



Foreign &
Commonwealth
Office

London SW1A 2AH

24 January 1992

Dear Stephen,

**CALL ON PRIME MINISTER BY LEADER OF IRISH OPPOSITION:
27 JANUARY AT 1620**

The Prime Minister has agreed to see Mr John Bruton TD, Leader of Fine Gael, for half an hour as he did not have time to see him during his visit to Dublin on 4 December.

Mr Bruton, who last called at No 10 on 10 April 1991, will again wish to discuss the relationship between the Conservative Party and the European People's Party (Conservative Central Office will provide briefing). He will also be interested to hear the Prime Minister's views on EC issues and Northern Ireland. He will see the Secretary of State for Northern Ireland immediately before calling at No 10.

The Prime Minister will be able to get his view on the political crisis in Dublin (the latest position is in the enclosed Dublin telno 29).

EC ISSUES

EC Post-Maastricht

Mr Bruton is a keen federalist. He has argued for more funds for the poorer regions and a European commitment to full employment. He has urged that European defence should be controlled by the Community, not by bodies of which Ireland is not a member and over which the Community has no control. After Maastricht he criticised the Irish government's fudge on increased EP powers. He doubted the effectiveness of the agreement on cohesion and expressed concern about the effects of the social policy deal on Irish inward investment.



The Prime Minister might draw on the following points on the Community:

- Pleased with agreement at Maastricht. Next phase of Community development will proceed by consensus.
- Satisfactory outcome on defence: strong European defence compatible with NATO and channelled through WEU. Implications for Irish neutrality?
- Welcome Maastricht agreement on cohesion. Recognises that the poorest states, if they are pursuing sound economic policies, may need some further assistance in support of cohesion objective. But no decisions taken on money - a matter for this year's review of finances.
- Structural Funds have a key role to play and are already substantial (doubled in real terms 1988-93); prepared to see some further growth after 1993, but not another doubling. Ultimately, cohesion best pursued by sound macro-economic and supply-side policies. Massive resource transfers not the answer.
- Treaty of Rome already provides a suitable basis for a sensible social dimension to the Community. Happy to cooperate on that basis. UK tradition, strengthened over last decade, is for a light legislative regime on employment matters. We do not want this process reversed by Brussels. Subsidiarity should apply.
- The completion of the Single Market will be a major theme of UK Presidency. (Ireland has made efforts to improve its performance, but has still failed to implement 27% of Directives agreed so far - cf UK third best, 15%).

Enlargement

The Irish Government broadly support our views on enlargement. They see accession for the wealthy EFTAs as increasing their potential cohesion receipts, and welcome the prospect of more neutral members. Mr Bruton may be more reserved on the grounds that EFTAn accession could prejudice an EC defence dimension. He may argue that any enlargement will require another round of institutional deepening first. Along with the Southern member states, the Irish (both government and opposition) are privately cautious over accession for the Eastern Europeans, fearing agricultural competition and diversion of Community aid.



The Prime Minister might say:

- The EFTA applicants (Austria and Sweden at present, possibly Finland and Norway in due course) form the natural first wave. More net contributors would be in British and Irish interests. We want negotiations with the EFTAs as soon as possible, and to take preparations forward rapidly under our own Presidency.
- No need for further institutional reform before next enlargement. Community as it emerged from Maastricht can accommodate first wave.
- Irish membership shows neutrality is no bar to membership. But all new members will have to accept acquis and participate fully in CFSP.
- Eastern Europeans not yet ready. But must help them prepare.
- Southern applicants (Turkey, Cyprus, Malta) present problems. May need to devise alternatives for them.

NORTHERN IRELAND: POLITICAL TALKS

Since his election as Fine Gael leader Mr Bruton has been a strong supporter of the talks. He has been outspoken in his support for the amendment of Articles two and three of the Irish Constitution (which embody the claim to jurisdiction over Northern Ireland). He has been concerned that the traditional Fianna Fail commitment to Irish unity could be an obstacle to progress.

As the heir to Dr FitzGerald he may be keen to establish that the Government remains fully committed to the Anglo-Irish Agreement (subject to the declared readiness of both Governments to consider a new and more broadly based agreement or structure if such emerges from any talks).



He may also wish to record his concern about suggestions in the press that the Conservative party may be seeking to woo the Ulster Unionist Party against the possibility of a hung Parliament.

Points to make

- Grateful for your consistent support for the talks.
- The debate in the Republic on Articles 2 and 3, including the position you have taken, has been significant in creating the right atmosphere for talks.
- The present obstacle to talks is not one which either Government (or the British Labour Party) can resolve. The Northern Ireland parties have conflicting positions which it may be difficult to reconcile.
- Peter Brooke will have explained how he intends to proceed. If he cannot get agreement on fresh talks, we will aim to consolidate the gains which have been made and avert recriminations. A political vacuum would not be easy to manage.
- (Defensive) There is of course no question of our resiling from the Anglo-Irish Agreement, which has served us very well.

I am copying this letter to William Fittall (Northern Ireland Office).

*Yours ever,
Christopher Prentice.*

(C N R Prentice)
Private Secretary

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10 Downing Street

ANNEX A: FINE GAEL AND IRISH INTERNAL POLITICS
ANNEX B: LPR ON JOHN BRUTON