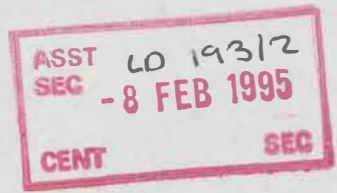
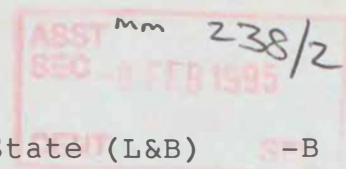
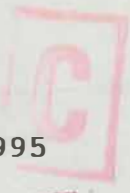


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FROM: D BROOKER
CPL DIVISION
8 FEBRUARY 1995



- cc: PS/Secretary of State (L&B) -B
- PS/PUS(L+B) -B
- PS/Mr Fell -B
- Mr Thomas -B
- Mr Legge -B
- Mr Loughran -F
- Mr Gibson, DED -F
- Mr Bell -B
- Mr Williams -B
- Mr Watkins -B
- Mr Maxwell -B
- Mr Stephens -B
- Mr Maccabe -B
- Mr Dodds -B

PS/Michael Ancram (L,B&DENI) -B&F
PS/Baroness Denton(L,DED&DANI) -B&F

*As per Mrs Kenny
Mrs Denton
LD 193/2*

THE RT HON JAMES MOLYNEAUX MP: ECONOMIC COUNCIL

You asked for further advice on Mr Molyneaux's idea of an Economic Council, following the Minister's and Baroness Denton's recent meetings with him.

What does he want?

2. The two meetings were useful for getting a clearer, though still to some degree only impressionistic outline of what Mr Molyneaux wants. He seems to have two things in mind -

- he wants to find some way of involving all or most of the 17 Northern Ireland MPs more directly in the big economic issues of the moment, primarily the peace dividend and inward investment; and
- he thinks that a new body could perform a "vital co-ordination and promotion role" on inward investment matters, working closely alongside Ministers and also having regular and close contact with the Permanent

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Secretary in DED. He clearly envisages the body playing a lead role in exploiting overseas contacts for inward investment and suggested that one or more of its members might be involved in overseas visits.

2. Although he has a reasonably clear idea of what he would like the body to do, he does not seem to have taken a conclusive view on how it should be created or constituted. He liked Baroness Denton's idea of a mixed group of Commoners and Peers, has in mind a total composition of about 12 to 14 people, does not think that the body need have a statutory basis, and although prepared to consider some form of informal arrangement, would seem to prefer a body set up under a Parliamentary procedure. At one point he thought that it might be established by Resolution of the House; at his last meeting with Michael Ancram he thought it might be formed as a result of a recommendation from the Committee of Selection.

3. It is difficult to discern a consistent thread as to his ideas on the composition of the body. At an earlier point he envisaged a body composed only of the 17 Northern Ireland MPs; subsequently he warmed to the idea of including Peers and also thought that the Labour Party could be involved; he also told Michael Ancram that the body might mirror "the pattern of representation in the Northern Ireland Select Committee". A number of these thoughts pull in different directions. Clearly, any body constituted to mirror the current pattern of representation on the Select Committee would be Government dominated, with only a sprinkling of seats then given to the Opposition and Northern Ireland parties. This might be acceptable to the Government but it would not be in line with his apparent wish to find a role for all or most of the Northern Ireland MPs. The more he argues for a body to mirror the Select Committee the more difficult it becomes, in practice, to argue against using that Committee itself.

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Analysis

4. There are clearly uncertainties about the possible composition of the body which require further exploration with Mr Molyneaux. The same is true of the potential remit. While, in principle, there could be no difficulty in setting up a Parliamentary body to provide a channel for political views to Ministers on economic issues including inward investment, it would be quite another thing to give them a formal role in the "co-ordination and promotion" of the inward investment effort. This would raise issues of Departmental and Ministerial accountability; Mr Molyneaux seems to be arguing that Baroness Denton and DED/IDB should lose some of their inward investment responsibilities to the new body. At a minimum, if Ministers were to agree - which seems inherently unlikely - this would presumably require legislation.

Options

5. There are a number of possible options, all of which could produce a body carrying a Parliamentary label though not all would require a formal procedure at Westminster.

Bodies involving a Parliamentary procedure

- i) A new statutory body created by legislation. This can be discounted both because it is not what Mr Molyneaux wants nor would it be in the interests of Government. It would take too long to set up, would cut across the existing Economic Council and be hard to justify if it were restricted to Parliamentarians.
- ii) Simply make the best use of the existing Northern Ireland Affairs Select Committee or some form of sub-committee especially formulated for the purpose. The Prime Minister

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has mentioned this idea to Mr Molyneaux who rejected it, apparently because of what he saw as deficiencies in the current chairmanship.

- iii) Divert this task towards the Northern Ireland Grand Committee which has the advantage of already being in existence, has the ability to consider any issue, and automatically includes all 17 Northern Ireland MPs. Mr Molyneaux has chosen to ignore this Committee thus far, however; there is no facility for it to include Members of the House of Lords, and Mr Molyneaux would probably dismiss it as essentially a low-level talking shop. It would, nevertheless, be worthwhile Ministers re-running the merits of the Committee past Mr Molyneaux next time they see him.
- iv) Establish a new Joint Committee of both Houses, by Resolution. Such Committees can be appointed to consider any matter and may be given any of the powers of a Select Committee to enable them to discharge their duties. Appointments to the Committee would probably be handled by the Committee of Selection in the Commons and by the Selection Committee or Chairman of Committees in the Lords.

This procedure could obviously have strong attractions to Mr Molyneaux since it would lead to the creation of a formal Parliamentary body with effective powers. On the other hand, there are already two specific Northern Ireland bodies in Parliament (the Select Committee and the Grand Committee) and the creation of a third body would almost certainly lead to confusion and friction. According to Erskine May, Joint Committees are also generally composed of an equal number of Members from each House; this is presumably not what Mr Molyneaux would want (my understanding is that he wants a Body which would essentially be for the MPs but with a sprinkling of

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Peers). There is also a likelihood that a new formal Parliamentary Committee of this sort would be too heavily orientated towards Westminster rather than the practical support for inward investment, etc, which Mr Molyneaux seems to envisage.

- v) A semi-informal Parliamentary Body whose membership (but not remit) is dealt with by Parliamentary procedure. This might be a body analogous to the British side of the British/Irish Inter-Parliamentary Body whose membership, as I understand it, is appointed by the Speaker but whose affairs are otherwise run internally by an executive committee. The attraction of this type of "semi-detached" body is that it has some standing in Parliament but is largely informal - and hence potentially more flexible and less threatening to Government.

Options requiring no Parliamentary Procedure

- vi) An informal Parliamentary body which would be no more than a loose grouping of Parliamentarians from both the Commons and the Lords, constituted and administered by agreement between them. It would not be set up under any Parliamentary procedure but would simply be an informal confederation of political interests on this one issue. As with (v), this would have considerable attractions for Government but it might be too loose and informal for Mr Molyneaux.
- vii) A body, under a Parliamentary label, appointed administratively by the Secretary of State. This would be voluntary with the membership and terms of reference determined administratively by the Secretary of State. Any body of this sort could clearly take on a fairly high public profile and could be expected to have regular,

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scheduled meetings. The advantage of this type of body is that it could be set up quickly, might well be supported by the parties and would be beneficial to the Government since it would be giving a clear lead. Its terms of reference could be constructed in such a way as to make it clear that the body would not cut across Ministerial responsibilities or the work of the Economic Council. On the negative side, however, Ministers could inevitably expect a row over the exclusion of Sinn Fein, assuming that at the time it was appointed the other Northern Ireland parties would still not be prepared to work with Sinn Fein. Otherwise, this model has much to commend it since the reins of responsibility would remain firmly in the Secretary of State's hands. There is some uncertainty, however, about whether it is the type of body Mr Molyneaux would want. Although at one point he implied that it might be appointed by Government, he subsequently shifted in favour of some sort of body appointed by Parliamentary procedure.

- viii) Wholly informal, ad-hoc consultative committee appointed by Baroness Denton. Under this arrangement the Minister could simply invite the party leaders - who, for these purposes might include Dr Alderdice whose party is not, of course, represented at Westminster - to meet her from time to time, bringing with them any of their Parliamentary colleagues they might wish, to hear their views on current economic issues. The contacts might be bilateral rather than multilateral. DED Ministers have held this type of meeting in the past.

Again, this option has much to commend it and the Secretary of State has already indicated some support for it. Again, the down-side is that Ministers would

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inevitably risk a row over the exclusion of Sinn Fein (and we could not be certain that it would go far enough for Mr Molyneaux).

ix) An informal ad-hoc body chaired by a senior official.

Mr Molyneaux envisages the body having close contact with the Permanent Secretary in DED, and there is a reasonable likelihood that the parties would respond favourably to a suggestion that they might meet either with Mr Fell or Mr Loughran. On the other hand, it might seem odd for officials rather than Ministers to take the lead in contacts with a group of Parliamentarians and, again, this option runs up against the difficulty of the exclusion of Sinn Fein.

The Way Forward

6. Michael Ancram has it in mind to have another discussion with Mr Molyneaux to carry on refining what might be the best way to take all this forward. To my own mind, given that we will continue to have a complication over the exclusion of Sinn Fein at least for the next few weeks, it would be best to focus on some form of body which is rooted at Westminster. In my view, it would also be best to pitch the body at the lowest level of formality possible - ie option (vi), or possibly (v) - both to avoid complications with the other Westminster Committees and to reduce any difficulties for Government.

7. The Minister might therefore want to take Mr Molyneaux through the various issues surrounding the procedural requirements for setting up the body, remit and composition, drawing on the paragraphs above. I am also enclosing an extract from Erskine May on the establishment of Joint Committees. The Minister may also want to remind Mr Molyneaux of the facility already available in the Grand Committee. If a consensus does begin to emerge around the idea of establishing a body under some form of Parliamentary

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procedure the right way forward would then be to invite the Lord
President, perhaps accompanied by an NIO Minister, to meet
Mr Molyneaux to examine the issues in more detail. We would provide
a draft letter to go to Mr Newton, copied to the Chief Whip. It
would then be for Mr Newton to consult the other parties, including
the SDLP. Given their resistance to the Northern Ireland Affairs
Select Committee it would be surprising if they simply signed up to
the proposal without demur.

(Signed)

D BROOKER
OAB Ext 6591

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