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TUE 24 DEC 96 15:03

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To: ROB ARDRAK DIA
Date: 24 December 1996

PRIME MINISTER

NORTHERN IRELAND UPDATE

+ file no 27xx

I had a word with Paddy Mayhew this afternoon when I called him before the Christmas break.

There has still been no official British admission to the old Falls Rd. bombing. Equally, the Loyalist position has not been clarified. The best betting is that it was LULP but there is no proof at all yet. It is likely to have been a one-off. There is no indication of a continued bombing in the offing.

Paddy Mayhew was out yesterday visiting the group in Lurgan. He said there was a great deal of evidence of continued IRA activity in Lurgan, even if - thank goodness - this has not yet been translated into successful attacks. The security forces are obviously taking the situation very seriously; in so far as they can.

Paddy also did a series of press interviews which he did not彷彿. He condemned the car bombing by the IRA against the Cheshire Hospital and made clear that those who carried out this insidious attack should be persecuted equally. He did not want to precipitate a new conflict by offering the car bombing. But there was a procedure in the old process for enabling the continuance of a party to participate in the talks; it was then for the Government to decide whether or not this party had breached the Mitchell principles.

CONFIDENTIAL

PM COMMS-NO 10 COMMS ROOM.

TUE 24 DEC 96 15:03

PG.64

CONFIDENTIAL

- 2 -

Some of the press are playing this up this morning as Mayhew saying that the Loyalists will be excluded. But he was simply delivering a warning. We have no interest in forcing the issue at this point - and could not, when responsibility is in any case so unclear. Even if the UVF were responsible, it does not seem to indicate an overall end to the Loyalist offensive.

Incidentally, your letter to Nigel Dodds over the weekend got widespread coverage in the local media, and a favourable reaction. The PDCI consider that Dodds (a former Lord Mayor of Belfast) is a more widely popular and less divisive figure than eg Paisley, and the much-generated "Whispering sympathy" for him. He was shown on television reading your letter with the words over his shoulder so that your "Dear Nigel... from your fellow Lord Mayor" were clearly visible.

Ahern, meanwhile, has been thoughtful again. He strongly condemned both the IRA and the Loyalists for the weekend violence. The IRA need not expect new Governments in London or Dublin to be in a position "even if they so wish" to pick up the pieces and "re-start the Republican movement", from the long-term consequences of violence. But he went on to criticise strongly the British Government: the press release demonstrated sharply the political inadequacy of its handling of the peace process. His failure to allow Sinn Fein to participate in talks of the violence, or indeed as a real betrayal of earlier statesmanship, on which injury will not reflect kindly.

I told Paddy Mayhew that we had concluded here yesterday, without consulting you, that you should not get involved with anything the Taoiseach, Ahern yourself, but there was no reason for Mayhew or Veronica Sutherland to be similarly restrained (Robert Cranborne might also have a go at him). Paddy Mayhew agreed and will take action accordingly.

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PM, COMMS-NO 10 COMMS ROOM.

TUE 24 DEC 96 15:04

PG.65

CONFIDENTIAL

- 3 -

Whether we shall get through the Christmas period entirely without further paramilitary violence remains to be seen. Paddy Mayhew's renewed confirmation yesterday of increased IRA activity against the security forces gives continuing cause for concern. But the general mood over the weekend that we were back at the brink of a civil war, despite the continued violence seem, as so often, over-drawn.

The real problem is that the talks report - which many people seem to be baulk until the election. There is a growing perception among many people of a vacuum. The problem is how to move from one to the other by default as the political parties eschew compromise and continue their electoral attack from the extremes on the right.

We need to think in the New Year. It is probably now best to attack this. There may be a case for addressing the issue of how to recognise these growing perceptions, but explaining why they cannot be allowed to prosper, and why it is so essential for the majority of Northern Irelanders to be maintained. The alternative is a stalled process and more room for the paramilitaries. Is that what the people of Northern Ireland really want?

(Signed)

EDWARD OAKDEN
24 December 1996

[EOU/Update name]

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