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From: JOHN HOLMES
Date: 11 September 1996

PRIME MINISTER

NORTHERN IRELAND

Elsewhere in the Box is a bundle of papers on the Hume/Adams Initiative. You might like also an update on developments in the talks.

Yesterday was a day of relative optimism. Constructive meetings continued between the UUP and SDLP, and between ourselves and the various parties, and the Irish Government and the various parties, including the UUP. In particular, there were signs that the UUP had shifted their position on decommissioning, in a more realistic direction. They seemed ready to accept the kind of procedural way forward we had hoped.

These developments have not disappeared, but have been over-shadowed today by rapidly developing arguments about who has infringed the Mitchell Principles. You will recall that this began with a DUP complaint against the Loyalist parties, because of the death threat to Billy Wright. The DUP and the Loyalists all presented their case to the Plenary yesterday morning. The general view was that the Loyalists won the debate hands down.

The two Governments concluded today, without too much difficulty, that the Loyalist parties had <u>not</u> significantly infringed the Mitchell Principles and that therefore no action to expel them from the talks was justified. So far so good - and the signs are that the DUP will not in the end walk out as a result.

However, the Alliance have now taken up the running with Alderdice insisting

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on bringing a formal complaint against the DUP and UUP over Drumcree.

This may provoke counter charges by the UUP against a member of the SDLP (Durkan) for statements he made at the time, and possibly charges by the SDLP against McCrae, of the DUP, for sharing a platform with Billy Wright!

This is all extremely messy and unhelpful. As I understand it the Plenary has now been formally adjourned until Monday (when it is hoped Mitchell will be back). Much of the problem seems to be that Alderdice feels aggrieved because the two Governments are, in his view, pandering to the extremes on both sides, and taking no notice of the centre (ie him).

Paddy Mayhew was feeling very gloomy about these developments last night and suggesting that he wanted to talk to you. But he has not pressed this further today and seems to be less worried now. He will presumably say something to Cabinet about all this in the morning.

Meanwhile, Bruton has been making optimistic noises in Washington about a new IRA ceasefire. But these do not seem to have any basis, other than wishful thinking (and, perhaps, his background knowledge of the Hume/Adams Initiative).

JOHN HOLMES

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[F\Ireland.MRM]