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FROM: THE PRIVATE SECRETARY

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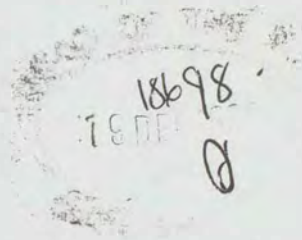


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Roderic Lyne Esq CMG
PS/Prime Minister
10 Downing Street
LONDON
SW1A 2AA

19 December 1994



Dear Rod,

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THE RT HON JAMES MOLYNEAUX MP

Thank you for your letter of 13 December about tomorrow's meeting between Mr Molyneaux with the Prime Minister. They last met on 17 October.

The meeting is for a general chat and, for our part, we are not expecting any surprises. We have kept in close touch with Mr Molyneaux in recent weeks and Sir Patrick and Michael Ancram briefed him a fortnight ago on our general approach to the Joint Framework Document. He was reasonably relaxed.

We imagine that the Prime Minister will want to run through the following issues -

- The position on Joint Framework Document. Mr Reynold's broadcast: Secretary of State for Northern Ireland's responses on an evening doorstep (reflected in lines to take).

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3. - the latest state of play on exploratory dialogue with Sinn Fein and the Loyalists. You have already had accounts of the first meeting with each of these and as the second meeting with Sinn Fein takes place today we will ensure that you have an up-to-date report before tomorrow. The Prime Minister will want to give Mr Molyneaux a flavour of what is being said, without breaching confidentiality. The key points are that both groups are approaching the dialogue seriously; that the Talks are exploratory and explanatory and will not anticipate the negotiations in the Talks process which, in Sinn Fein's case at least, they may eventually qualify to join; and that we have firmly registered the issue of arms with Sinn Fein.

- The peace dividend, including last week's Investment Conference, the US Conference planned for April, and Mr Molyneaux's idea of an Economic Council.

There are two additional points which we would recommend that the Prime Minister should mention -

- the Government's stance on contacts with Sinn Fein. Mr Molyneaux will appreciate Ministers' insistence that Sinn Fein should work through exploratory dialogue before the Government will treat them identically to other parties but he will also understand that it is becoming increasingly difficult to exclude them from many forms of contact with Government. It would therefore be prudent to register with him that, depending on how events move forward, Ministers expect to take a progressively more flexible approach early in

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the New Year. Assuming that both the Secretary of State and Gerry Adams will be invited to the US Investment Conference in April they should logically have met face-to-face before then, on our terms.

3 The handling of the US scene generally. The Americans will clearly go on taking a close interest in Northern Ireland if only for domestic political reasons. Adams is believed to be planning another visit in January, and a new Taoiseach is likely to want to put in an early appearance in Washington. It might be sensible to encourage the UUP to undertake another trip during the first three months, to make sure that the Unionist voice continues to be heard.

4. Mr Molyneaux's ideas for an Economic Council are of some relevance in the US context. We know that the Irish Forum is showing interest in discussing the peace dividend, and the US Conference will obviously be a high profile event. There is good reason to support some form of domestic forum which would ensure that the Northern Ireland parties have a chance to contribute directly to the debate. (We agree with Mr Molyneaux that, even on the most optimistic analysis, we are unlikely to get an Assembly in 1995).

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The way to achieve this, in our view, is to build around the Northern Ireland Affairs Select Committee, which provides a ready-made forum. This should have attractions to Mr Molyneaux as he was instrumental in getting the Committee established, and his interest lies primarily in accommodating the NI MPs.

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We would not want to get into the business of the Government appointing a new body, primarily for the reason you have identified. We would inevitably end up having a row about the exclusion of Sinn Fein, which would play badly in the run-up to the US Conference. We already in fact have an Economic Council in Northern Ireland, appointed by the Secretary of State, though it is not a political forum. It has been in existence since the early '70s.

3. The Northern Ireland Affairs Committee therefore seems to provide the basis for a ready-made solution. It could hold formal or informal sessions, in the latter case co-opting support as necessary from the other Northern Ireland MPs, summon whatever witnesses it liked, and submit reports. We would encourage it to consult the Alliance Party.

4. As for tomorrow's meeting we would envisage the Prime Minister limiting himself to a generalised expression of support for the idea, subject to the agreement of the other parties (and Sir James Kilfedder). The mechanics would need to be teased out. We would also need to resolve whether Sir Patrick should invite the Committee to undertake this remit or Mr Molyneaux would encourage it to take it on through the usual Parliamentary channels.

5. Both Sir Patrick and Michael Ancram have other engagements tomorrow and would be very content for the Prime Minister to meet Mr Molyneaux alone.

6. *Robert Curjel*

7. MARTIN HOWARD

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PRIME MINISTER'S MEETING WITH MR MOLYNBAUX: 20 DECEMBER 1994

Speaking Notes

Exploratory Dialogue

- Officials have now had two meetings with Sinn Fein and one with the UDP/PUP. Michael Ancram has already given you a report.
- In both cases they are engaging seriously. Some encouraging signs that Sinn Fein will not be inflexible on arms.
- Reiterate that the Talks are exploratory and not a substitute for substantive policy talks.
- Sinn Fein want to press on towards full Talks with Ministers and the other parties as soon as possible but we will not be hurried. Expect a few more meetings yet. Do not envisage protracting the negotiations unnecessarily but we must have some real progress particularly on arms.

Joint Framework Document

- Not intended as a blueprint but as an aid to the parties.
- Patrick Mayhew and Michael Ancram have told you in general terms how we are approaching the drafting of the document. Understand you are broadly content.
- No agreement, and therefore much work still to be done, on a number of areas, including cross border institutions, pace Mr Reynolds. One thing is extremely certain. It will not provide for Joint Authority UK/ROI over Northern Ireland. As Mr Spring said, that is not on the table. Would like to see the text finalised as soon as possible in the New Year.

- I know that you have offered to help us with the text at the right moment, if we seem to be near agreement. Sir Patrick Mayhew will certainly want to take you through the key parts before it is published, to make sure it would not present insurmountable problems.

Peace Dividend/Economic Council/US

- Understand your idea of giving the Northern Ireland MPs an advisory role on making the best use of the peace dividend. Agree that we are unlikely to get an Assembly up and running within the next twelve months.
- Given the experience with last week's Conference in Belfast I could not envisage the Government taking responsibility for a new body in the immediate future. There would just be the inevitable row about Sinn Fein, which would play badly in the run up to the US Conference. Nominated MPs only would not be a defensible line for Government.
- The answer might be to exploit the Northern Ireland Select Committee to maximum advantage. Could be scope for informal sessions involving all the Northern Ireland MPs. Open for consideration whether Sir Patrick might invite the Committee to investigate and report, or you could encourage it to do so through the normal Parliamentary channels. Committee already looking at employment creation and we would see no difficulty in it developing a specific remit on the peace dividend.

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Contacts with Sinn Fein

- Grateful to you for your considered advice on allowing Sinn Fein to attend the Conference. You appreciate our predicament.
- Will be difficult for us to continue taking a very hard line with Sinn Fein much beyond the early part of the New Year. We stick by the requirement that Sinn Fein have to make progress in exploratory dialogue before they can come to play a full part of public life and we are in no hurry for Ministers to meet Sinn Fein direct in their own right.
- Assuming exploratory dialogue does go well, however, there might have to be some early relaxations.

- Like it or not the US Conference could well bring Sir Patrick Mayhew and Gerry Adams together and if that is to happen it would be better if they had met on our terms before hand.

US - Handling

- Important that we do not allow the Americans and/or the Irish Forum or a new Irish Government to hijack the peace process. Can expect a new Taoiseach (and Adams) to visit US in the New Year. Could be useful if the UUP were to go again too.

cc.

PS/SofS (Bul)

PS/M. Hanson (B, Denis & L)

PS/Is (Bul)

PS/IT-ell

Mr Thomas

Mr Watkins

Mr Bell

Mr Booker

Mr Williams

Mr Leach

Mr Stephens

Mr Macaulay

Mr Beeton

Mr Caine

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AMENDED VERSION

FROM: PS/MICHAEL ANCRAM
14 December 1994

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15 DEC 1994

cc PS/Michael Ancram (DENI, B&L) - B
PS/PUS (B&L) - B
PS/Mr Fell - B
Mr Thomas - B
Mr Watkins - B
Mr Williams - B
Mr Leach - B
Mr Brooker - B
Mr Stephens - B
Mr Maccabe - B
Mr Beeton - B
Mr Caine - B

16/12
JW?

C

PS/Secretary of State (B&L) - B

THE RT HONOURABLE JAMES MOLYNEAUX MP

Michael Ancram has seen Mr Lyne's letter of 13 December to Mr Howard and has commented that the Advisory Council is not a new idea. It reflects on a larger scale something which the Minister was looking at for education last year, but which fell by the way side! The Minister would not rule it out specifically, but would suggest that this is something we would like to explore. If the SDLP saw it within the context of a progressive Talks process on a temporary and constructive basis they might just bite.

(Signed)

KEITH JAGELMAN
PS/Michael Ancram

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BB/MOFS/8144

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Desk
Immediate

1034156194

From the Private Secretary

cc. PS SofS L+B
PS M Ancran L, B + DENT
PS AJS L+B
PS Mr Gell
Mr Thomas
Mr Watkins
Mr Williams
Mr Leach
* Mr Brooker

13 December 1994

Mr Staples
Mr Maccabe
Mr Beeton
Mr Cairne



* for advice and
briefing by 1600 on
Friday 16 December.

RT HON JAMES MOLYNEAUX MP

I mentioned on the telephone that Jim Molyneaux had asked for a general chat with the Prime Minister before the Christmas break, if time permitted. They have not met for some weeks.

We are proposing to Molyneaux that the meeting should take place next Tuesday, 20 December, at 1130. I think we shall do it in the informal mode, with just the two principals and me as a note-taker, unless you see fundamental objection to this.

Molyneaux mentioned one specific point, on which I would be grateful for briefing. He assumed that we were unlikely to be able to get a Northern Ireland Assembly up and running during 1995 (i.e. following a successful conclusion of the talks process plus a referendum: he must surely be right). However, in the intervening period quite a lot of decisions would need to be taken on economic projects and the like. His latest thought on a way of easing Northern Ireland back towards local democracy was that we might set up an Economic Council to advise the Secretary of State. It would be an informal body composed of Northern Ireland MPs, modelled roughly on the Select Committee. We might regard those MPs who were not on the Select Committee as prime candidates for the Economic Council. As a minor detail, Molyneaux suggested that the Council might first meet at the invitation of the Prime Minister.

I confined myself to asking one or two questions. I wondered whether the SDLP would play ball; and whether we would not invite a deal of trouble from Sinn Fein, who would see themselves cunningly excluded from the process

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of shaping Northern Ireland's future. Molyneaux's answer was that Sinn Fein could not properly grumble because they had not managed to elect any MPs.

I am copying this letter to Paul Lever and Melanie Leech (Cabinet Office).

Yours mnr,

Roderic

RODERIC LYNE

Martin Howard Esq
Northern Ireland Office

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