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FROM S J LEACH, SIL
20 December 1988

Mr Burns - B

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① cc. PS/Sir K Bloomfield
Mr Fell (DED)
Mr Thomas
Mr Gowdy (DED)
Mr Hewitt (IDB)
Mr Bell
Mr Bohill (IDB)
Mr Irvine (DOE)
Mr R Wilson (Cent Sec)

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② Mr. Spence.

FOLLOW UP TO DOUGHERTY VISIT

Your minute of 15 December to Mr Wilson recorded that I was working up the "Northern Ireland Bureau" proposal discussed at Sir K Bloomfield's meeting on 6 December and would be circulating a paper for comments.

2. I now attach a draft paper which seeks to put some flesh on the bones, but does not of course resolve every question of detail. Subject to your and colleagues' views, I assume that the next steps in this process would be to secure the Secretary of State's endorsement and to open discussions with the Embassy (we have of course already had some preliminary contact with the FCO; in drafting the paper I have tried to keep their initial views in mind). I would envisage that, once copy recipients have commented on the draft paper, a final version (perhaps with some changes depending on the audience) could be attached to the submission to the Secretary of State and, subsequently, to the letter to Mr Fall in the Embassy. (This would enable both the submission and the letter to be fairly brief, punchy, and not overburdened with argument.)

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3. I have incorporated in the draft the conclusions which DED have reached on the back-up arrangements for the Bureau in Northern Ireland (as set out in Mr Gowdy's minute of 15 December, not to all). I should also record here that I have sent the Embassy copies of Mr Wilson's note of the meeting on 17 November with messrs Dougherty, Hennessey and Kelley, your note of the dinner in Dublin on 19 November, and Mr Dougherty's letter of 8 December. We agreed that it would be sensible to do this, given that we are asking the Embassy to advise on Dr Mawhinney's proposed visit to the US in the New Year, much of which will be taken up in meeting the Dougherty group. Moreover, it will demonstrate our good faith in seeking to persuade the Embassy (and the FCO) of the virtues of the Northern Ireland Bureau to take them into our confidence by showing them the raw material on which our proposal is based.

Stephen J. Leach.

S J LEACH
SIL DIVISION
20 DECEMBER 1988

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PROMOTION OF NORTHERN IRELAND IN THE USA

In his letter of 29 July 1988 to the Secretary of State, Mr Fall of the Washington Embassy expressed the hope that it would be possible for NIO Ministers "to look critically" at the balance of resources devoted to the different aspects of promoting and defending Northern Ireland's interests in the US. More recently, prominent Irish-American visitors to Northern Ireland - messrs Hennessey, Dougherty, Kelley and Cassidy - have suggested that there is a considerable fund of latent goodwill towards Northern Ireland in influential circles in the US which might be translated into real practical benefits if the right contacts could be pursued and an appropriate organisational conduit established. Finally, officials have for some time been concerned that the International Fund - the alembic into which we currently seek to distil the practical goodwill of the Irish-American establishment - is a wasting asset now that the three years of funding underwritten by the Administration have passed and there are increasing pressures on the US foreign aid budget.

2. Against this background, we have been reviewing whether there might be a case for some innovations in the promotion of Northern Ireland's interests in the US. These might have implications for the existing organisation of work, and as a first step it may be worth summarising the main areas in which work is currently carried out. In broad terms four areas of work can be distinguished, although there is a good deal of blurring and overlap.

- i. Inward investment/trade/tourism. Efforts in this area are carried forward by the IDB, employing the services of Burson Marsteller to establish a positive image for Northern Ireland, and the NITB.
- ii. Information. Information is coordinated from the Washington Embassy by the Counsellor (Information); the main information organ is the British Information

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Services (BIS) in New York; in addition, the Consulates-General all have at least one information officer on their staff.

- iii. Political. Within Washington, private and public diplomacy with the Administration and Congress is undertaken by the Embassy. Outside Washington, the Consulates-General are in the lead in lobbying politically at state level (although the dividing line between this activity and their information work is often hard to draw).
- iv. MacBride. This is worth distinguishing as a separate category (although the work involved falls into the information and political categories) because of the separate organisational arrangements: our efforts are coordinated by the Embassy's MacBride Coordinator (Mr Henderson), who personally superintends those states with MacBride Bills within the Washington Consular District, and is undertaken in other states by the Consuls-General, often employing paid lobbyists. (The difficulties which Consuls-General encountered in trying to keep track of Bills at state level led to the decision to employ lobbyists: this is generally regarded as a very successful development.)

3. In considering whether there is scope for innovation in the work relating to Northern Ireland carried out in the US, there is of course no intention whatever to criticise the activities of those currently engaged in the existing levels of activity. In category (i) above (inward investment etc) officials would continue to support the view that the level of resources and effort is "about right", as the Secretary of State said in his letter of 27 September to Sir Antony Acland. Both directly through IDB and indirectly through the Burson Marsteller contract substantial resources are put into the effort to attract US inward investment to Northern

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Ireland. The return on these resources over the last few years has not been spectacular (largely due to extraneous factors) and increasing them would not seem justified; but on the other hand, it remains the case that a high proportion of the IDB's best prospects for investment are located in the US and they must therefore keep up the effort in this market. Nonetheless, the IDB will be reviewing Burson Marsteller's performance in the next few months and considering the future of the contract.

4. In respect of (iv) - MacBride - the current arrangements also seem to be working well. The Consulates-General are now fully alert to the need to detect and oppose MacBride Bills; funds have been provided to enable them to employ local paid lobbyists where this seems justified; a back-up unit has been established in DED to undertake support activity in Northern Ireland; the new Fair Employment Bill which demonstrates the irrelevance of MacBride has been widely publicised in the US; and the overall work is coordinated by a First Secretary in the Washington Embassy. There seems to be no case for disturbing these arrangements.

5. It is in the grey area between (ii) and (iii) - information and political work - that opportunities might exist to realise new benefits for Northern Ireland. Straightforward information work - putting over our case effectively to opinion-formers and the media and rebutting press criticism - is very effectively performed by BIS and the other information officers, supported by the SIL/Information Department Working Group which ensures that as far as possible suitable information material and guidances are made promptly available in the US. In respect of political work, the Embassy provides a Rolls-Royce service in making our case on high-profile political issues - for example the US/UK extradition treaty, Gerry Adams' application for visas, the Friends of Ireland Saint Patrick's Day statement, resources for the International Fund, etc - with the Administration and with Congress. But the Dougherty/Cassidy thesis is that there is substantial latent goodwill towards Northern Ireland (focussing on its human rather than its political aspect)

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among the huge Irish-American community, which could yield real benefits and opportunities for the North if we sought to tap it in the right way. It is argued that these reserves of goodwill might be realised through an innovatory approach which relies more on "networking" - developing personal contacts with powerful and influential people - rather than on the established Embassy channels (which, because of residual anti-HMG feeling, may not stimulate Irish-American generosity whatever the skills and panache of the diplomats concerned). Experience may of course show that there is not very much in this idea. But we do not want to look a gift horse in the mouth; and there is perhaps enough plausibility in the Dougherty proposal to justify exploring further to see what might be achieved.

6. Officials have been considering what institutional structure would need to be devised to try out this "networking" approach while respecting the Embassy's pre-eminence in representing British interests. The simplest option would be simply to strengthen the Embassy (or the Consulate-General in New York, depending where our effort was going to be focussed) with one or more officials who would be entirely devoted to exploring the potential of "networking". However, there are two obvious drawbacks to this. First, the relevant officials would still be firmly located within the established framework of British diplomacy, thus making it more difficult for them to open the necessary doors with Irish-Americans. If the networking proposition has any substance, there appears to be a need for any new resource which is trying to exploit it to appear to be relatively independent of the Embassy (although in reality the new unit would of course have to work under the ultimate superintendence of the Ambassador). The second problem is that to add new people devoted solely to Northern Ireland issues might unbalance the Embassy's own hierarchy of priorities. At the moment, Northern Ireland has to find its place on the Embassy's agenda alongside many other issues which are of considerable importance to the UK - NATO burden-sharing, Middle East questions, South Africa etc. Resources should follow priorities, and to

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magnify resources on the Northern Ireland question alone might well create a difficult situation if the Ambassador's judgement is that other questions are in fact more important for the national interest of the UK.

7. A second option, which is effectively that proposed by Mr Dougherty and his colleagues, envisages an unofficial committee comprising prominent Irish-Americans (who would use their personal contacts to pursue opportunities for Northern Ireland) together with leading figures in the Northern Ireland official machine who would follow up on these initial contacts to discuss further and, with luck, finalise beneficial deals. In Mr Dougherty's suggestion, this unofficial committee would be serviced in the US by "a knowledgeable NIO operative" who would be located in Washington, functioning independently of but in liaison with the Embassy.

8. This proposal has some attractions. In an effort which is based on "networking" - "developing personal relationships with influential and prominent individuals who are in decision-making positions" to quote Mr Dougherty's 8 December paper - there should clearly be some structure to focus and utilise the abilities of those Irish-Americans who are able and willing to undertake this sort of personalised lobbying. An "unofficial committee" in some form or other might therefore be valuable, but the structure set out in Mr Dougherty's paper presents some dangers. It would be unwieldy and the requirement for fairly regular visits by the Northern Ireland members to the US (and, to a lesser extent, vice versa) would be disruptive, expensive and arguably not very efficient. In addition, it is questionable whether a single full-time "NIO operative" would be sufficient to keep track of and maintain the momentum on the various leads that ought to be thrown up, as well as maintaining the very close liaison which would be needed with the Embassy. If a number of prominent Irish-Americans are going around the Hill and corporate HQs lobbying for Northern Ireland with (in their view) the blessing of the NIO, it will be most important that the Embassy should have a good picture of what is going on so that

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wires are not crossed and effort duplicated. (At a different level it will also of course be necessary for IDB to be aware of what investment prospects are being followed by the Irish-Americans.) All this would seem to be rather too much for one official. And in addition there are strong arguments for giving any new resource permanently based in the US sufficient headroom to do on the spot research into potential opportunities for the North. The aim should if possible be for the energies and goodwill of the "unofficial committee" to be tactfully harnessed and coordinated by the Northern Ireland interests (working through the new resource in the US), rather than to allow our Irish-American associates to make all the running.

9. There would therefore seem to be a strong case for locating in the US a new unit charged with promoting Northern Ireland's interests mainly (but not perhaps exclusively) through the "networking" approach, which would be developed in liaison with the Embassy and in close conjunction with supportive Irish-Americans (of whom messrs Dougherty, Kelley, Hennessey and Cassidy might well form the core, on the lines envisaged in the Dougherty paper). The working title of this unit could be the "Northern Ireland Bureau" (NIB). The aim of the Bureau would be to seek to tap into Irish-American goodwill and realise opportunities for Northern Ireland which are not accessible via the present institutional arrangements. The methods would to a large extent consist of private diplomacy (with a good deal of personal lobbying) together with research into new opportunities.

10. It would be for consideration whether the NIB should take over the role of coordinating the MacBride effort currently undertaken by the Embassy. At least initially, there would probably be advantage in leaving the present arrangements undisturbed: they are working well and the practicalities of coordinating a campaign run mainly by Consuls-General outside Washington are probably more easily handled by the Embassy (to which the CGs in any case report). By the same token it would probably be best not to tinker with the existing

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inward investment and information arrangements. We are not trying to set up a "one-stop shop" for the North to take over functions which are already being capably performed elsewhere. This would be disruptive, expensive and would run the risk of being seen as a sort of alternative Embassy for Northern Ireland (a potentially very damaging perception). Rather, we want to establish a unit which is dedicated to finding out if the "networking" approach can be made to pay off.

11. The staffing of the NIB should reflect the need for a mix of representational, policy and organisational skills. There should perhaps be three full-time officials seconded from the Northern Ireland machine: say, an Assistant Secretary to head up the Bureau and two Principals. The Head of the Bureau would need to have the confidence of the Embassy (to keep this potentially tricky relationship on the right lines). He or she should therefore ideally have experience of working with the Embassy, some insight into the functioning of American government and society, an insight into current policy issues and a good record in presentational, policy and management work. One of the two Principals should clearly if possible be Miss McIver, given her excellent track record of lobbying for Northern Ireland in the US and her wide range of Irish-American contacts. All the posts should be held by officers (whether HCS or NICS) with a good knowledge of and connections with the North.

12. The location of the NIB could be a matter for discussion. Washington, as the centre of Federal power and influence, would seem to be the logical base for a unit which focussed on "networking" and this is what is suggested in the Dougherty paper. On the other hand, the major financial institutions and many corporate HQs are located in or close to New York. Since the bias of the networking approach seems more towards Congress than towards the corporate and financial sectors (with the important exception of Allied Signal) Washington looks like the better location. If one focus of activity is on the Hill, this clearly raises the question of the relation

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between the NIB and the Embassy. The proposition from Mr Dougherty is that in order to maintain credibility in the Irish-American community, the Bureau would need to operate fairly independently. But although this may well be the public perception, there will obviously be a need for close liaison and contact between the two bodies and the Bureau would function under the superintendence of the Ambassador (who would retain the power, in the last resort, to veto any initiatives which he believed were against the UK national interest). But in practice any differences of view should be sorted out long before this stage: we are aiming for an arrangement in which the Bureau works with the grain of the Embassy's own efforts and is a resource which they value as much as we do.

13. In respect of funding, an organisation consisting of three full-time officials plus three or four support staff, located in offices in downtown Washington (New York might be rather more expensive) might at a very rough estimate cost around £300,000 per year (see annex for more detailed calculations). This figure is very much a first guess, and fluctuations in the exchange rate would have a considerable effect. The £300,000 figure does not include the cost of using paid lobbyists, if this were thought desirable (and experience in the MacBride campaign suggests that it is an option which should not be ruled out). But taking all these uncertainties into account, it seems clear that the global cost would not exceed £0.5 million per year. Although the promotion and representation of the UK's interests abroad are constitutionally the preserve, and the financial responsibility, of the FCO, the Bureau would of course be concerned primarily with promoting the particular interests of Northern Ireland, and there is clearly a case for most if not all of this cost to be met by additional funds from within the Northern Ireland block. The amounts are not inconsiderable, but given the prospect of the very substantial gains which could perhaps be realised for Northern Ireland (at the extreme, some arrangement paralleling the "most favoured nation" status given to Israel) and the sums which are already spent to promote Northern Ireland abroad (for example, the IDB incurred some £14.3 million in administrative

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and promotional expenses in 1987-8, though of course not all this was spent abroad) it seems an investment worth making. If it turns out after a fair trial that there is really nothing in the "networking" approach, then we could cut our losses fairly quickly.

14. Finally, it should be noted that the NIB will need efficient back-up within Northern Ireland if it is to operate effectively. The existing transatlantic lines of communications should of course remain relatively undisturbed - ie, IDB HQ - IDB New York; MacBride coordinator (and CGs as appropriate) - DED; BIS (and other information officers) - NIIS; and SIL - Embassy. DED propose that the backup unit for the Bureau should be located within the Department's Policy Division and should initially be fairly small, although ready access to a range of experience and skills elsewhere in the Department and the Northern Ireland machine would be available. This seems a sensible initial proposal; as experience with working with the Bureau develops, it may be however that broader arrangements turn out to be justifiable.

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ANNEX

ESTIMATED ANNUAL RUNNING COSTS OF NORTHERN IRELAND BUREAU

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|--|---|-----------------|
| Salaries and housing allowances, etc, for 3 full-time officials @ £45,000* each | - | £135,000 |
| Salaries of 4 locally engaged support staff @ £15,000 | - | £ 60,000 |
| Rental of offices | - | £ 42,000+ |
| Office running costs (heating, telephones, etc) | - | £ 30,000 |
| Miscellaneous expenses (travel, hospitality) | - | £ 20,000 |
| Contingencies | - | <u>£ 13,000</u> |
| Total annual running costs | - | <u>£300,000</u> |

In addition, there would probably need to be a one-off endowment of, say, £25,000 to equip the offices to an appropriate standard.

* The annual salary, housing etc. costs of maintaining a 1st Secretary in the Washington Embassy are understood to be around £45,000.

+ Based on the following calculation:

- i) 3 principals plus 4 support staff would need some 2,500 sq.ft of space.
- ii) In mid-December 1988 office space in the better areas of downtown Washington - eg. Dupont Circle - was renting for around \$30 per square foot per year.
- iii) $2,500 \times \$30 = \$75,000$. An exchange rate of \$1.81 (16 December) gives some £41,500.

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