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TUE 24 DEC 96 15:03

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Thank.

4/20.12

From: FORD AND GORDON

Date: 24 December 1996

PRIME MINISTER

NORTHERN IRELAND UPDATE

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I had a word with Paddy Mayhew this morning to check what images were before the Christmas break.

There has still been no official report on the car bombing on Monday. Equally, the Loyalist press has not yet said it was the heavy betting is that it was Loyalist but there is no word yet. It seems likely to have been a one-off. There is no indication of a sustained campaign in the offing.

Paddy Mayhew was out yesterday morning the drop in Loughrath. He said there was a great deal of evidence of sustained IRA activity, especially even if - thank goodness - this has not yet been translated into sustained attacks. The security forces are obviously taking the necessary precautions insofar as they can.

Paddy also did a series of press interviews which covered the car bombing. He condemned the car bombing and the IRA role in the Chatterbox Hospital and made clear that those involved in the attack would be treated equally. He did not want to anticipate who was responsible for the car bombing. But there was a pause here in the talks process for enabling the continuance of a party to be asked in the talks; it was then for the Government to decide whether or not this party had breached the Mitchell principles.

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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 UFF were responsible, it does not seem to indicate an overall end to the Loyalist campaign. ✓

Incidentally, your letter to Nigel Dodds over the weekend got widespread coverage in the local media, and a favourable reaction. The NIO comments that Dodds (a former Lord Mayor of Belfast) is a more widely popular and less divisive figure than eg Paisley, and the attack generated widespread sympathy for him. He was shown on television reading your letter with the camera over his shoulder so that your "Dear Nigel... I am, ever John Major" were clearly visible. ✓

Ahern, meanwhile, has been mounting it 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 "reverse the Republican movement" from the long-term consequences of violence. But he went on to criticise strongly the British Government: the present Senate demonstrated sharply the political inadequacy of its handling of the peace process. Then further to allow Sinn Fein to participate in talks at the weekend was a real betrayal of earlier statesmanship, on which history will not reflect kindly. ✓

I told Paddy Mayhew that we had concluded here yesterday, without consulting you, that you should not get drawn into another discussion with Ahern yourself, but there was no reason for Mayhew or Veronica Gutherland 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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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 past week's events over the weekend that we were back at the brink of a descent into the full-scale paramilitary violence seem, as so often, over-done.

The real problem is that the talks process is increasingly seen to be in baulk until the election. There is a growing perception in many areas of a vacuum. The problem is how to keep the process alive during this by default, as the political parties eschew compromise in order to secure their electoral attack from the extremists on the right.

We need to think in the New Year - it is probably now best to stick this. There may be a case for addressing the growing perceptions, but explaining why they should be allowed to prosper and why it is so essential for the momentum of the talks process 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?

(over)

EDWARD OAKDEN

24 December 1996

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