

**CONFIDENTIAL**

*Folder / Thanks. See note - no conviction / prejudice  
are clear P1. refused  
as you propose. 27.7.*

*See letter  
ant.  
File  
29/7.*

**From: JOHN HOLMES**

**Date: 25 July 1996**

**PRIME MINISTER**

**cc: Mr Oakden**

(4)

**NORTHERN IRELAND: FUTURE POLICY OPTIONS**

... The NIO paper I commissioned is useful and interesting, if not necessarily encouraging. ✓

In general, it is difficult not to agree with Paddy Mayhew's view that if the present process collapses, it will be difficult to find something viable to replace it. It is obviously particularly difficult to strike out in a new direction in the present Parliamentary situation, with relatively little time left before the election. ✓

Of the options presented:

- (iii) - either stepping up or effectively ditching Anglo-Irish cooperation - holds no attractions in my view; ✓
- (v) - pursuing a settlement via a referendum over the heads of the parties - is politically out of the question. The Unionists and your backbenchers would never wear it; ✓
- none of the other three options is very attractive on its own. But a combination of the best elements of each might be worked up into an attractive package. ✓

**CONFIDENTIAL**



CONFIDENTIAL

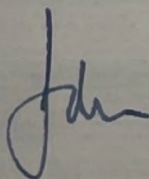
- 2 -

What I have in mind is a policy package which would include:

- more powers to local government and some kind of greater involvement in direct rule for local politicians. This seems to me fundamental, whichever way we go; / Yes
- a further effort to reassure Nationalists about their place in Northern Ireland through a Bill of Rights, a tribunal on marches etc, and perhaps some RUC change (but not including obvious red rags to the Unionist bull); ✓
- a balanced attempt to move forward on constitutional reform, as set out in option (iv). ✓

There is obviously no need for decisions on any of this now. The immediate question is what further work on options might usefully be done over the holiday period. Any thoughts?

Content for me to respond to the NIO roughly on the lines above and ask them to work up some of the elements I have sketched out?



25 July 1996

f\future.eam

CONFIDENTIAL