

Mufax Please

340/5

CONFIDENTIAL

2/5

PUS (LBB) M

cc Mr Bloomfield M
Mr Burns
Mr Stephens M

2. Sec 4/2
20/

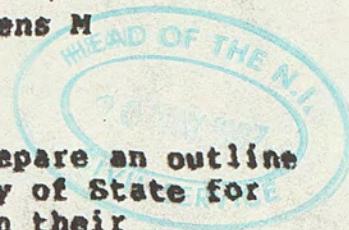
BRIEFING FOR NEW MINISTERS

In his minute of 14 May Mr Burns asked me to prepare an outline of the briefing that might go to a new Secretary of State for transmission to and use by the Cabinet Office in their preparation of briefing on Northern Ireland for a new Prime Minister.

2. I attach a draft which has been seen by - and incorporates comments from - Messrs Bloomfield, Burns and Stephens. Subject to your views, I would like to get it to Cabinet Office before the holiday weekend.

Dr

D CHESTERTON
20 May 1987



CONFIDENTIAL

OUTLINE BRIEF FOR NEW SECRETARY OF STATE

Politics

1. Scene dominated by Anglo-Irish Agreement since end-1985. Has achieved closer relationship with Dublin, and much better understanding there of the approach to addressing NI's problems. Has given nationalists greater confidence (though they look for more tangible results).
2. However, unionists continue bitterly to resent Agreement and role for Dublin in NI's affairs. They have refused all discussion of internal political development while Agreement remains. Therefore no progress possible to successive Governments' goal of establishing devolved government on basis acceptable to both communities.
3. But grass-roots Unionists unhappy at totally negative policy and pressing leaders for a more defensible and positive approach. Does not mean Unionists are more malleable. But does mean that they may be willing to talk after election.
4. Therefore, summer/autumn presents opportunity to encourage Unionists to re-enter dialogue with SDLP and with HMG. Objective will not be to launch major initiative but to initiate low-key discussions with the parties on whether some acceptable system of devolved government is identifiable. However, that is a tall order - given extent of communal polarisation. There may have to be a less ambitious interim aim: reaching agreement on participation in direct rule - possibly through a new elected Assembly with essentially consultative function that could give the parties experience of working together and create conditions that in the longer term might lead to more substantive progress.

CONFIDENTIAL

CONFIDENTIAL

5. Already signs that Unionists, faced with HMG's firm commitment to the Agreement, are beginning to reconsider their position. They are understood to be ready to return to Westminster after the election; and may offer for discussion proposals for new arrangements for the government of NI with a much reduced role for Dublin, presented as an alternative to the Agreement. Any Unionist proposals are unlikely as they stand to be acceptable to nationalists or HMG. But may be enough to get talks going. To maximise chances of bringing Unionists to a more flexible approach (while not alienating nationalists by suggesting any weakening of commitment to the Agreement) HMG will wish to consider:

- i. making clear that key test of any future governmental arrangements must be whether they are acceptable to both communities;
- ii. welcoming any constructive suggestions and promising that HMG will play its full part in establishing whether they pass the acceptability test;
- iii. indicating that if agreement on devolved government were reached, HMG would clearly want to consider implications for Agreement (while avoiding any suggestion that Agreement might be abandoned);
- iv. making clear that even if agreement cannot be reached on devolved government, worthwhile discussions might be held on improving the arrangements for direct rule as interim measure.

6. If Unionists are to resume constructive political dialogue, essential both for HMG to assist them off the hooks on which they have been impaled since November 1985, and for Dublin and SDLP to understand and support the object of the exercise.

CONFIDENTIAL

Security

7. For some years security has been on a plateau - level of violence a fraction of that of mid-70s but nevertheless illustrating PIRA's continuing capacity for effective action. Long accepted that only way to eliminate PIRA as a terrorist force is to create political conditions under which there is no longer any significant support for PIRA in the nationalist community, and the RUC is wholly acceptable in nationalist areas.
8. One aim of the Anglo-Irish Agreement was to foster those conditions. Another was to achieve the closer degree of cross-border security co-operation with the Irish that is vital in the interim. New Irish Government has shown readiness to work towards that closer co-operation. Priority now to convert that into tangible results on the ground.
9. In the meantime security policy founded on application of rule of law and treatment of terrorist activity as criminal behaviour. Derogations from normal standards and procedures (although continuing to be necessary in certain circumstances) kept to an absolute minimum. Police continue to be in the lead in determining security operations, with the army limited to a supporting role where special skills or extra firepower required.
10. Security situation will continue to be determinant of both political stability and economic progress. Incidents - and deaths - well below level of 70s. But PIRA capacity for a spectacular (particularly if directed against Unionist community) can make political progress much more difficult; and can exacerbate problems of attracting new investment.

Economic

11. Although NI has shared to some extent in recent economic improvement, its economy still fragile. Remains one of most disadvantaged regions in Western Europe.
12. Unemployment rates are higher than in any British region. Demographic factors suggest that the NI labour force will increase at more than double the rate in GB.
13. Manufacturing industry in NI has not recovered in recent years to the extent recorded at national level. The NI manufacturing sector could be described as being in a transitional phase between the restructuring of traditional heavy industries (eg Harland & Wolff, Shorts) and the emergence of modern industries, including those in the service sector. While Northern Ireland remains relatively dependent on public sector employment, a recent feature has been the development of public/private partnerships in the regeneration of the local economy.
14. In recognition of the incidence of economic and social needs in the Province, public expenditure per head is substantially higher than in GB, and almost twice as high a proportion of personal income is derived from social security benefits as in GB. Efforts are being made to strengthen the local economy and, commensurate with this, to reduce dependence on public spending over the longer term. As elsewhere in the UK, Government has initiated a series of job creation schemes although in NI the rate of provision is less than in GB in relation to the numbers unemployed. Government continues to attempt to involve all sections of the community in political dialogue to address these pressing issues.

CONFIDENTIAL