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Note: copy taken for Mr. Spence.

e. Deane 14/1/86

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Mr Brennan  
Mr A.W. Stephens  
Mr Chester  
Mr James - 11 of 1  
Mr H Elliot - 12 of 1  
Mr Culliland - 13 of 1  
Mr Bell  
Mrs Elliot

PRIME MINISTER

NORTHERN IRELAND

16/1/86 Mr McCounell M  
Rep. Chairman.

13 JAN 1986  
CIVIL SERVICE

Although the Anglo-Irish Agreement was welcomed almost everywhere else, it has been received with great hostility by the Unionist majority in Northern Ireland. In a real sense many see it as a sell out to Dublin and a deliberate movement towards an United Ireland. Others believe it is a well-meaning but ill-judged attempt which will collapse and lead to less rather than more stability. We expected a bad reaction, and indeed, we forecast a range of Unionist responses, extending from rhetoric and demonstrations to civil disobedience, industrial action and possibly paramilitary violence. So far we are only at the lower end of the range.

2. Nevertheless, the situation is worrying. Not only has Unionist denunciation of the Agreement been extremely vehement, it has also been almost unanimous, extending right across the majority community. There has been little sign so far of a moderate Unionist element emerging, which would be ready to judge the Agreement on rational rather than emotional terms. The reaction of Unionist politicians was predictable; but I am concerned that, for example, the normally moderate and responsible "Belfast Telegraph" continues to be extremely critical of the Agreement in its editorial columns. On the nationalist side the SDLP response has been disappointingly cautious. They are not encouraging new attitudes to the security forces or to the machinery of government: instead they are insisting on waiting to see what changes result from the Agreement.

3. Our initial exchanges with the Irish themselves through the Intergovernmental Conference machinery have shown a wide gulf in perception of the underlying realities of the Northern Ireland situation as between the two sides. It is perhaps inevitable that the Chief Constable of the Royal Ulster Constabulary, whose men are under regular and direct threat, should have an altogether different

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sense of urgency about the need for security improvements than the Commissioner of the Gardai; but it also seems that Irish Ministers see the security situation as likely to be improved only over the course of time by changes in the system of justice and the security forces.

4. The position is aggravated by other developments in the Province. First, the IRA have been keeping up a high level of activity against the security forces and have developed the tactic of destroying police stations and then intimidating contractors from rebuilding them. We have already had to call for troop reinforcements and may have to ask for more; and we are having to consider other means of getting the construction work done. Secondly, although the INLA prisoners in the Maze have now called off their hunger strike for the time being, their action has had an unsettling effect on the Catholic community and has given fresh impetus to the campaign against the use of 'Supergrass' evidence. Thirdly, local government is seriously disrupted, with the majority of the Councils functioning only to the extent that business can be carried on by their officials. This campaign of disruption, originally launched as a Unionist protest against the presence of Sinn Fein Councillors, is now part of a wider withdrawal of Unionists from active participation in public bodies as a protest against the Agreement. The District Councils have very limited responsibilities, and so far the system has limped along without much direct impact on services; but a crunch will come in mid-February when Councils have to set their rates. Failure to do so could leave us with no alternative to putting in Commissioners (for which the necessary legislation has been prepared).

5. It is against this background that the by-election campaign is getting under way. It is too early to tell how the SDLP will fare against Sinn Fein in the seats which they are contesting; but we must expect a very large Province-wide vote for Unionist candidates standing against the Agreement, and it will be surprising if any fail to return, and presumably with larger majorities. Dr Paisley will then be likely to say, either at Westminster or in a message to you, that the people of Ulster have spoken and that the Agreement must be abrogated.

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The logic of his position when this demand is rejected points to withdrawal from the Union; and although an independent Ulster would make no sense in economic or any other terms, we cannot entirely rule out some sort of attempt to establish a provisional government. I cannot think that the leadership of the DUP, or more moderate Unionists generally, would follow him down this road; but we need to be prepared for every eventuality since people who feel themselves isolated and pushed into a corner do not necessarily react rationally. More likely when constitutional means of protest have been exhausted, there will be some form of civil disobedience campaign designed to make the Province ungovernable. This could include non-payment of rates and electricity bills, and industrial action of either a limited or indefinite nature (although I would think the latter less likely in the present employment situation). And in the background we have the Loyalist paramilitary groups who have so far adopted a low profile, but who are busy organising themselves and must pose a threat of violent opposition to the Agreement if political opposition fails.

6. In this rather sombre situation I am in no doubt that our policy must be to stand firm on the Agreement and to make it work. Although we must not forget that its primary purpose is to reduce the disaffection of the nationalist minority, the immediate need is to avoid creating a disaffected majority (without necessarily shifting nationalist perceptions in the process). I do not believe that we shall convert any substantial part of the Unionist community into supporters of the Agreement: the best we are likely to obtain is a grudging acquiescence. But even for this we shall have to persuade the more moderate elements - who, I believe, exist although they are reluctant to show their hand - that the Agreement must be given time to work; that far from being a step towards a United Ireland it reinforces their constitutional guarantee; and that it can bring real advantages, eg in terms of improved cross-border security co-operation. We have been making considerable efforts in this direction since the Agreement was signed; but people are more impressed by action than words and the process will take time. Our strategy must be geared to a long haul, and we shall need the co-operation of both the Irish Government and the SDLP. We shall have to use the

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Intergovernmental Conference to convince the Irish of the need to take steps to reconcile Unionists to the Agreement (in particular by stepping up their own cross-border security effort) and to put pressure on the SDLP to persuade them to adopt attitudes which will give some encouragement to the Unionists. (One thing I still believe we should push the Irish Government to do is to amend Articles 2 and 3 to "an aspiration". A gesture by Garret of this kind at this stage could be one really positive help).

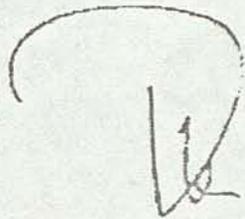
7. As soon as the by-election results are known, we need to be ready with a response to whatever demands the Unionists make. While we must stand by the Agreement, which has been overwhelmingly endorsed by Parliament, I believe that our response should be as constructive as possible. We should emphasise the scope for further changes and benefits which can go forward beside the Agreement, in particular urging talks on devolution. We need to consider whether there are any steps which could be taken in the field of parliamentary procedure which might appeal to the Unionists (without making devolution more difficult). At the same time, we need contingency plans to deal with any non-constitutional action which may be taken, and I have put work in hand in my Department for this purpose. I am also considering ways in which it might be possible during the election campaign - preferably in an indirect way - to spell out the disastrous consequences for the Province of following the Unionist leadership in extremist policies.

8. The purpose of this minute is to draw the attention of the colleagues mainly concerned to the difficult situation which is likely to face us in Northern Ireland in the near future, to suggest what our general policy should be, and to indicate the action I am taking to deal with possible developments. I feel that a meeting next week would be helpful to take stock of the position and to consider the policy options available to us.

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9. I am copying this minute to the Lord President, the Foreign and Commonwealth Secretary, the Home Secretary, the Defence Secretary, the Lord Privy Seal, the Chancellor of the Duchy of Lancaster, the Chief Whip and Sir Robert Armstrong.



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17<sup>th</sup> January 1986

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