978 and now stands at 13.0% (11.2% seasonally adjusted) compared with 6.4% (5.8% seasonally adjusted) in the United Kingdom as a whole. Our very extensive training and employment measures can do no more than alleviate the situation. The slight increase in Northern Ireland has for most of this year been against the national trend. Combatting unemployment remains one of my top priorities.

## INWARD INVESTMENT

I am determined to build on the successes we have had in attracting new investment - Northern Ireland needs a great deal more. The measures I announced in August last year have helped (including increased industrial incentives, and bringing industrial electricity prices into line with GB.) We have made vigorous promotional efforts in the United States, including several ministerial visits and stepping up the Department of Commerce's representation there, and five American firms have announced investments in Northern Ireland in the last six months:

AVX Corporation: 600 jobs, electronics, Coleraine.

General Motors: 600 jobs, seat belts, Dundonald.

Coronary Care Systems: 200 jobs, medical equipment, Bangor.

De Lorean Motor Company: up to 2000 jobs, West Belfast.

Adamas Carbide Corporation: 35 jobs saved (more to come), machine tools, Warrenpoint).

The De Lorean project has shown that we can attract new industry to a Catholic unemployment blackspot - this is of great psychological importance. We are also actively promoting Northern Ireland's image as an investment location elsewhere, particularly Japan and West Germany, and I am hopeful of some good results.

## INNER CITIES

The problem of decay and vandalism in NI's cities are no different

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in kind, although they may be different in scale, to those of, say, Liverpool and Glasgow. Terrorism, however, exacerbates these problems and makes them more intractable.

Hence the Government attaches as much importance to revitalising and refurbishing the inner cities in NI as in any other part of the UK.

#### AGRICULTURE

Agriculture employs about 11% of the working population in NI as opposed to 3% in GB. The Government recognises the greater importance of this sector to the Province's economy and has not hesitated to take appropriate steps to support the industry where necessary.

#### FISHERIES

The NI fishing industry is small but very important to a number of coastal areas. The Government's aim is to ensure that the industry's future is assured and, in the long term, that it should expand. Clearly this can only happen if fish stocks in the Irish Seas are properly conserved and allowed to build up and the industry is allowed to take an adequate share of the Total Allowable Catch in the area. This is what HMG is seeking to achieve in its negotiations with its partners in the Community.

Defensive notesEnergy (Gas pipeline)

We have to look at the effects of what we do for one energy industry - eg gas - on all the other energy interests. We have got to have a total energy policy which makes sense - I very much agree with the Northern Ireland Economic Council's recent energy paper on that point. We are looking very hard at these complex questions, but they cannot be rushed.

Economic Plan

There are limits to the sort of plan that can be made for a single region, but we are determined to look systematically at the problems and the options. I am committed to bringing the Economic Council into this planning process at an early stage.

Steps taken to support Agricultural Industry

For example, the difference between the UK's and the Republic's green pound rates caused market distortion in NI which led to large-scale smuggling of cattle and pigs into the Republic. This could have led to the collapse of the meat slaughtering and processing industries in the Province and so the Government rapidly introduced a support scheme (MIBS) to enable the NI industry to compete for cattle on even terms with its counterpart in the Republic.

There are of course other examples of special support measures such as those to mitigate higher feed prices in the Province and to support the milk industry in the wake of the switch to the EEC support system. Of course these aids are expensive; hence, they are kept under continuous review to ensure that they are set at the minimum level compatible with achieving the aim, which is to ensure the survival of healthy and sound agricultural sector in the Province.