

CONFIDENTIAL

CCPC



NORTHERN IRELAND OFFICE
WHITEHALL
LONDON SW1A 2AZ

SECRETARY OF STATE
FOR
NORTHERN IRELAND

The Rt Hon John MacGregor OBE MP
Chief Secretary to the Treasury
Treasury Chambers
Parliament Street
LONDON
SW1P 3AG

CDP
113

11th March 1986

Dear Chief Secretary,

NORTHERN IRELAND: AN INTERNATIONAL FUND

Thank you for your letter of 25 February in reply to mine of 11 February.

I fear that there has been some misunderstanding. I was certainly not suggesting that we should presume to bind our successors, which we clearly could not do. That should not, however, prevent our establishing the arrangements on a proper basis.

Nor was I suggesting that the formula-based Block arrangements should be kept intact for all time or that Government resources should take the place of Fund monies when these were exhausted. On the former point, I was dealing with the period during which resources are available from the Fund. On the latter, I was stating my firm view that the consequences of the withdrawal in due course of Fund monies should not be compounded by a reduction in ordinary Block resources as well, but I was content to leave it to our successors to settle that issue.

I hope that the removal of these misunderstandings brings us closer together. It will not be sufficient to say to the Americans that the projects which we propose to undertake with Fund money would not have been undertaken without it, if at the same time there is a worsening in the basis on which ordinary Block resources are determined. The Americans would simply not put their money into Northern Ireland if the Government were reducing its own support. They would not be convinced that Northern Ireland funds were not substituting for national resources. Both the Administration and powerful Congressional interests have already indicated that this is

CONFIDENTIAL

/.....

CONFIDENTIAL

unacceptable. Indeed one of the points my officials have to address in Washington this week (and will of course resist) is the question of a contribution to the Fund from the United Kingdom and Irish Governments.

I am afraid therefore that, if we want to accept this money for the wider political advantages which it brings, we must also realistically accept that the Donors intend it to be superimposed in Northern Ireland's existing budgetary arrangements. If we are not prepared to see that happen, we would need to make that clear now in order to avoid future charges of duplicity.

I doubt, however, if there is in fact very much now between us and I hope that we can resolve this issue now on the basis I have suggested.

I am copying this letter to the Prime Minister, Members of OD(I) and Sir Robert Armstrong.

Yours Sincerely
Edward
(Private Secretary)

for^{T K}
(Approved by the Secretary of State
and signed in his absence in Belfast)

CONFIDENTIAL

Ireland

SITLATION

PP20

