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*Mr. Lenihan
This file in
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10.12.80*
*Mr. Lenihan
Taoiseach and we should indicate for both
to D/Enery the degree of interest shown
by U.P.M. and the East West interview for*
Confidential
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Meeting between the Taoiseach and the British Prime Minister
Dublin Castle, 8th December 1980

The Minister for Foreign Affairs, Mr. Brian Lenihan T.D., the Minister for Finance, Mr. Michael O'Kennedy T.D., Lord Carrington, the Chancellor of the Exchequer, Sir Geoffrey Howe M.P. and the Secretary of State for Northern Ireland, Mr. Humphrey Atkins M.P. met without officials for somewhat over an hour. When officials joined the meeting the Minister for Foreign Affairs explained that the five Ministers had had a wide-ranging discussion dealing with international political issues, economic matters of concern to both countries and with Northern Ireland to a lesser extent.

The Taoiseach and Prime Minister joined the meeting at that stage. The Taoiseach welcomed the distinguished delegation which had come on the British side. He was extremely pleased at the calibre and high level of the people attending on the British delegation. He said that the Prime Minister and he had had a very useful dialogue and exchange of views. On most but not all issues they had been in agreement. He thought that the communiqué which was being prepared would be very constructive.

The Prime Minister said that it was nice to be in Dublin on a bilateral basis. She had brought a top level delegation for her first visit to Dublin in this context. She felt that the regular meetings which they had agreed to hold should be held on an alternate basis in London and Dublin. The Minister for Foreign Affairs explained that the five Ministers had met and had had a useful exchange of views on the issues mentioned above.

The Prime Minister wondered in what way progress could be made on the joint studies which were proposed. The Secretary of State said that there were a number of areas where both sides shared common interests. He mentioned in this regard cross-border studies and co-operation. In some areas we were in competition. In this regard the Secretary of State referred to our success in attracting foreign investment. The Secretary of State hoped that

the economic policies of both Governments would be pursued in a manner that would help rather than hinder each other. The Taoiseach said that a major aspect was the need to combat violence and to continue our joint efforts in this regard. The costs of our efforts in relation to security were a major burden and were much more severe for us than for the British Government. There was satisfaction on both sides at the level of cross-border security co-operation. The Taoiseach hoped that the Secretary of State's statement on the H-Blocks would lead to a solution. If no solution was reached events could seriously interfere with our security efforts. He hoped that the statement provided a basis for a solution.

The Prime Minister said that when she saw the statement prepared by the Secretary of State she was amazed at the number of rights and privileges which the prisoners already had. She thought that they had probably not been outlined in any one document before. She felt that it was best to come to the decision to publish this statement. They had taken a certain amount of "stick" for this. She felt that they had not got an adequate response to the statement particularly from the Churches. The British Government was not prepared to go any further. Political status would not be granted nor would political status be granted "under another name". Any solution to the situation must be on a humanitarian basis. She hoped that the full significance of the statement could be explained to the prisoners. Perhaps there could be some consultation between the two sides on how this could best be done. Violence is a negation of democracy and could not be tolerated.

The Prime Minister then raised the question of how we would commission joint studies. In this regard she said that the Secretary of State for Northern Ireland and the Minister for Foreign Affairs could perhaps consult on this aspect. The Prime Minister referred to the creation of specific enterprise zones in parts of Northern Ireland and Belfast. This idea had come to them from looking at developments in the Republic and the system of tax incentives which we had available. In relation to energy matters there were major problems. The Prime Minister noted that we were

using large quantities of oil to produce electricity. The British produced oil was extremely dear whereas in the United States oil and gas were sold quite cheaply. The U.S. then exports its produce to Europe and undercuts British and European industry. She felt that Count d'Avignon should be asked to take a look at this problem.

The Taoiseach said that he hoped that the British side could give a direct personal political impetus to the cross-border studies and their implementation. A feasibility study was required for the proposed east-west electricity interconnector between Wales and Wexford. He hoped that this study could be proceeded with at an early date.

The Secretary of State said that the immediate problem related to the North/South interconnector. Several attempts had been made to bring it back into working order but criminal elements had stopped this. The Prime Minister remarked that trains could run from Dublin to Belfast and could the interconnector not be restored. The Taoiseach agreed that efforts should be made if at all possible to restore the interconnector. Looking however at the long-term electricity situation in a realistic way we were very interested in an east-west interconnector. The cost of establishing this interconnector would be relatively high and the Taoiseach hoped that the costs would be borne on a shared basis. The Prime Minister asked what the position was on the British side in relation to this. Sir Kenneth Stowe said that an Interconnector Working Party was meeting on this issue. The IWP arose out of consultations in the energy sub-group of the Anglo-Irish Economic Steering Group and further progress could be made in this area through the deliberations of the IWP. The Prime Minister agreed that this should be done, otherwise the cost of electricity at peak periods would be enc

The Taoiseach referred to the cross-border studies mentioning Derry/Donegal and the Erne Catchment area in particular and saying that he had met delegations from these areas recently. He said that speaking frankly it had been made clear to him by the local people concerned that while they were satisfied with progress on our side

they were not satisfied in relation to the northern side. The Secretary of State said that he was not aware of any dissatisfaction and that things had been happening in relation to Derry/Donegal. In relation to the Erne, consultations were continuing and they were trying to do their best. The Taoiseach said that he was more concerned that without getting into detail a high level political impetus should be given to these studies. The Minister for Finance said that there were four studies in all and referred to the fact that the Non-Quota Section of the ERDF had now been approved and that a special fund had been set up on our side to implement the programme. The Secretary of State, while agreeing to put his impetus behind these studies, referred to public expenditure cuts and the problems that this led to in relation to funding. The Taoiseach said that an indication should be given that the political will was there to go ahead with these studies and their implementation. The Prime Minister agreed. The Secretary of State said that the Anglo-Irish Economic Steering Group was of value in this regard and that perhaps there could be some Ministerial input as this group was normally composed of civil servants only. The Taoiseach agreed that this was a good idea.

The Taoiseach said that at his meeting earlier with the Prime Minister he had outlined the major importance of agriculture to the Irish economy and consequently the importance of the Common Agricultural Policy to us. We should co-ordinate our efforts as much as possible in relation to discussions on the CAP. The Taoiseach stressed that agriculture was not important for us just in relation to the standard of living of farmers but was vitally important to the whole Irish economy. He said that the Prime Minister had given him an indication of the way in which it was hoped that the British economy would develop. Economic developments in Britain were of crucial importance to us because of the strong influence developments there had on the Irish economy.

The Prime Minister referred to the recent discussion at the European Council and said that the discussions held in private were in fact bleaker than had been reported. If oil prices go up all of the Community countries will have further unemployment problems. It

was worrying that although an upturn in the western economies was in sight it was not expected to be a long-lasting one. The Prime Minister said that the Taoiseach and she were not wholly in agreement on this question. The Prime Minister felt that unemployment would not come down until inflation was brought under control.

The Prime Minister said that she was closely following the U.S. situation. If the U.S. does not come out of the recession the rest of the western countries will be in trouble.

In relation to the voting rights question the Taoiseach said that we were waiting for the British Nationality Bill. It would be necessary for the purpose of our legislation to know the definition that would be given to a British citizen. The Taoiseach was anxious to give reciprocity for British citizens resident in Ireland. The Taoiseach also said that he and the Prime Minister had discussed EPC matters and our membership of the Security Council. The Prime Minister remarked that the Taoiseach had also enquired about British views on Poland and called upon Lord Carrington to speak.

Lord Carrington referred to the communiqué issued by the Warsaw Pact and said that it should be taken at face value. He felt that there had been a relaxation of tension and that this was confirmed by Mr. Brezhnev's visit to India. He said that the U.S. was very concerned but he did not know what information they based this extreme concern upon. He did not think armed intervention was likely at present. Lord Carrington however took a gloomy view of the future situation. Solidarity was getting some concessions but this in turn was feeding its appetite for more concessions. If Walesa cannot control ^{the movement} / (in Lord Carrington's estimation he won't) more political demands will be made on the Polish Government and they will not keep giving in. Lord Carrington said that he had spoken recently to Dr. Pahr, the Austrian Foreign Minister, who was of the view that on Christmas morning the Polish Government would round up the leaders of Solidarity at a time when it would be difficult for the workers to organise. Mr. Pahr felt that in these circumstances and without its leadership Solidarity would break up and the protest would disappear. Lord Carrington was sceptical that this would happen. The Solidarity movement had a tremendous

and all-pervasive grip on the Polish people. Most people in the street wore a Solidarity button. It is very difficult for the Polish Government to control Solidarity. Lord Carrington felt that the west should continue to give economic help to Poland in present circumstances. The Taoiseach said that a lot of money was outstanding in relation to several members of the Community. Lord Carrington confirmed that France, the FRG and the UK had similar large loans outstanding. Lord Carrington felt that it was significant that of the new people brought into the Polish leadership one of them, General Moczar, was a strong man but was also regarded as a great nationalist. Lord Carrington felt that he might be the new strong leader of Poland in circumstances where Kania cannot control the situation. The Prime Minister said that in the circumstances where a Russian invasion takes place it was important that SECCO meets quickly as well as the Community countries and NATO. Lord Carrington said that he had met the Dutch Foreign Minister, van Der Klaauw, yesterday and he ^{also} had felt that an immediate meeting of the Ten and NATO would be required in the event of an invasion. Finally, Lord Carrington referred to voting at the U.N. on the question of enlargement of SECCO. The Minister for Foreign Affairs said that the Irish and British positions were similar. Lord Carrington expressed his pleasure that the Community countries had reached a common position.

The Taoiseach said that there were two drafts in circulation for an agreed communiqué. It was agreed that officials would work on the drafts over the luncheon period. The meeting ended at this point.

The plenary meeting resumed briefly at 3.50 p.m. to consider the draft communiqué. After some minor changes agreement was reached on the communiqué and the Prime Minister's party departed shortly afterwards.

c.c. PSM
PSS
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60 December 1980