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MEETING WITH MR LILLIS: 4 SEPTEMBER 1986

1. Mr Lillis came to see me at his request yesterday. He was aware that PUS was away on leave, but anxious to continue the practice of a periodic discussion about the developing political and other context here, so that he could be well-informed in any discussions with Ministers and colleagues in Dublin. He made it clear that he expected to be involved this weekend in wide-ranging discussions which Ministers are undertaking about the way ahead.
2. Somewhat to my surprise, he did not seek to raise any of the matters on which I knew he had been making recent specific representations - including the date of the next Conference; the remarks made by the Secretary of State about cross-border security; or the way in which our Equal Opportunity proposals are to be handled. Moreover, the dialogue seemed to me to be friendly and constructive throughout.
3. At his request I gave him an impression of the situation in Northern Ireland as we currently saw it. It could not be said that this gave tremendous grounds for optimism. On the plus side, we had got through the "marching season" in pretty good order, and there were one or two encouraging signs of unionist politicians coming closer to reality, as evidenced by the recent remarks of Peter Smith and the decision of OUP Councillors in North Down to resume Council business. But alongside these more encouraging signs there were discouraging and worrying developments. Elsewhere in local government, there were attempts being made to tighten the screw, in an obvious effort to draw government more permanently into the management of services. There was every reason to believe that the DUP, the Ulster Clubs and others were preparing some

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nasty surprise for us between now and the anniversary of the Agreement; one could not be sure what form this would take at the moment. The economic situation was giving rise to grave concern. A prolonged state of political deadlock was bound to be bad for the economy; and yet there was every appearance that none of the parties would want to make an unforced move this side of the forthcoming Irish and British general elections, in the hope (very probably vain) that the cards dealt by the electorate would be more favourable from their specific point of view. In the midst of all of this, a pretty substantial slice of so-called "moderate opinion" on the Protestant side was becoming increasingly demoralised. Such people were concerned about the failure of the politicians to offer anything constructive, wanted some kind of movement out of the bog, but were not at all sure how to go about it. Then there was security. Clearly a lot of useful work had been going on as between the RUC and the Gardai and in the quadripartite meetings. Certain specific things had been done, and there had been some successes which had certainly been appreciated on our side. But we could not close our eyes to the unpleasant fact that the widespread perception in large areas of the community was that the security situation, almost a year into the operation of the Agreement, was no better and indeed in some respects worse, having regard in particular to the ruthless and worrying tactics of intimidation of contractors and others which were now being used. Opinion here would not be reassured by the production of fat reports, but by results in terms of real inroads into terrorist capability and morale.

4. Mr Lillis commented that he thought neither the Irish nor the British Government had been making the best use of public relations. On their own side, they had almost certainly failed to make enough of the specific actions taken and the specific successes achieved against the IRA. It was clearly very important that everyone should understand that they meant business here. He felt that on our side we had remained in too defensive a posture, simply picking up one by one all the rather absurd allegations and misrepresentations made in opposition to the Agreement. In reply to this,

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I said that I knew this was a matter to which the Secretary of State attached very great importance. One had to accept, though, that much of what Ministers said was dismissed by a lot of unionist opinion as simply propaganda. It would be very important to have some positive things said by local people, and this was not impossible, although those who had lifted their heads above the parapet had not been given a great deal of encouragement. Mr Lillis asked if there was anything that they could do to begin to break down the frozen position which now seemed likely to persist until the British General Election. To this I said that I hoped very much the Irish would encourage John Hume to respond really positively to any constructive idea for internal discussion in Northern Ireland. While he saw himself as having made genuine offers of a willingness to talk, people in the other parties - and not just in the unionist parties - felt that he was reluctant to convert these general expressions into real discussion. Both the British and Irish Governments were committed in principle to devolution, and although it would undoubtedly be very difficult to move to that point in a single step, it was difficult to see how any movement could be made at all if no internal dialogue within Northern Ireland were to take place.

K.P. O'Leary

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