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FROM: BILL JEFFREY
Political Director
28 October 1998
BJ/MR/545

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16/11

PS/SECRETARY OF STATE(L&B) cc See distribution list

MEETING WITH MR TRIMBLE AND MR MALLON ON 27 OCTOBER 1998

The Secretary of State and Mr Murphy met David Trimble and Seamus Mallon late yesterday afternoon for just over an hour.

2. After some friendly reminiscences about the US investment tour, the Secretary of State and Mr Murphy asked Mr Trimble and Mr Mallon how they thought things were going. The announcement in the Assembly the previous day had been extremely helpful. How did they see the discussions tomorrow working out in practice? Did they intend to have further meetings in the same format?

3. Trimble said that they would follow the same pattern tomorrow as on the earlier occasion, with a round table discussion for those who were prepared to join in, and separate bilaterals (perhaps a trilateral) for the DUP, the UKUP and the Independent Unionists. They would take Ministerial portfolios in the morning and North/South co-operation in the afternoon. The Secretary of State asked if it was possible that conclusions would be reached in either of these areas. Mallon said that he thought it unlikely that this would be possible at the first meeting, but they should get a good read on where the parties stood on the main issues. Decisions were certainly needed quickly on North/South, and there might have to be another meeting afterwards. The requirement on North/South was to agree not only six implementation bodies but a further six areas for co-operation. Trimble said that in each case the figure could, in the end, be more than six. The first meeting tomorrow might clear the ground, but could not hope to be conclusive, if only because they did not yet know the

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definitive Irish position. There was a welter of material on North/South which had now been lodged in the Assembly library. But it was of variable quality. He had been disappointed, both on this and on Departments, that the assessments offered did not provide more analysis and advice on what would actually be a good or a bad idea. I said that I thought that in the particular context there may have been some reticence about going beyond the technical and appearing to offer political judgements. Trimble acknowledged that, but said he had still been disappointed. Mallon said that, in fairness, very little time had been provided for the most recent assessments. At the end of the day, it would be a political call.

4. In a discussion of how to bring in the Irish, Trimble said that he had envisaged an early meeting involving him, Mallon, the Irish Government and ourselves plus some others. Exactly how to handle the involvement of others was a delicate issue which needed to be explored further. It would be important for such a meeting to take place next week. Mallon asked whether a meeting on Monday would be feasible, before everyone departed for the Assembly visit to Brussels which would consume most of the rest of the week. Trimble did not dissent. It would depend on how much progress was made tomorrow, and on thought which would need to be given to the shape of an event with the Irish. It would be important that they should be represented by someone who had the authority to take decisions. Mr Murphy said that he had been due to have a routine meeting with Trimble and Mallon on Monday afternoon about the budget and the CSR, in advance of the planned Assembly debate the following week. But it was more important to be seen to make progress of North/South. Trimble agreed. The budget debate could be postponed. Someone should speak to Alderdice and explain this to him. The Secretary of State said that she would strongly support a Monday morning meeting with the Irish if it could be arranged. We would do all we could to help in the gap between tomorrow's discussion and the beginning of next week.

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5. I asked whether the First and Deputy First Ministers expected to go into tomorrow's discussion with a broadly understood common view between themselves about the main issues. Mallon said they had not yet reached such a position, although he had a pretty good sense of what the main parties wanted. Trimble agreed. He would want to use tomorrow's meeting to probe what others thought. Sinn Féin had, for example, been pressing for a North/South body on the Irish language, but it was by no means clear what such a body would do. On Departmental portfolios, the main questions he would want to explore were the precise role of the Office of the First and Deputy First Ministers and the deployment of Junior Ministers. The first of these was the most important outstanding issue, because it was the building block on which everything else depended. He saw the central office having an important role in supporting him and Mallon in strategic resource matters, in their capacity as initiators of the budget, without necessarily assigning the full range of traditional Treasury functions to the Centre and doing without a Department of Finance, but had not yet seen the analytical work on which a judgement could be based. Mallon agreed on the importance of getting the centre right. In the papers he had seen, there had been a tendency to bung everything which could not easily be allocated elsewhere into the centre. The Secretary of State asked how many Departments there were likely to be. Trimble did not answer the question directly, saying simply that that would come down to political horse-trading.

6. The Secretary of State said that in her view it would be best for us to stand back from tomorrow's meeting and leave Trimble and Mallon to make as much progress as they could. But it would be useful if we could stand by on Friday so that any detailed thinking that needed to be done after tomorrow's meeting could be followed up quickly and the First and Deputy First Ministers advised before any meeting with the Irish on Monday. Mallon said that he would have no objection to officials attending tomorrow's meetings. Trimble concurred, at least in relation to North/South bodies, although he seemed to have more doubt about Ministerial portfolios. He and Mallon needed to give

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more thought to the shape of the one-day event. He agreed that some visible progress needed to be made next week, so there was not a hiatus when everyone was in Brussels.

7. The Secretary of State asked how things stood on staffing. Trimble said that they were better than before. Mallon agreed, although he was still waiting for his own equivalent of David Lavery. He would like more work done on the shape of the centre. It would be useful if David Ferguson and Paul Sweeney could get together with his and Trimble's offices on this. Trimble reverted to his point about the central structure on financial strategy. He had had two and a half pages on this from DFP, but it was written too much from their own particular perspective. Mallon said that the other priority was the preparation of the programme of government. Trimble agreed. This was not something that could be done on the back of an envelope. The Secretary of State said that she was anxious to help in any way she could on this. If Trimble and Mallon's offices could formulate the questions, John Semple and his colleagues could work up options.

8. Two other more specific points to note:

⇒ Trimble said that there was a real problem in getting decisions through Committees. As a result of the way in which we had framed the interim Standing Orders, small parties were over-represented. He agreed with me, however, that it would be unduly controversial to go back on this at this stage, and that the approach envisaged for after the transfer of powers was more satisfactory from his point of view;

⇒ In a brief discussion of Belfast Harbour, Trimble said that his concerns were not on the principle of the sale, but arose from the fact that, in the absence of an open market mechanism, there seemed a risk that the assets would be sold too cheaply and to the wrong people. Mallon appeared to share his concern.

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9. It was left that we would be suitable represented at tomorrow's meetings (the Secretary of State has since asked if someone could be there who could take a minute); that I would speak to the Irish and David Lavery about planning for a discussion with the Irish on Monday; and that, with others, I would ensure that arrangements were in hand on Friday to follow up key points to emerge tomorrow. I will minute separately about this later in the day.

Comment:

10. A business-like meeting. Trimble and Mallon were reasonably, though not completely, at ease with other. The overriding impression was the sheer pressure of events on both of them, and the difficulty they were finding in **thinking** their way through the detailed administrative issues that have to be addressed, both on North/South and Departmental portfolios, while managing an awkward political situation. Decommissioning was never mentioned.

(Signed)

BILL JEFFREY
11 Millbank ☎ 6447

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