

CONFIDENTIAL

FAXED

File

To Prime Minister  
in 10 cycles  
(via Concorde)  
11/1/98

From: John Holmes  
Date: 1 January 1998

**PRIME MINISTER****NORTHERN IRELAND**

The situation is deteriorating, and Mo needs help. After a couple of days of relative calm, there were further extreme loyalist retaliation attacks last night (New Year's Eve) on a Catholic bar and the house of a Catholic resident in a Protestant area. One man was killed and several injured by machine gun fire in the bar attack. Further attacks may follow in the next two or three days, either from the loyalists or the republicans (INLA).

The latest attacks have again been claimed by the LVF (Billy Wright's group), who have made it clear that this is not the end. The danger of other groups being sucked in remains high.

Meanwhile the UUP have continued to criticise Mo and the NIO very severely over the Maze attack on Wright and the lax way the Maze is run. They are calling for a more independent review of the Maze than Mo has so far offered – she has announced a rapid review by the Chief Prisons Inspector, Sir David Ramsbotham, and various extra steps meanwhile, such as regular searches. She had a very difficult meeting with the UUP on 31 December when they told her for 2½ hours in the nastiest possible way that the Unionist community would not stand for any more, that her handling of events was inadequate, and that she needed to create some confidence very soon.

Trimble contacted me separately on 29 December to say that the issue of confidence in Mo was getting worse, and to ask for an early meeting with you, eg on 6 January.

CONFIDENTIAL



**CONFIDENTIAL**

- 2 -

to discuss the way forward. He did not say he was going to ask you to sack Mo, but there was a bit of flavour of that.

The only positive development has been an apparently good meeting between the UUP and the Irish on 30 December, when they had useful and positive exchanges on North-South issues and constitutional change.

The fact is that we are fast approaching a situation where the UUP may demand Mo's head as the price for their staying in the talks. Rightly or wrongly (mostly wrongly), they have no confidence in her and have convinced themselves that she is concerned only to appease the nationalists and is trying to push the Unionists out of the talks.

Mo has two specific policy proposals:

- (i) she wants to announce tomorrow (2 January) that you will be asking all the party leaders to a meeting early next week (eg on 6 or 7 January) to discuss the situation in the talks and on the security front. This would show you taking a lead and would give the parties something to cling to, to help hold the situation. She thinks the fact of such a meeting would be very helpful in itself, but acknowledges that we also need to know in advance what will come out of it. The risk is that the UUP might not come to a meeting with Sinn Fein there too, particularly if security is explicitly on the agenda. So you would need to be clear in advance that Trimble would come.
- (ii) She is debating the merits of a more independent review of the Maze, possibly to take a radical look at the options to bring it back under

**CONFIDENTIAL**



## CONFIDENTIAL

- 3 -

control. She has talked to Derry about this today and Lord Lloyd could do it. The downside is that the recommendations might be unpalatable and might come out at a very difficult time in the talks. But she thinks – and I agree – that if we do not offer Trimble something, the UUP may even walk out of the talks, and would certainly redouble their calls for her resignation.

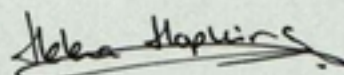
More widely, Mo believes – and I agree – that we will need to speed up the talks radically and show we are doing so. We have to conclude them by March or early April to avoid a referendum during the marching season. Alderdice and others have called for the talks to restart next week. Mo (and the Irish) think this is unnecessary, but she plans to be available in Stormont to see any parties who want to see her.

As you can see this is a difficult and tense situation. It could still pass over without real damage to the talks, but I think we need to show ourselves active on both the talks and security fronts.

I suggest you ring Mo via Switch first thing tomorrow morning (e.g. 0830 our time). You will probably then need to speak to Trimble, especially if you agree with Mo's idea of you chairing a meeting of all the parties early next week. Looking forward to next week, I think you need to meet Mo and others to go through the issues on Monday 5 January, despite your return in the middle of the night, to give you time for meetings with the parties on 6 or 7 January before the Commission day and your departure for Japan.

Feel free to ring me tonight or tomorrow morning before you speak to Mo.

JOHN HOLMES

PP 

q:\docs\foreign\ireland ecl.doc

CONFIDENTIAL