

**NATIONAL ARCHIVES****IRELAND**

**Reference Code:** 98/2/17

**Title:** Account by T. K. Whitaker of a conversation between himself and Sir Arthur Snelling, Deputy Secretary, CRO, in which the situation in Northern Ireland was discussed.

**Creation Date(s):** 1968

**Level of description:** Item

**Extent and medium:** 4 pages

**Creator(s):** Department of External Affairs / Department of Foreign Affairs

**Access Conditions:** Open

**Copyright:** National Archives, Ireland. May only be reproduced with the written permission of the Director of the National Archives.

Towards the end of the lunch in 10 Downing Street on Wednesday, 14 February, Sir Arthur Snelling, Deputy Secretary, CRO, who sat beside me, suggested that I might like to call on Sir William Armstrong in the Treasury. I agreed but explained I had made no arrangement to do so because of the prime duty of attending on the Taoiseach and the difficulty of judging whether I would have time. I accompanied Sir Arthur back to his office so that he could inquire whether Sir William Armstrong was free. The British Ambassador, Sir Andrew Gilchrist, came with us. It turned out that Sir William was tied up at a conference with the Chancellor of the Exchequer in 11 Downing Street and I left a message that I hoped to call on him at some mutually convenient time after the British budget.

The British Ambassador then asked me whether we had a policy of diversifying our sterling reserves, indicating that he raised the matter with some diffidence, and unofficially. I replied that I was glad to have an opportunity of explaining our position. We had not, in fact, done anything in recent years to diversify our official reserves although the possibility of devaluation of sterling had been acutely present to our minds since 1965. The Governor of the Central Bank had mentioned to Sir Leslie O'Brien, Governor of the Bank of England, in June 1966 our feeling that we should make some move in this direction in a gradual and careful way. When the July 1966 measures in defence of sterling became necessary we judged it inopportune to follow up this indication with any definite plans and, out of consideration for the precarious position of the pound, we had not taken any action since. Naturally, however, we would think it necessary and prudent to revive consideration of it as soon as the improvements expected to

result from devaluation began to appear. We could not ignore the developments which had occurred in the sterling area and the various official indications of British acceptance of a diminished future role for sterling as a reserve currency. At the same time, whatever we did would be phased in such a way as to cause the least embarrassment and would be the subject of prior discussion with the Treasury and the Bank of England. Indeed, I understood that the Governor of the Central Bank would have an opportunity of broaching the subject again with the Bank of England in May or June next.

I emphasised that not only had we not pursued a policy of diversification in recent times, but the result of our inactivity, at a time when our sterling reserves were growing, was that the proportion of gold and dollars in our reserves was much below the level of five or ten years ago. We had, therefore, some leeway to make up before we could be said to be moving positively in the direction of a reasonable degree of diversification.

Sir Arthur Snelling, who evidently regarded all I had said as quite reasonable, mentioned on his own initiative the point that in recent years we had incurred new foreign liabilities such as the Deutschemark loan. I reminded him that other forms of foreign currency indebtedness had also increased, that our trade totals, and therefore potential deficits, had risen remarkably and that our foreign exchange deficits were largely with the European Continent. I got the impression that Sir Arthur Snelling saw no objection to our pursuing a diversification policy on a phased and moderate scale and was concerned only with the risk of our taking precipitate action, as Singapore had recently done.

Sir Andrew Gilchrist excused himself and left the room after this part of our conversation.



- 3 -

Sir Arthur Snelling then asked me whether I could say what was at the root of the attitude of our Minister for Agriculture to Northern Ireland participation in the cattle talks he was having with the British Minister, Mr. Peart. I said I did not know all the background but I understood that the Minister here felt that the possibility of a reasonable solution of the difficulty by the two Ministers was in danger of being upset by Northern Ireland interventions inspired by undue preoccupation with the fortunes of N.I. meat factories. Sir Arthur said he was glad to have this explanation.

Having told Sir Arthur, in response to his inquiry, that North-South relations in Ireland were developing satisfactorily within the field of economic cooperation, I took advantage of the occasion to inquire unofficially from him what the British authorities saw, or would like to see, as the ultimate outcome. I said I hoped the answer would not be the same as Lord Brookeborough's - an "emphatic no" to the unity of Ireland. Sir Arthur seemed quite willing to talk on this subject. He said that he thought that the British Government, having been plagued with the Irish Question for so long, wanted nothing more now than not to be disturbed by any problems relating to the unification of Ireland. This did not mean that they adopted a frigidly neutral attitude. Rather was their attitude one of benevolence towards any solution that might be agreed upon in Ireland between Irishmen. They would not, however, do anything to push Northern Ireland into a unified Ireland. British policy might well move towards having other regional governments in the U.K. similar to N.I., e.g. for Wales, in particular.

- 4 -

I pointed out that, if a match were arranged in Ireland, the benevolent U.K. Exchequer could reasonably be expected to provide the N.I. daughter with an adequate marriage settlement because at present the N.I. system of agricultural aids and social welfare payments was supported by substantial subsidies from the British Exchequer. In practical terms, I could foresee only a long transition period for the achievement of effective unification of Ireland. During this period links would have to be preserved between the British Exchequer and Northern Ireland in order to maintain standards there at a reasonable level and permit of a gradual approximation of standards between North and South.

Having dealt with questions by Sir Arthur as to why Partition was such a deep-felt issue and as to the probable future influence of religious and economic factors, I explained that, for various reasons, we had never contemplated bringing Northern Ireland fully under the control of Dublin but rather the preservation of regional government in the North and the transfer to Dublin, with some changes perhaps, of the jurisdiction now reserved to Westminster. Sir Arthur expressed interest in these ideas and said he would note for consideration the suggestion that a "marriage settlement" operating for a considerable period of time would be desirable as a "send-off" from the British Exchequer. He expressed some doubt whether the idea would find much favour with British politicians but I reminded him of its advantage over a permanent subsidisation liability and of the practical benefits to Britain of the upsurge of goodwill in Ireland which would flow from a unification settlement.

1 Dep.  
16/2/68