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From the Private Secretary

25 September 1992

Dear Gillian,

**PRIME MINISTER'S MEETING WITH THE
PRIME MINISTER OF IRELAND: FRIDAY 25 SEPTEMBER**

Thank you for the briefing which you provided for the Prime Minister's meeting with the Irish Prime Minister this morning. The two of them met, with Dermot Nally and me present, for three quarters of an hour before the main session of talks.

There was some discussion of the recent events on the foreign exchanges. Mr. Reynolds said that, contrary to what had been reported, the Irish had not reintroduced exchange controls. They still had them although they were due to be lifted at the end of December. Speculators had got badly burned when they found that they could not buy punts abroad. The Irish Government had agreed to make punts available but at an annualised rate of interest of 14,000 per cent.

The Prime Minister thanked Mr. Reynolds for talking to him at short notice earlier in the week. We meant what had been said about seeking a final deferment of the inter-governmental conference. At the pace that the talks had been proceeding some time ago, they could have taken a good deal longer and that was the point which Mr. Hanley had sought to make. Now, however, Sir Ninian Stephen and Sir Patrick Mayhew thought that it should be possible to accelerate the process with a view to reaching heads of agreement by the end of November or a little earlier. We understood that the Irish were in a position to agree to a gap and to fix a date for the next IGC. We would not then ask for a further extension.

Mr. Reynolds said that he was under some domestic pressure because people thought that concessions had been made by the Irish Government with little to show for it in exchange. After his telephone conversation with the Prime Minister, he had said he was willing to agree to a six-week extension. He stuck by that but there was a different evaluation of what was happening in the talks. He did not underestimate the symbolic significance of what had taken place. And some useful discussions had taken place with the UUP. The DUP, however, simply opted in and out at will and

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were not prepared for any kind of chemistry to be established. Would it be possible to create a UUP/SDLP majority in the absence of the DUP, or were we to try to get the DUP back on board? Paisley could demand that issues covered in his absence should be gone over again. We might have to confront him sooner or later.

The Prime Minister said that Sir Ninian Stephen thought that to reach heads of agreement on the timescale we envisaged was possible. If we did not have a break, we handed the Unionists a stick with which to beat us. Going the extra mile took the stick from them. As far as the British Government was concerned, the Anglo-Irish Agreement was alive and well until replaced by something better. If the talks broke up, the Irish Government would be able to point to the fact that they had given every opportunity for them to succeed. We would endorse that. Any damage would be altogether on a smaller and shorter timescale as a result. Mr. Reynolds confirmed that he was willing to agree to a six-week break. The Anglo-Irish Agreement was something to build on. But the Unionists did not see it that way.

The Prime Minister said that it might help if he set out what the heads of agreement might cover i.e.

- new political institutions in Northern Ireland along lines already indicated in strand 1
- permanent statutorily based north-south institutions perhaps capable of developing executive authority with agreement on both sides
- new agreement between the two governments building on the 1985 agreement. We would retain the inter-governmental conference, with rights of consultation though we would need to take account of the Unionists' concerns
- unambiguous consensus on constitutional issues.

Mr. Reynolds said it was the last point (unambiguous consensus) that caused problems. The Prime Minister said we realised that the Irish would not go to a referendum unless they believed they could win. Mr. Reynolds said they would need to be absolutely sure they would win. Polls showed that they would lose a referendum now 3 : 1. Unambiguous consensus would not carry a referendum because it implied nationalist consent to partition for all time.

The Prime Minister said that, as Peter Brooke had made clear, we had no selfish interest in Northern Ireland. If a majority in Northern Ireland wanted a united Ireland we would not stand in the way but we would not and could not seek to persuade the people of Northern Ireland in that direction. Mr. Reynolds said that was the weakness of our position. That had not been the view taken in 1920, at Sunningdale or at the time of the 1985 agreement. Then the assumption had been,

ultimately, a united Ireland was desirable. Nor had Sunningdale or the 1985 agreement sought to bring articles 2 and 3 into contention.

The Prime Minister said that no British Government could incite the people of Northern Ireland towards unification. If the people of Northern Ireland chose reunification, that was a different matter. In that case we would be benevolent onlookers, not obstructers. But our position on this would not change.

Mr. Reynolds repeated that the notion of an unambiguous consensus could make the situation worse because it committed us to the status quo for all time. The Unionists were trying to force a change which suited them without taking account of the political practicalities.

The conversation went round this point for some while. The basic point which Mr. Reynolds kept coming back to was that the Irish Government could not change their constitution unless there was some indication that the British Government would indicate support for the idea of reunification even if this did not take place for 50 or 100 years. Timescale, Mr. Reynolds said, was not important. He referred to George V's speech in 1920 when he had talked about the British Government wanting to see people living in peace and harmony throughout Ireland. He acknowledged, however, that this had been in the context of Ireland as part of the United Kingdom.

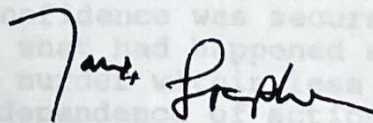
There was then a discussion about the dates of the resumed IGC. The Irish Prime Minister started by arguing for 6 November (i.e. six weeks from today). The Prime Minister argued for 16 November and after a bit of whispering in Mr. Reynolds' ear by Dermot Nally this was agreed.

Security issues

Mr. Reynolds referred to his concern that the Loyalists were now getting pretty sophisticated weapons. Mr. Nally added that the Loyalists had killed exactly the same number of people since the beginning of the year as the Provisionals (26). The Prime Minister noted that security cooperation was better than ever. We were very grateful to Mr. Flynn.

I am recording separately the lunchtime discussion.

I am copying this letter to Richard Gozney (Foreign and Commonwealth Office) and Melanie Leech (Cabinet Office).


J. S. WALL

William Fittall, Esq.,
Northern Ireland Office.

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