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From: THE PRIVATE SECRETARY



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Dear John

VISIT OF THE NEW ZEALAND PRIME MINISTER TO NORTHERN IRELAND

My Secretary of State gave dinner to the New Zealand Prime Minister, Mr Bolger, on Friday night at Hillsborough. Before dinner the Prime Minister and the Secretary of State spent an hour and a quarter discussing the present situation in Northern Ireland. The Prime Minister was accompanied by Mr Simon Murdoch, Head of the New Zealand Prime Minister and Cabinet Office.

My Secretary of State gave Mr Bolger a candid account of the political development process. He remained hopeful that it would be possible to get back into talks once the District Council elections on 19 May were over but realistically there was not going to be real progress before then, even though it were not yet prudent to say so publicly. Mr Bolger said that the Taoiseach had told him exactly the same in Dublin.

As to the eventual prospects the Secretary of State said that he was hopeful but not optimistic. The arrival of Mr Spring, who understood Northern Ireland well and had just made a very positive and thoughtful speech, was welcome. Nevertheless, the Unionists were in a very fragile mood. They feared that Dublin and the SDLP would always hold out for more than they were able to concede.

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The Secretary of State said that the Unionists might well be proved right in believing that a comprehensive settlement was too ambitious at this stage. Temperamentally he had a lot of sympathy with the argument for a step by step, case law type of approach rather than attempting to reflect great principles from the outset in the institutions which were established. But even a partial settlement had to have a North/South dimension: it was not going to be acceptable to Dublin or the Nationalists merely to go for internal change within Northern Ireland.

There was a general discussion of the scope for action outside the political field to help diminish sectarian attitudes. The New Zealand Prime Minister expressed particular interest in progress with integrated education and in the scope for using sport to help break barriers down.

Mr Bolger spoke very positively of his impressions from having visited parts of Belfast earlier in the day. He had come with images of the Falls Road in the 1970s and had found something very different. A lot of the new housing development compared very favourably indeed with what could be found in New Zealand's cities. In general he thought that "Northern Ireland was in better shape than it had been for years". It might just be that the moment would come in a few months' time when London, Dublin and Belfast would at last be able to reach a pragmatic and wide-ranging solution.

The Secretary of State thanked Mr Bolger for the welcome support of New Zealand for the International Fund for Ireland. Mr Bolger said that some eyebrows had been raised in New Zealand over the need for the money. But it was very much an investment in hope for the future and from his visit on both sides of the border he had been extremely impressed by the sort of projects which he had seen. As a Catholic from a County Wexford family he saw an historic inevitability in the achievement of a united Ireland. But all that

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could be done in the short and medium term was to plug away slowly, steadily and patiently at the work of reconciliation.

A copy of this letter goes to Roderic Lyne and to Melanie Leach.

Yours sincerely
W R Fittall

W R FITTALL
Private Secretary

SUMMARY
1. DAIL ABANDONED UNTIL 5 JANUARY WITHOUT APPOINTING A NEW GOVERNMENT. PROPOSING THE GOVERNMENT, THE TROISEACH SAID HE COULD NOT GIVE AN ASSURANCE THAT NEGOTIATIONS WITH LABOUR WOULD BE COMPLETED BY THEN.
2. THE NEGOTIATIONS BETWEEN FIANNA FAIL AND LABOUR ARE TO BREAK OFF TOMORROW AND RESUME ON 30 DECEMBER. WHILE GOOD PROGRESS HAS BEEN MADE ON SOCIAL ISSUES, NEGOTIATIONS ON THE MORE DIFFICULT BUDGETARY ISSUES HAVE ONLY JUST BEGUN. LABOUR ARE EXPECTED TO DRIVE A HARD BARGAIN OVER PORTFOLIOS, SEEKING PERHAPS SIX CABINET SEATS AS WELL AS THE JOB OF ATTORNEY GENERAL. NEVERTHELESS, A FIANNA FAIL/LABOUR COALITION UNDER REYNOLDS NOW LOOKS VIRTUALLY CERTAIN. LABOUR ARE COMMITTED TO HOLDING A SPECIAL DELEGATE CONFERENCE TO ENDORSE ANY COALITION AGREEMENT. THOUGH THIS COULD BE HELD ON 3 JANUARY, 10 JANUARY IS NOW MORE LIKELY, WITH DAIL APPROVAL OF A NEW GOVERNMENT LATER THAT WEEK.
3. ON 21 DECEMBER SPRING GAVE EVIDENCE TO THE DAIL TRIBUNAL. HE ADMITTED THAT SOME OF THE ALLEGATIONS HE HAD MADE IN THE DAIL AGAINST GODDARD AND FIANNA FAIL HAD BEEN EITHER FALSE OR UNFOUNDED, AND REPEATED HIS REFUSAL TO REVEAL HIS SOURCES. BUT HE AVOIDED FURTHER CRITICISM OF FIANNA FAIL OR REYNOLDS PERSONALLY. THE TRIBUNAL HAS NOW ADJOURNED UNTIL 12 JANUARY, PENDING THE OUTCOME OF THE ATTORNEY GENERAL'S CHALLENGE TO THE TRIBUNAL RULING THAT DEPUTIES ARE ENTITLED TO PARLIAMANTARY