

E.R.

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CONFIDENTIAL

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(Handwritten initials in a blue circle) (13)

NOTE OF A MEETING ON 27 JUNE 1984 WITH MR MOLYNEAUX

Mr Molyneaux began by suggesting that difficulties remained in persuading the SDLP to participate in the Assembly. He thought that the recent European election campaign had increased sectarian tensions. However, he had received a message from Mr John Hume during the campaign that Mr Hume would like to talk at some stage.

The Secretary of State said that he thought both the SDLP and DUP were now more ready to talk and encouraged Mr Molyneaux to participate in such low profile discussion. He added that he thought the SDLP might not rule out the conversion of the Assembly into an upper tier of local government, with perhaps some additional powers; provided that at the same time some form of power sharing - not necessarily using the previous model - could be introduced, together with some degree of Irish dimension.

Mr Molyneaux said that his Party would not necessarily be sticking to the letter of their document 'The Way Forward'. The document had sought to create an improved atmosphere and to outline proposals for discussion among the parties. It would be for the Government to decide whether whatever was agreed by the parties would be likely to command general acceptance, and also to work out the detailed implications. Mr Molyneaux added that 'The Way Forward' had received support from many quarters, although it had been repudiated by some Unionists in the west of Northern Ireland.

Mr Molyneaux said that he had been appalled by the atmosphere in the Assembly, which he now found more openly sectarian. The DUP was at loggerheads with the Alliance. If participation in the Assembly were too big a step for the SDLP to take, Mr Molyneaux wondered whether something less than the Assembly might provide a way forward.

The Secretary of State commented that, while the format of the Assembly was not sacrosanct, he thought Northern Ireland did need its own institution and that the Assembly should be allowed time to settle down. Mr Molyneaux said that he would not suggest in the debate on 2 July on the Forum Report that the Assembly should be brought to an end, or that it had already been proved a failure. His Party would try to make progress in the Assembly, but he was disappointed with the way in which the Report Committee was failing to make progress: this he thought was because of a lack of readiness to tackle the question whether any kind of power sharing could be allowed. He repeated that, if that question was too difficult, it might be necessary to start institutional change at a lower level: evidently meaning at local authority level.

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Mr Molyneaux commented that it was now ten months to the local government elections in Northern Ireland. By September, potential candidates would be deciding whether they wished to stand, and would be bound to be affected in this by their perception of the scope and powers of local authorities. If people of the right calibre were to be attracted, it was important that they should be given some sign that the powers of local authorities might be extended. An early announcement of that kind could also, in Mr Molyneaux's view, have a calming effect on the community. He was not looking for any kind of early commitment, but it would be helpful if the Government could announce that it was prepared at least to examine the possibility of extending the powers of local authorities.

The Secretary of State commented that an announcement of this kind might not be very helpful generally unless it could be combined with some indication, particularly to the SDLP, that any extended powers for local authorities would be accompanied by increased power for the central authority in Northern Ireland. The symbolic significance of local authority affairs for the SDLP had to be acknowledged. It was therefore important to make slow progress on all fronts. Mr Molyneaux added that he thought extension of local authority powers might be acceptable to the SDLP if they could be given guarantees that their interests would be safeguarded - perhaps by providing a right of reference to the Secretary of State. As to the Assembly, Mr Molyneaux would have preferred the Report Committee to make better progress. The Official Unionist Party had kept a low profile since rejoining the Assembly because it deliberately wished to avoid unseemly rows which would weaken the authority of the Assembly.

The Secretary of State said that he greatly appreciated the work of the Assembly's Committees. He wondered whether their role might be extended, with the introduction of safeguards through some form of blocking mechanism. Mr Molyneaux commented that a variety of such mechanisms were certainly possible, and had indeed been agreed by the Unionists parties in the 1975 Constitutional Convention. He would not, however, wish now to confront the DUP or Alliance with proposals for cut and dried solutions. Mr Molyneaux suggested that the Secretary of State might like to bring the parties together to promote dialogue; the Secretary of State commented that he thought that at this stage informal and low profile discussion among the parties was to be preferred, and that both Mr Hume and Dr Paisley had showed a preference for this.

The Secretary of State said that the worrying trends in the economy made it even more important than ever to make some progress on political arrangements in Northern Ireland.

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It was difficult, and liable to become more difficult, to sustain expenditure in Northern Ireland on the present scale. This led Mr Molyneux to express regret at the necessity for quarterly debates on Northern Ireland Appropriation Orders which, he thought, were unfortunate in highlighting the financial arrangements for the Province with such frequency. The Secretary of State commented that he doubted whether any early change could be made on that. In any case, close scrutiny by the Treasury and Cabinet colleagues was bound to continue. This led to a discussion of whether the previous Northern Ireland Parliament had had revenue raising powers and, if so, in what form. Mr Molyneux's recollection was that the Northern Ireland Parliament and Government had in reality had no such power, certainly not to any significant degree. There had been differentials on estate and death duties.

In conclusion, Mr Molyneux asked what the Secretary of State might be saying in his speech on 2 July. Mr Molyneux thought it would be helpful in keeping up some kind of momentum if the Secretary of State could indicate that he was prepared to consider various steps, but it might be harmful to announce a set initiative. The Secretary of State explained that he would probably announce that the Government was prepared to undertake a wide range of consultations, but that these consultations would not make any major progress before September. That left a period in which the political parties in Northern Ireland could consult informally with each other. The Secretary of State emphasised to Mr Molyneux that the views and suggestions he would be advancing in the debate would be those endorsed and fully supported by the Cabinet and by the Prime Minister personally.

*Alford*

G K SANDIFORD  
Private Secretary

27 June 1984

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