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TELNO 577

OF 230915Z DECEMBER 92

INFO PRIORITY NIO(L), NIO(B), WASHINGTON, BIS NEW YORK

MY TELNO 565: FORMATION OF NEW IRISH GOVERNMENT

## SUMMARY

1. DAIL ADJOURNS UNTIL 5 JANUARY WITHOUT APPOINTING A NEW GOVERNMENT, WHICH MAY NOT NOW BE FORMED BEFORE WEEK BEGINNING 11 JANUARY. NEGOTIATIONS BETWEEN FIANNA FAIL AND LABOUR TO RESUME ON 30 DECEMBER. SPECULATION ABOUT NUMBER OF CABINET SEATS FOR LABOUR. SPRING APPEARS AT BEEF TRIBUNAL.

## DETAIL

2. ON 22 DECEMBER THE DAIL MET AND ADJOURNED UNTIL 5 JANUARY WITHOUT APPOINTING A NEW GOVERNMENT. PROPOSING THE ADJOURNMENT, THE TAOISEACH SAID HE COULD NOT GIVE AN ASSURANCE THAT NEGOTIATIONS WITH LABOUR WOULD BE COMPLETED BY THEN.

3. THE NEGOTIATIONS BETWEEN FIANNA FAIL AND LABOUR ARE TO BREAK OFF TOMORROW AND RESUME ON 30 DECEMBER. WHILE GOOD PROGRESS HAS BEEN MADE ON SOCIAL ISSUES, NEGOTIATIONS ON THE MORE DIFFICULT BUDGETARY ISSUES HAVE ONLY JUST BEGUN. LABOUR ARE EXPECTED TO DRIVE A HARD BARGAIN OVER PORTFOLIOS, SEEKING PERHAPS SIX CABINET SEATS AS WELL AS THE JOB OF ATTORNEY GENERAL. NEVERTHELESS, A FIANNA FAIL/LABOUR COALITION UNDER REYNOLDS NOW LOOKS VIRTUALLY CERTAIN. LABOUR ARE COMMITTED TO HOLDING A SPECIAL DELEGATE CONFERENCE TO ENDORSE ANY COALITION AGREEMENT. THOUGH THIS COULD BE HELD ON 3 JANUARY, 10 JANUARY IS NOW MORE LIKELY, WITH DAIL APPROVAL OF A NEW GOVERNMENT LATER THAT WEEK.

4. ON 21 DECEMBER SPRING GAVE EVIDENCE TO THE BEEF TRIBUNAL. HE ADMITTED THAT SOME OF THE ALLEGATIONS HE HAD MADE IN THE DAIL AGAINST GOODMAN AND FIANNA FAIL HAD BEEN EITHER FALSE OR UNFOUNDED, AND REPEATED HIS REFUSAL TO REVEAL HIS SOURCES. BUT HE AVOIDED FURTHER CRITICISM OF FIANNA FAIL OR REYNOLDS PERSONALLY. THE TRIBUNAL HAS NOW ADJOURNED UNTIL 12 JANUARY, PENDING THE OUTCOME OF THE ATTORNEY GENERAL'S CHALLENGE TO THE TRIBUNAL RULING THAT DEPUTIES ARE ENTITLED TO PARLIAMENTARY

PRIVILEGE IN REFUSING TO DISCLOSE SOURCES.

COMMENT

5. LABOUR'S WILLINGNESS TO GET INTO BED WITH FIANNA FAIL, WHOM THEY ATTACKED VIGOROUSLY DURING THE ELECTION CAMPAIGN, HAS PROVOKED MUCH IRONIC COMMENT AS WELL AS DISMAY: THOSE WHO VOTED LABOUR IN THE EXPECTATION OF NEW CLEANER POLITICS AND A RAINBOW ALTERNATIVE TO FIANNA FAIL FEEL BADLY LET DOWN. FOR THE MOMENT SPRING LOOKS ACUTELY UNCOMFORTABLE.

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