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16/1/93
W Gamble o.f.
158/162 CHSS
16/1

CONFIDENTIAL

FROM: D BROOKER
CPL DIVISION

10 January 1995

cc PS/Michael Ancram (L&B) - B
PS/Baroness Denton (L&B) - B
PS/PUS (L&B) - B
PS/Mr Fell - B
Mr Thomas - B
Mr Loughran
Mr Legge - B
Mr Bell - B
Mr Williams - B
Mr Gibson, DED
Mr Leach - B
Mr Stephens - B
Mr Maccabe - B

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

RT HON JAMES MOLYNEAUX MP: ECONOMIC COUNCIL

Anne-Marie O'Neill has kindly sent me a copy of her minute of 9 January in which she records Baroness Denton's view that she would be reluctant to see another formal body appointed in the economic area but would like to meet Mr Molyneaux to explore whether it would be appropriate, at least initially, to set up a regular, informal meeting with Westminster MPs on economic development matters.

2. I have today submitted a separate note offering substantive advice on Mr Molyneaux's idea. The advice in it is very much in line with Baroness Denton's thought that the Government would not welcome another formal body looking into economic issues; we would run the risk of another row with Sinn Fein if Ministers appointed a new body with any substantial political composition and for different, Parliamentary and political reasons, a new Westminster Committee comprising just the seventeen Northern Ireland MPs is far from attractive.

3. It remains my own view that if Mr Molyneaux is mainly interested in finding a mechanism for engaging the Northern Ireland MPs, the most painless way for that to be done would be through the

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involvement of the Northern Ireland Affairs Select Committee. He did not much like the idea when the Prime Minister suggested it to him before Christmas but I have suggested in my other paper that the Leader of the House and Michael Ancram might usefully explore the issues in greater detail with him to see whether it could not be made to fit the bill. It would not be an ideal solution, not least because there would be no place for the Alliance Party - though no doubt they could be asked to submit evidence; given all the conflicting problems, however it seems the best option if Mr Molyneaux is insistent that something should be done in the short-term.

4. Although my other paper does not say so specifically I have already given some thought, together with DED and Central Secretariat, to the idea of Baroness Denton holding informal meetings with the Northern Ireland parties. Mr Gibson reminded me that such meetings had taken place in the past under Mr Smith and his predecessor, but have not been held for the past twelve months or so. My own view, which Central Secretariat and DED share, is that if these meetings were resurrected they could not be held without publicity; at that point Sinn Fein would be bound to protest that they were not being included. In other words we come back to the issue of whether, as happened with the Investment Conference last month, Ministers want a re-run of the issue of the exclusion of Sinn Fein. ?

4. As I have mentioned in paragraph 8 of my other paper, however, Ministers might feel able to open up direct contacts with Sinn Fein in two or three months time, on issues like the peace dividend, if the Exploratory Dialogue goes well. The idea of Ministers inviting the Northern Ireland parties, including Sinn Fein, to give them advice on the peace dividend could be revisited at that point. There is the difficulty, however, that the Unionist parties would be unlikely to sit down with Sinn Fein in a collective gathering for the next few months. Again this brings us back to the point that if

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Mr Molyneaux is insistent that some form of body should be set up in the immediate future it should not be Government led, but founded in Parliament.

[signed DB]

D BROOKER

Ext 6591

189/95 JF 10-1-95

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4/10
FROM: D BROOKER
CPL DIVISION
9 JANUARY 1995

DESK IMMEDIATE

cc Mr Bell
Mr Maxwell
Mr Gibson, DED
Mr Maccabe
Mr Dunn, ESL

-B
-B
-B
-B
-B

Mr Thomas (L+B) -B

W Gamble

RT HON JAMES MOLYNEAUX MP: ECONOMIC COUNCIL

As you know, CPL has been asked to advise on Mr Molyneaux's recent exchange with No 10 about the establishment of an Economic Council.

2. This is all fairly tricky stuff. I have myself come to the conclusion that perhaps the best way to carry it forward is to try to divert it away from the Prime Minister and (because it raises procedural issues for the House) steer it towards a meeting between Mr Molyneaux, the Leader of the House and Michael Ancram. An exploratory meeting would help to clear the air on precisely what Mr Molyneaux wants and how it might be achieved; we are not against the idea of finding a forum for the NI MPs to express a view - we simply want to find the right one. It would do no harm if we were able to play this along a bit until other, related issues become clearer.

3. I should be glad to know if you think the attached submission holds up. I should like to get it forward tomorrow and would therefore be grateful for comments by lunchtime Tuesday if possible. I was grateful to Mr Maxwell, who discussed the issues with Mr Fell, and identified some possible options. As Mr Maxwell

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recognised, however, they all had drawbacks of one kind or another and the least of all evils is to try to find some form of Parliamentary solution, preferably based around the Select Committee.

(SIGNED)

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230/95 JF 11-1-95

9/8

FROM: D BROOKER
CPL DIVISION
10 JANUARY 1995

McGamble

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16/1*



cc PS/Michael Ancram(L,B&DENI) -B&M -
PS/Baroness Denton
(L,DANI&DED)
PS/PUS(L+B) -B&M -
PS/Mr Fell -B
Mr Thomas(L+B) -B
Mr Legge -B
Mr Loughran, DED -B
Mr Watkins -M-
Mr Maxwell -B
Mr Bell -B
Mr Williams -B
Mr Leach -B
Mr ~~Gibson~~, DED -B
Mr Stephens -M-
Mr Dodds -B
Mr Maccabe -B

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

RT HON JAMES MOLYNEAUX: ECONOMIC COUNCIL

You asked for advice on Rod Lyne's letters of 21 and 23 December (not to all). These concerned Mr Molyneaux's idea of setting up an Economic Council of NI MPs to consider the peace dividend.

What does Mr Molyneaux want?

2. It is not absolutely clear. The idea seems to have evolved since he first mentioned it to Mr Lyne before Christmas. Initially he envisaged a Government-appointed body, set up by the Secretary of State on an informal basis, and modelled roughly on a Select Committee. Mr Molyneaux thought that those NI MPs who were not on the NI Select Committee would be prime candidates for the Council; he thought that the Council might first meet at the invitation of the Prime Minister.

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3. At his later meeting with the Prime Minister, however, Mr Molyneaux spoke of a "quasi-official" body, set up by a Resolution of Parliament and comprising only the 17 Northern Ireland MPs. He disliked the alternatives suggested to him by the Prime Minister, on advice from us, that if Mr Molyneaux's main interest was in providing a forum for the Northern Ireland MPs, we should aim to exploit the Northern Ireland Select Committee or establish a sub-group of it. Mr Molyneaux did not think that this latter suggestion would work with the SDLP (but his own idea would).

Merits of the Molyneaux Proposal

4. A new Parliamentary Committee consisting solely of Northern Ireland's 17 MPs could clearly be a potent forum for considering the peace dividend and other, associated economic issues. At the same time it must be debatable whether the House Authorities would welcome the creation of a third Committee devoted solely to Northern Ireland, in addition to the Northern Ireland Affairs Select Committee and the Northern Ireland Grand Committee (which comprises all 17 Northern Ireland MPs as of right, but retains a Government majority. Unlike the Select Committee it has no powers to call for persons or papers and can only "report" to the House on matters referred to it).

5. On a procedural level it seems inevitable that the work of a new Committee would overlap with the other two Committees, and if it had less powers than the Select Committee it would be perceived as less effective. But could a new Committee with the same powers be justified?

6. On a political level there must be serious doubts as to whether, as Mr Molyneaux believes will be the case, the SDLP would support the new Committee. They have only acquiesced in the Select Committee with the utmost reluctance. Unlike the Select Committee the new Committee would be Unionist-dominated (13 to 4), and given

the rough ride which the Unionists on the Select Committee gave recently to the IFI, and the general concerns amongst Unionists that too much funding is going into Nationalist areas, it is probable that a new Committee would split along Unionist/Nationalist lines and produce majority/minority reports. That is not something that Ministers would encourage.

7. There would also be a risk that, once the new Committee was set up, it would begin to take on a life of its own. At present Mr Molyneaux envisages that it would consider economic issues only but, as he clearly sees it as a mechanism for narrowing the democratic deficit in the absence of an Assembly, there must be a possibility that he would like it to take on other functions in due course - consideration of security issues, Anglo-Irish relations, political development, etc. Again, it is highly questionable whether it would be in the Government's interests to have a heavily Unionist-dominated body given a free-range on issues of this sort.

Are there any better alternatives?

8. The Prime Minister has already told Mr Molyneaux, as briefed by us before Christmas, that the Government itself would not want to get into the position of appointing a new political body because that would immediately create a furore with Sinn Fein. If exploratory dialogue progresses satisfactorily Ministers may reach the point by, say, the end of February or March when it might become feasible to involve Sinn Fein directly in consultations about the peace dividend or other economic issues. Even if that were to happen, however, it seems highly unlikely that, come Easter, either of the Unionist parties would be prepared to sit down in an Economic Council with Sinn Fein.

9. It therefore seems that, for the next few months at least, there would be substantial risks with the Government sponsoring a collective body. There are a number of different configurations

under which a new body could be set up, chaired by either Ministers or officials, but so long as they are appointed by Government the Sinn Fein problem will remain for the foreseeable future. If Mr Molyneaux is anxious for something to be done in the short term, therefore, the answer does appear to lie in the Parliamentary arena. (An Economic Council has existed in Northern Ireland for many years, but comprises only management, trade unions, and independent personalities, and it is questionable whether the Chairman, Sir George Quigley, would like the idea of including political appointments or that this would meet Mr Molyneaux's requirements).

10. When it was put to him before Christmas, Mr Molyneaux rejected the idea of making greater use of the Northern Ireland Select Committee, on the grounds that Sir James Kilfedder had not distinguished himself as Chairman. If this were Mr Molyneaux's only worry it might be possible for the Government to do something about it. For example, the Secretary of State might invite Sir James in for a discussion and encourage the Select Committee to take an active and positive interest in the peace dividend. The Secretary of State could write formally to the Committee inviting it to take on this task, perhaps suggesting a timetable, offering to submit papers, etc. In other words he could try to set the agenda for it and encourage it to do a thorough job. Without knowing more of what is in Mr Molyneaux's mind, however, it is difficult to make any firm judgements on this. It is also difficult to make any firm assessments as to why he thinks the SDLP would support his idea of a new Committee set up by Resolution, but not the greater use of the Select Committee or a Sub-Committee.

Handling

11. Ministers will clearly want to give any suggestion from Mr Molyneaux the most careful consideration; they will not want to go against him unless there are compelling reasons. On this occasion, however, there do appear to be complications both on a

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political level for the Government and procedurally at Westminster.

As Mr Molyneaux has raised the idea of a new Committee set up by Resolution of the House the issues extend beyond the NIO, to the House Authorities. In my view, the best way forward would be to divert this away from the Prime Minister towards the Leader of the House who, if he were agreeable, might meet Mr Molyneaux for an exploratory discussion, perhaps supported by Michael Ancram. This would provide an opportunity for Ministers to establish why the Northern Ireland Affairs Select Committee does not, or could not, be made to fit the bill, and why the Northern Ireland Grand Committee was not an appropriate alternative. It would also be an opportunity to exchange views on the position of the SDLP.

12. I have discussed this approach with Murdo McLean, who agrees.

13. I attach a draft response to Roderic Lyne.

(Signed)

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DRAFT LETTER

Roderic Lyne CMG
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London
SW1A 2AA

January 1995

RT HON JAMES MOLYNEAUX MP: ECONOMIC COUNCIL

Thank you for your letters of 21 and 23 December.

Although we are reasonably clear what Mr Molyneaux wants to achieve - some sort of forum where all the Northern Ireland MPs can have a say on the peace dividend and associated economic issues - we are not altogether clear why he feels it necessary to suggest a new Committee at Westminster when there is already the Select Committee and the Northern Ireland Grand Committee (which itself comprises all 17 NI MPs but has a Government majority).

The idea seems to have evolved in his mind since he first mentioned it to you, from a body appointed by the Secretary of State to a new Parliamentary Committee. Although we would, of course, be prepared to give the idea of such a Committee the most careful consideration it does seem to us to raise a number of potentially difficult issues. Apart from the problem of overlap with the over two

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Parliamentary Committees, we could have a political problem with any new Committee that was strongly Unionist dominated (as a Committee of only the Northern Ireland MPs clearly would be - 13 Unionists to 4 SDLP). There is already deep concern amongst Unionist politicians that too much public funding goes into Nationalist areas and there is a real risk that a new Committee, heavily weighted with Unionists, would produce a succession of majority and minority reports reflecting the political divide. Clearly that could make the job of Government more difficult. We would also have a concern that, as Mr Molyneaux sees this Body as a partial, interim remedy to the problem of the democratic deficit in the absence of an Assembly, he might subsequently push for it to examine other issues. He might, for example, want it to look at security (including policing), Anglo-Irish relations, or political development. Again, a Unionist dominated committee could not be expected to produce balanced reports.

We therefore eye the proposition with some caution. At the same time we want to give Mr Molyneaux a fair wind. The best way forward, it seems to us, would be for the Leader of the House, accompanied by Michael Ancram, to have a detailed, exploratory discussion with Mr Molyneaux. We can then explore with him why he thinks the Select Committee and Grand Committee are inadequate, and the pros and cons of establishing a new Committee by Resolution. If necessary, my Secretary of State would be prepared to recommend an agenda of work for the Select Committee to help overcome any

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perceived inadequacies in the current chairmanship. (He could write to the Committee suggesting a timetable, offering background papers, encouraging them to consult widely and produce timely reports.) A meeting with Mr Molyneaux would also provide an opportunity to explore the likelihood of the SDLP supporting his initiative; as we know they have never given their wholehearted support to the Select Committee which, from their point of view, at least has the advantage of not being dominated by the Unionists.

If you agree, we will invite the Leader of the House to carry this forward.

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