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MUFAX TO LONDON PLEASE

PS/SECRETARY OF STATE (B)

cc PS/SofS(L) M
PS/PUS(L) M
PS/Dr Boyson (L&B) M
PS/Mr Scott (L&B) M
Mr Brennan M
Mr A W Stephens
Dr Quigley DFP
Mr Chesterton M
Mr Merifield
Mr Innes
Mr M Elliott
Mr Bell M
Mr Coston
Mr Radcliffe
Mr Blackwell
Mr Coulson (L&B) M
Mr Ehrman M
Mr B Lyttle DFP
Mr Gilliland
Miss Pease
PS/Mr Bloomfield

ANGLO-IRISH AGREEMENT

Miss Pease submitted yesterday a draft letter for the Secretary of State to send to the Chief Secretary on the way in which the costs arising from the Anglo-Irish Agreement are to be met. I have now discussed the matter with her and other colleagues and as a result attach a revised version of the draft letter for the Secretary of State's consideration.

I think one point that the Secretary of State will wish to consider is whether the letter should go to the Chief Secretary or whether he should appeal direct to the Prime Minister. Perhaps the best plan would be to write to the Chief Secretary but to raise the matter orally with the Prime Minister in the hope of securing her support for special provision for the Secretariat and other possible costs arising from the Anglo-Irish Agreement.

17 December 1985

R J ANDREW

Encl

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DRAFT LETTER FROM THE SECRETARY OF STATE TO THE CHIEF SECRETARY

ANGLO-IRISH AGREEMENT

Thank you for your letter of 13 December.

I cannot accept your suggestions about how to treat the extra costs of the Anglo-Irish Agreement for this year and 1986/87.

You argue that the costs are not so large that they cannot be met either from the existing Law and Order budget or from rearranging the Northern Ireland Office allocation within the Northern Ireland Block. But money is already extremely tight and we have no means of determining accurately at this stage what the extra costs of implementing the Anglo-Irish Agreement are going to be. My earlier letter attempted to assess the bill for the Secretariat, but warned that there could be other costs - eg in the public order field. Since I wrote, we have had the first meeting of the Intergovernmental Conference which provoked large-scale demonstrations and meant that a major police operation had to be mounted, both at the Secretariat building and at Stormont Castle where the Conference itself was held. We do not know whether this sort of demonstration will be repeated every time the Conference meets; but in the light of this experience we must be prepared for further disorder, particularly when we move into the marching season next summer.

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Public order events of this sort place a very heavy strain on police resources. Initially they have to be met by the use of overtime, which is expensive; but if substantial numbers of police officers have to be employed regularly on guarding the Secretariat and maintaining order when the Intergovernmental Conference meets, the Chief Constable is bound to press for an increase in establishment to enable him to carry out his other responsibilities, including the campaign against terrorism. It is not simply a matter of re-deploying an existing level of effort within the RUC, as the second paragraph of your letter suggests. The hostile reception of the Anglo-Irish Agreement has placed a substantial additional burden on the police at a time when there has been no diminution in their other responsibilities and when the anti-terrorist campaign in particular is continuing at a very high level of activity.

Following the Anglo-Irish Agreement the political atmosphere in Northern Ireland is now very highly charged and the question of meeting the costs of the Agreement has become a political issue. The Assembly has turned itself into a Grand Committee to examine the Agreement in all its aspects and is bound to focus on finance. Unionists MPs are raising the issue in the House. They have already blamed the Government for the IRA attack on the police station at Tynan on the day when the Intergovernmental Conference met because, they allege, police had been taken away from the border areas to guard the Conference.

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In theory of course I could pay for the police overtime and other extra costs by taking money away from other programmes in Northern Ireland; but this could not be concealed and would still further inflame unionist resentment against the Agreement. Nor would cuts in social programmes win us any support from the nationalist minority who are already protesting against the proposed changes in social security.

It is against this background that I must press you to agree to meet from the Reserve the extra costs arising from the implementation of the Anglo-Irish Agreement in the current year and next year. As I said in my original letter the circumstances of the Anglo-Irish Agreement are exceptional and could not have been foreseen when earlier decisions were taken on PES. Consequently there seem to me nothing inappropriate in making a call on the Reserve. As regards the years after 1986/87, I am prepared, reluctantly, to wait for next year's Survey to settle the appropriate funding, provided it is understood that I shall wish to argue for raising the base line on this account.

Rhodes Boyson is due to make a public announcement on Thursday about the PES allocations for the Northern Ireland Block. He will undoubtedly be asked how the extra costs of implementing the Anglo-Irish Agreement are to be met. The Finance and Personnel Committee of the Assembly has already addressed this question to the Government. We shall be in serious trouble if we have to prevaricate and cannot give an outright assurance that the costs will not be met at the expense of other programmes in Northern Ireland. It is better to pre-empt the opposition than yield to pressure. I should be grateful, therefore, if you will urgently reconsider

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your position on this point.

I am copying this letter to the Prime Minister, the
Foreign and Commonwealth Secretary and Sir Robert Armstrong.

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