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Bearing in mind the complex, fraught and prolonged exercise of persuading the constitutional political parties to agree to talks, our first concern in framing an economic policy for the purposes of the talks must be to formulate a policy which avoids, so far as it is possible or practical, all areas of financial policy which would be divisive and would hinder or delay the parties agreeing to the broad first principles for a devolved government or administration in Northern Ireland. With this end in mind and remembering the old adage that politics is the art of the possible, it seems to me that the following percepts should inform all our Economic Policy:-

- a. The avoidance of all fiscal or monetary policy which could give rise to sectarian dissension or argument.
- b. Avoidance of policies which might prejudice or reduce the block allocation to Northern Ireland by pointing to our own ability to raise revenue internally for Northern Ireland projects, ie additional housing, educational or industrial needs.
- c. Avoidance of policies which would draw criticism from one side or the other for unpopular financial decisions for which the United Kingdom government now take the disapprobation.
- d. Avoid policies which could lead to uneven or unequal spending as between the communities, for all the obvious reasons.
- e. Avoid policies which would allow too much of the block allocation of funds to be expended on any one aspect of administration however laudable, i.e. housing, education, creche facilities, social fund, advance factories, to the detriment or other important areas of expenditure.
- f. Avoid untried policies, such as local income tax, as there would be nobody to bail us out if we made a disastrous miscalculation like the community charge or poll tax. With our very limited budget we cannot afford to be innovative. As somebody, I think very rightly said "Never be the first to try a new idea or the last to praise it".
- g. Avoid policy which would be expensive to administer or monitor or which would create new bureaucracies.
- h. Avoid policies which would tend to alienate this province from the rest of the UK and which might lead to a majority of UK citizens pressing to have other arrangements made for our future i.e. Irish Unification.

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  - 14 be best kept in parity with our European partners
  - 15 in EC and particularly in UK. Too great a burden
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  - 17 The degree of flexibility would have to be confined to within the fields for which the money was allocated or budgeted ie education, housing, etc. not between them.
  - 18 No reform of the social fund would be possible without reducing funds in some other area like education, tourism, environment etc. which would lead to imbalance and create a dangerous and divisive precedent.
  - This is probably the most dangerous and potentially divisive provision in this policy document for reasons which must be painfully obvious, ie if demands were made for over-spending on public housing, the social fund, etc. or indeed other sectional interests. Demands to spend money on some madcap scheme like DeLorean might be on the cards again for political reasons.
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