

# NATIONAL ARCHIVES

## IRELAND



**Reference Code:** 2013/27/1510

**Creation Date(s):** [January 1983]

**Extent and medium:** 11 pages

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

**Access Conditions:** Open

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Ambassador, London's assessment of the Thatcher  
Government's prospects and its attitudes to  
Northern Ireland and Anglo-Irish relations

1. The Thatcher Government enters what may well be an election year in better shape than most observers would have believed possible a year ago. With the Government's continuing lead of around 12 per cent most Conservatives now feel that the party can win the election with relative ease despite a probable level of unemployment next summer in the region of three and a half million. The Government could, of course, run its full term to May 1984 but this must be considered unlikely. Only one British Parliament of the past nine (that elected in 1959) has served a full five year term and the pressures facing Mrs Thatcher to call a spring or, more likely, autumn poll will be considerable. The Prime Minister, however, is known to feel that recent Governments have too readily sought to capitalise on short term popularity by calling early and unnecessary elections. It is not to be ruled out that she would insist on the Government soldiering on to serve its full mandate and making a virtue of its non-conformity to practice, in this as in other areas, during the campaign. Present indications, however, are that the elections would be next autumn. At the close of the Prime Minister's intervention on 3 November in the Commons on the Queen's speech she said the Government would do its utmost to get its programme through speedily - "preferably before the schools in Scotland break up for the summer holidays which is the end of June

or the beginning of July". This would seem to mean that the Government wants to clear the decks in the early summer and prepare for elections after the holidays. Some of her economic advisers are known to be recommending an even earlier election in early summer when, as they expect, the rate of interest and level of inflation will fall even further, to around 5 per cent.

While  
2. /the Falklands War was the major factor in the improvement in the Government's popularity and in the Prime Minister's own standing, it should be noted that the evidence from opinion polls and by-elections already showed a considerable movement towards the Conservatives before the advent of the South Atlantic crisis. The reasons for this include:

- the fall in the level of inflation
- a relatively prolonged period of industrial peace
- the continued internecine feuding of the Labour Party
- and the diminishing impact of the SDP/Liberal Alliance.

3. Some observers also believe that Mrs Thatcher, by her refusal to court short term popularity and her moral rigidity regarding Government objectives, has helped create a national climate of more realistic expectations in which people no longer expect Governments to work miracles. There is certainly a mood of greater solidarity and realism as evidenced, for example, by the refusal of the miners to respond to the strike call of their leader, Mr. Scargill. This is partly explained by the severity of the recession combined with the fear that unwise Governmental action could bring about a return to high inflation without curing the recession. It is likely that the Conservatives are now regarded

as the best party to handle a crisis which<sup>is</sup> being perceived as largely due to factors beyond Britain's control. In this sense, the Government has clearly won the argument here about economic policy. The proof is the constant showing in the polls that unemployment is not electorally damaging from the Government's point of view. In this connection the Falklands crisis was a bonus for the Government and won for it much support and admiration: the underlying factor was that people had come to accept that steadfastness in a disciplined policy was the best approach to the nation's economic crisis.

4. In these circumstances the Government has been able to adhere to its basic economic strategy, subject to some adjustments, to take account of the views of the CBI which has become its most effective critic. In his November mini-budget the Chancellor forecast GDP growth of only 1½ per cent in 1983 with further rises in unemployment, although these would, he said, moderate in response to lower inflation and lower interest rates. Inflation would come down to 5 per cent early in 1983. Notwithstanding this generally gloomy prognosis the Chancellor offered little more than a 1 per cent cut in the National Insurance Surcharge and hinted at the possibility of tax cuts in the Spring when, observers say, he will have room for a fiscal adjustment of the order of £2bn. There are, however, other indications of a greater focus on output and employment; for example, the encouragement to local authorities to increase their expenditure on capital account in the current year and the indications that further steel plant closures will not be approved. While these measures do not amount to a major change in direction, they are evidence that higher priority is being given to combatting unemployment, albeit within the framework of the

existing strategy. They show the Government is aware that excessive rigidity could be politically counter-productive.

5. The main threat to the Government is that it will be associated in the public mind with a particular phase in the economic cycle and that the electorate may come to believe that policies appropriate to a recession will not work equally well when the situation begins to improve. One of the Government's main assets has been the Opposition's perceived weakness. Although there are indications recently that the Labour Party's image is improving, it still has a long way to go to present a credible threat at the next election while there is as yet no sign that the fortunes of the SDP/Liberal Alliance are picking up. In addition, unless the Labour Party's challenge in the Courts succeeds, the Boundary Commission Revision should give the Conservatives an additional 20-40 seats. On balance, therefore, the most reasonable assumption is that the Conservatives will win the next election, although the longer it is postponed the greater the possibility of an upset. Unforeseen developments of the kind that toppled some recent British Governments such as fresh inner-city riots next summer could undermine the Government's chances.

6. The shape of a post-election Thatcher Government is now a subject for realistic speculation. The Prime Minister remains as ideologically focused, despite a healthy capacity for pragmatism and tactical footwork, as when she entered Downing Street and in this she represents a wholly new departure in post-war politics. While she is firmly in control and has defeated her "wet" Cabinet colleagues on most issues, the fact is that a number of important

victories went to her opponents, particularly in the early part of her administration before her major Cabinet reshuffle in September 1981 when Mr. Prior went to Northern Ireland. It is probable that a key objective of a second term would be to implement the more radical aspects of her new Toryism and, to that end, to bring the Whitehall machine and Government policy under much greater Prime Ministerial control. The broad objectives of the new Toryism on the domestic front are to reduce the role of Government and "to roll back the frontiers" of the welfare State. The recent "Think Tank" report is seen by most observers as indicating the real objectives of Thatcherism. Externally, the new policy is strongly nationalistic in outlook, jealous of any impairment of sovereignty and dismissive of what is seen as the soft internationalism of the Heath government. Already, the Prime Minister has departed from tradition in regard to Permanent Secretary appointments by skipping a generation to appoint younger men who, in addition, are known to be sympathetic to her robust approach. There is considerable talk of a Prime Minister's Department while her former adviser, Sir John Hoskins, has even spoken of making some Permanent Secretary appointments from outside the Civil Service. Even if, as is likely, the Prime Minister does not go fully down this road, a second Thatcher administration would be characterised by greater personal control over policy, a more abrasive edge to policy direction and, perhaps, the departure from Cabinet of some remaining "wets" such as Mr. Prior and perhaps even Mr. Whitelaw. A major priority would be to bring the Foreign Office under the control and direction of the Prime Minister: this is more likely to be attempted by appointing a Thatcherite as Foreign Secretary than by building up the equivalent in Downing Street of the US National Security

Council. But she has already appointed former UN Ambassador Sir Anthony Parsons as a nucleus of her own foreign affairs staff.

7. As the Department is aware, the two essential elements in the present Government's policy in relation to Northern Ireland have been the restoration of an Assembly in the context of continued direct role and the development of a close and constructive Anglo-Irish relationship. It is considered that the Anglo-Irish dimension is not simply justified on the basis of perceived mutual interest but is "necessary for the construction of pluralist political arrangements in Northern Ireland". (Lord Gowrie's phrase). Political movement on these general lines is seen as an essential concomitant of the endeavour to bring the security situation under control.
8. There has been evidence from the beginning that the rolling devolution concept was largely cosmetic. At the present time it is clear that British aims in the medium-term do not go beyond the establishment of the Assembly as a place for the transaction of constituency business and the scrutiny of Government policies and their day-to-day implementation in the North. . Lord Gowrie has emphasised that rolling devolution was never intended as a plan, an initiative or a solution but only as an offer. From Mr. Prior's point of view, the main consideration if the Assembly was to be launched was not the participation of the minority but whether the Unionist members would be prepared to work the Assembly on this limited basis. It is significant in this connection that the Assembly was opposed by right wing Tories on the grounds that it would inevitably lead to friction between the Government and

the Unionists. Indeed, one right wing Tory M.P. recently predicted privately that last week's special security debate would become a regular and unwelcome feature of the Assembly and that the fears of the critics would be shown to have been justified. It is always possible, of course, that the Prime Minister, after the next election, would come under the influence of the Molyneaux-Powell-Biggs-Davison way of thinking and would decide to terminate the Assembly. On balance, however, and subject to Unionist good behaviour, the balance of argument in Whitehall would be in favour of continuing the Assembly as a permanent feature of the Northern Ireland political arrangements providing a useful adjunct to continued direct rule.

9. While British Ministers continue to urge that the SDLP members should take their seats in the Assembly, there is evidence of a recognition that this is unlikely to occur in the near future. One of the advantages that the British saw in the establishment of a Northern Ireland Assembly was that it would provide a pool of elected representatives from which members of the parliamentary tier of an Anglo-Irish Council could be drawn. There is recent evidence that the British may not insist on members taking their seats in the Assembly in order to be eligible for membership in the tier. Lord Gowrie, for example, spoke at the recent BIA meeting of arrangements that "accommodate but do not reconcile". Privately, he is understood to have developed the idea of an approach with parallel but essentially separate institutional links between Dublin and the Nationalist community, on the one hand, and the Unionist community and Britain, on the other hand. There would obviously be a parallelism in these arrangements: to the

extent that the Unionist-dominated Assembly would be confined to a purely consultative role, there would have to be, in the British view, a similar restriction on the powers of any arrangement involving London and Dublin together with the minority community in the North. These ideas are, of course, very tentative and have emerged mainly through background press briefings. The British would probably prefer to postpone any development on these lines until after the next election. Given the novelty of the emerging ideas and the need to involve Parliamentarians from both sides in drawing up the terms of reference of the tier, rapid progress would not, in any event, be likely.

10. As indicated above, the context of the present Government's thinking is the continuance of direct rule made more responsive to the needs of the majority and minority communities by reason of the existence of the Assembly and the establishment, in due course, of the Parliamentary tier. It is to be expected that other ameliorations of direct rule will be brought forward in time. The establishment of an American-style executive with members drawn from the Assembly was ruled out by Mr. Prior in the course of his consultations a year ago. The objection, strongly canvassed by the NIO, was the constitutional anomaly of members of the Executive being answerable to Westminster as appointees of the Secretary of State and answerable to the Assembly by reason of their membership of it. This objection would not apply to Ulstermen who are members of the British Parliament. David McKittrick wrote on 4 December about a proposal to appoint Mr. Molyneaux, or someone like him, as a Deputy Northern Ireland Secretary in the next Thatcher administration. It is not to be entirely excluded that this

idea could be taken up on the basis of offering positions on the Northern Ireland ministerial team after the next election to representatives at Westminster of both the Unionist and SDLP parties.

11. Work on the development of the Anglo-Irish Council has, of course, been suspended since last spring. It was apparent at this time that the British approach to the Council was a minimalist one, as evidenced, in particular, by the failure to consult on the Prior initiative. The British view generally has been that the language of the December 1980 Summit Communique was rhetorical and deliberately ambiguous and that one has to look to the joint studies, the November 1981 communique and the Joint Memorandum to determine the areas of actual agreement between the parties. It remains to be seen whether the British would now be prepared to adopt a more forthcoming approach, particularly in relation to political consultation. In this connection, Mr. Prior's reference during his speech at the BIA dinner to the December 1980 Communique as well as the joint studies may possibly be of some significance, given that the former has been consistently downplayed.

12. British Ministers and officials express themselves as very satisfied with the present level of security cooperation but continue to press for extradition, notwithstanding the view of the RUC leadership that extradition is a largely symbolic proposal and that the real need is for hard evidence. The British are very sceptical about an All-Ireland court and have not reacted publicly to the idea of an All-Ireland police force. In practice, they

are likely to reject any proposals that might arouse the Unionists and to opt for any improvements that may be possible in security cooperation on the ground. In this connection we may be sure that the decision of the Supreme Court on 7 December in the Dominic McGlinchey case, in which the Court seemed to draw a clear distinction between the violence of paramilitaries in Northern Ireland and acts which might be accepted as valid activities in support of a political cause will raise hopes in London and disappoint those extreme Unionists in the North who have used the Extradition issue to vilify successive Irish Governments.

13. As to the situation in Whitehall, two trends have been discernible. First, the Foreign Office has been less active and influential in relation to Northern Ireland matters, a development stemming in part from the active involvement of the Cabinet Office in Anglo-Irish affairs, commencing with the Joint Studies process. Mr. Pym has conspicuously kept away from Irish affairs. Second, within the Northern Ireland Office, there has been a shift in the balance of power to Belfast, a process likely to be accentuated with the establishment of the Assembly. In addition, in personnel terms, all senior positions in London are now filled by officials with predominantly Home Office experience, a narrower and more conservative background than was the case with senior officials two years ago. To an extent Mr. Prior has had a free hand because of the circumstances of his appointment but the next Northern Ireland Secretary is likely to be less independent of Downing Street.

14. There is renewed interest in Whitehall in the resumption of Ministerial and Summit meetings between the two Governments, although

the British are not in favour of "rushing" at them. Given the likelihood of an autumn election, the Prime Minister would probably have difficulty in scheduling a Summit meeting during the summer. The ideal timing would, therefore, appear to be a spring Summit preceded by a meeting between Mr. Prior and the Minister for Foreign Affairs. It is unlikely that the British would be prepared to agree to any significant changes in policy before the election or to any major initiative which might upset the Unionists. As the Department is aware, this was very much the view to emerge in the course of the recent BIA meeting. In our own planning, therefore, we may have to think of any meetings in the first half of next year as preparing the way for initiatives to be launched after the next general election.