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Report of meeting between the Taoiseach and Friends of Ireland delegation, 31 May, 1982.

1. The Taoiseach met a delegation from the Friends of Ireland Group in Government Buildings on Monday, 31st May, 1982. The Group included Congressman Thomas Foley, Senator Christopher Dodd, Congressman Charles Dougherty, Congressman James Shannon and the Counsel to Speaker O'Neill, Mr. Kirk O'Donnell. The full list of those present is annexed. (Annex 1).

2. The Taoiseach, in welcoming the delegation, referred to the great importance which he attached to the concept of the Friends and to the building up of contacts and friendships between the Oireachtas and Congress. The visit would be of great benefit in getting this process under way. The end product was to get the Friends concept fully developed and chart how it would go from here. He would be glad to exchange views and information with the delegation on a number of world issues. As regards the Northern Ireland problem, he would be glad to have the assistance of the Friends group in achieving progress towards a solution. The Taoiseach expressed his warm feelings for the group and hoped that their visit, which involved meetings with all parties and contacts across the entire political spectrum, would be rewarding and useful from their point of view.

3. Congressman Foley thanked the Taoiseach for his warm welcome. He said that the Group had already visited Belfast where they had a meeting with Lord Gowrie who discussed with them the Northern Ireland Secretary of State's initiative. They had also met Church leaders such as Bishop Eames and Dr. Weir. They had met Mr. Harold McCusker, M.P. and had dinner with representatives of the S.D.L.P., O.U.P. and Alliance Parties with whom they had had a spirited discussion on the

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Prior proposals. They had visited John Hume in Derry where they had seen at first hand the pitiful sights of bombed-out buildings. They had also met a number of families of the victims of terrorism perpetrated by illegal loyalist groups. While in Derry they had also met Bishop Mehaffy. An appointment with Bishop Daly had to be cancelled because of his attendance at ceremonies in London in connection with the visit there of Pope John Paul.

4. Congressman Foley said the group were here primarily at the invitation of the Ceann Comhairle, Dr. John O'Connell, T.D. They would be very pleased to respond to any requests which the Taoiseach might like to put to them.

5. The Taoiseach said he was enthusiastic about the whole idea of the establishment of the Friends group from the beginning. He recognised that there was an enormous amount of friendship and goodwill available to Ireland in the U.S. political world. It was his view that those feelings had never been "organised" or properly structured. A good deal of goodwill had been directed into channels which were not helpful to Ireland such as in the collection of money and arms for the I.R.A. Perhaps this had been largely a fault of ours in that we have never offered the Americans an alternative which they could clearly support. We would have to construct a coherent forward-looking policy capable of support in the U.S. Political representatives in Congress should, the Taoiseach envisaged, be able to identify with those policies. The Taoiseach recalled that he had recently met a delegation from the A.O.H. As an organisation, the A.O.H. had been ambivalent. However he had found that they were only too anxious to support constructive things. In particular he instanced their offer of support for a campaign to promote Irish exports. The

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Taoiseach recognised that goodwill such as this was there but that it was not an easy task to harness it. The scene was somewhat disparate.

6. In this regard the Taoiseach said he wished to be absolutely fair. He recognised that it would be easy to seek to have the Friends relate solely to the Government here. He recalled that early last year he had arranged for a delegation from the Fianna Fail, Fine Gael and Labour Parties to visit Washington to establish direct contact with those members of the U.S. Congress who were then engaged in the establishment of the Friends of Ireland group. The approach to the Friends group had been on an all-party basis and the Government were not trying to monopolise this relationship. At the same time the Friends group would have to rely on the Government as regards the mechanisms of the link. On the U.S. side the Friends group were a bipartisan organisation, while on the Irish side, the approach would probably be on a quadrapartite basis. This was the philosophy behind the current visit where the Ceann Comhairle was primarily the host.

7. The Taoiseach added that he would like to have considered how the relationship with the Friends group could be further developed. He would like to see Ministers and members of the opposition here travelling to the United States to address groups in Congress and elsewhere. Contacts such as there would give an opportunity to the Irish side to outline their objectives and to keep in close touch with the United States.

8. Congressman Foley said he would like to hear what the current problems were. It had been useful for the Group to have met Church and political leaders in Northern Ireland. There had been criticism in the United States that they, as a

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group, only meet a limited selection of contacts. Following an exchange of information on the then current position as regards the Falklandssituation, Congressman Foley said that one of the things that had surprised him in regard to the initiative on Northern Ireland was the adamant refusal of the Unionists and the S.D.L.P. to consider a positive step. The initiative had been described by all sides as unworkable and ill-advised. As he saw it, the Secretary of State would have great difficulty in pushing his Bill through Westminster. If the Bill did not pass, the Secretary of State would "sit in an uncomfortable position".

9. The Taoiseach in response said that the Irish Government had to have regard to the actual situation rather than to the career of any Secretary of State. The Irish Government completely deplored the whole initiative for a number of reasons. An initiative brought forward solely in a Northern Ireland context could not succeed. Mr. Prior had had a minimum of consultation with successive Irish Governments. This displayed a lack of judgement on his part. The British and Irish Governments had embarked on a whole new process of Anglo-Irish relations at the Summit meeting held in Dublin in December, 1980. The Government had sought to obtain a solution to the Northern Ireland problem through that process. The process however had been ignored by the Secretary of State and this was totally unacceptable from our point of view - in fact the Secretary of State had merely told the Minister for Foreign Affairs what he was going to do in advance of publication of the initiative. The Anglo-Irish process and the need for consultation should be a two-way process. This was also the attitude of the previous Government led by Dr. FitzGerald. The whole initiative had been misconceived: it was a negative proposal processed entirely different from the way in which we saw the Anglo-Irish process operating.

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10. The Taoiseach added that, apart from the considerations already mentioned, his Government really believed that the proposals brought forward by the Secretary of State were unworkable. He referred in particular to the concept of cross-community support and to how this might work. The current Secretary of State was accepted as fair-minded but what might be the situation in relation to others in the future?. A plan which included provisions for devolving powers at one stage and taking them back at another was not a practical proposition. The only party in favour of the initiative were the Alliance Party who enjoyed little support from the electorate. The S.D.L.P. for their part were trapped by these proposals and he blamed the Secretary of State for this. The S.D.L.P. as a political party would have to participate in the political process. As a political party opposed to those who would seek to bring about a solution by force, it was difficult to refuse to participate in elections. Such participation in turn meant that the S.D.L.P. would be forced to give tacit approval to the initiative.

II. Congressman Foley enquired whether the Secretary of State would be able to push his Bill through Westminster. In response, the Taoiseach said it was difficult to give a precise answer. The Secretary, Department of Foreign Affairs, added that it might not be possible for the Secretary of State to have the legislation enacted in time for October elections. The Taoiseach, continuing, acknowledged that it was not enough for us to be negative about the Prior proposal. In his view Northern Ireland had failed as a political entity. Any plan to solve the Northern Ireland problem within the framework of Northern Ireland itself would fail. A solution could only be found between Dublin and London. This thesis had been outlined at the Dublin Summit in December 1980. There had been criticism that this approach involved going

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over the heads of the Unionists. To meet this point, he was keen on establishing a three-part parliamentary tier which would consist of representatives from Dublin, Westminster and Northern Ireland. In that way, all parties would have an opportunity of making an input. The proposal for such a tier, however, had been downgraded. Indeed the Prior initiative had bypassed the whole Anglo-Irish process and the concept of a parliamentary tier. It had been said that it would not be possible to have such a tier until an election for an Assembly was first held in Northern Ireland. He dismissed this argument however as a debating point. For the present, it would not be possible to make progress in the matter of improving Anglo-Irish relations until the Falklands situation was resolved. The Irish Government, for their part, would have wished to see the Northern Ireland situation being developed through the Anglo-Irish process, in particular through the development of the Parliamentary tier.

I2. Senator Dodd enquired whether there was any linkage between the Falklands and Northern Ireland situations. As regards the former, the British position had been that sovereignty should be determined on the basis of the will of the majority of the people living on the Falkland Islands. The current position was that the will of the majority was no longer exclusive. He presumed that this change in position did not go unnoticed here. As he understood the British position in regard to Northern Ireland, it was that any change in the constitutional status of the North would require the consent of the majority of the people of Northern Ireland.

I3. The Taoiseach said that we were watching the position in relation to the Falkland Islands situation closely. British thinking appeared to be that these islands were theirs, that they must throw out the invader by force and then see that

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the islands remained British territory forever. If the British had continued along the path of their previous approach to the Falklands, the situation could have ultimately evolved in a different way. He would be interested to learn of the thinking of the US State Department on the Falklands situation. In relation to the US involvement in the crisis, there had come a point where the US had ceased its efforts at mediation and had come out on the side of Britain. It appeared to him that from then on the British went all out for a military approach to the problem. Senator Dodd said that this had been the subject of much debate in the United States.

I4. The Taoiseach, continuing, said that the British approach now appeared to be that they were going to take military action to compel the Argentines to come to the conference table. Traditionally, our line has been that you cannot bomb people to come to the conference table.

I5. Senator Dodd said that pressure to change the American approach to the problem did not come from Congress. As he saw it it was a reaction from NATO allies in Europe. The criticism had been made in the past that, if and when, an ally was in distress the US would look after its own interests first.

I6. Congressman Foley added that the British Government had appreciated the Haig initiative. However, at a certain point they indicated that they were about to break off negotiations and engage in a military attack. The US then decided that they might as well make a statement announcing that the US was concluding its mediation effort. Military help had

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then been offered to Britain, including missiles. He added that he was aware that the US Ambassador at the UN had been keen on rapprochement with the Argentines.

17. The Taoiseach said that without any animosity to Britain, his view was that the British "have an enormous capacity to see things through their own eyes". The British had negotiated their way into the European Community on two occasions and yet they were unhappy with their situation in the Community. In relation to the Community Budget, they were currently looking for a refund and presented their case as a problem for the other Member States rather than themselves. They were always totally convinced of the rectitude of their case.

18. Senator Dodd said that 2 weeks prior to the Falklands crisis blowing up, the US Secretary of State had payed a goodwill visit to the Argentine. On his return he had privately described the Generals as thugs. As a general rule the US Government's attitude to Latin American administrations was that as long as they were anti-communist they were acceptable. He speculated that because the Cubans were ready to offer assistance to Argentina this may have had something to do with the change of stance on the part of the US in regard to the Falklands situation. The Taoiseach noted that there had been a great precipitation in the change of position. Congressman Foley agreed that the US Government change of attitude had been abrupt. It would be difficult for the US to pursue mediation without pro-forma neutrality. The change in position was, in his view, now costing the US a lot of goodwill in Latin America. The issue was getting more and more complex. It had, he said, been suggested that two factors unite people in Latin America - language and mistrust of the US!

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19. Congressman Shannon expressed the view that the US would have to "pay the price for British intransigence". The Taoiseach felt that the British were causing a lot of problems for a lot of their friends, there would be a lot of "fallout" from all of this.

20. Congressman Dougherty asked what effect the Falklands situation had on Anglo-Irish relations. The Taoiseach replied that every time we had a difference of opinion with Britain Anglo-Irish relations reached a new "all time low" - whatever that meant in reality. Certainly the British were disillusioned with us at present. We went along with sanctions in support of diplomatic efforts and of the United Nations attempt to secure a peaceful solution. Once the British began an allout military effort, we had no alternative but to withdraw our support for sanctions. Consequently, we were not in great favour with the British Government or people at present. Congressman Dougherty suggested that perhaps we would be in a good position to negotiate with the Argentines at a later stage. The Taoiseach accepted this point.

21. The Taoiseach asked the delegation for information on their current budgetary situation. Congressman Foley said that the Senate had already adopted a budget which provided for a deficit of 11.6 billion dollars, which was the largest ever. Management savings of 11-12 billion dollars had been suggested as had a 5% holding tax on stock dividends. The Secretary of the Treasury had campaigned successfully against such a tax 2 years ago when he was a leading stock dealer. Last week various budgetary proposals had been put to Congress all of which had been defeated - 7 alternatives in all. This was both a major and minor disaster. He expressed the hope that the House Budget Committee could get together later this week and try and sort something out.

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Both parties in Congress were split as to what to do. In his view it would be necessary to move to the right to get a budget passed. Some kind of coalition deal was needed. If the Democrats had won the tax battle last year the President "would be showering us with mortar attacks" at this stage. Senator Dodd expressed the view that Congress was being held accountable in circumstances where it could not be the beneficiary. Congressman Dougherty added that the approach of the Republicans was in the main conservative as regards their approach to public expenditure, while the Democrats were inclined to be more liberal. In the end he thought that the President was in a better position to win than the Democratic Party.

22. Continuing, Congressman Foley said that the first main budgetary resolution should have been passed already. If Congress went into recess without a budget it would be accused of being inept, inefficient, ineffective etc. Congress was a collective generally speaking. They would be putting the President on the high ground if they did not pass a budget within a reasonable period. Budget deficits were going to reach shocking levels if something was not done. The agreed deficit levels for the 1982/83 fiscal year amounted to 182 billion dollars. For 1983/84 and 85/86 the figures would read 216 billion and 245 billion dollars respectively. /These figures relate to "unavoidable" expenditure/.

23. Congressman Foley also said that the deficits incurred by the last three Presidents when taken together were about equal to these kind of figures. He expressed the view that interest rates would tend to rise in the third and fourth quarters in the current year. As regards current deficits, the figure envisaged "if everything goes well" was 110 billion dollars. The advice from the Treasury

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was that this deficit should be of the order of 90 billion dollars only and that an increase in this figure could possibly lead to "minor financial panic". Referring to the long-term bond market, which went out of control in the Spring of 1980 he felt that this could happen again. It was likely that the Federal Reserve would not regard whatever budget would be agreed as acceptable and that interest rates would go up.

24. Senator Dodd said that the Federal Government would have to borrow 75% of the funds available. What would be left for the private sector would have to be paid for at interest rates in the region of 20 - 25%. Congressman Foley added that the budget could well be the dominant issue in this year's Congressional election. Congressman Dougherty stated that there was a degree of polarisation between those in Congress who advocated a balanced budget with cuts in services on the one hand and those who wished to make an assault on tax cuts on the other. The Taoiseach remarked that the tax cuts did not seem to have achieved their desired effect. Congressman Shannon agreed. Congressman Foley referred again to the uncertainty in relation to interest rates. There was an assumption that inflation would be of the order of 6%. Short-term interest rates would reflect this and would settle at about 4% above the inflation rate. On the expenditure side payments to individuals - medi-care and social security - were the real problem. What was cut on domestic spending was lost because of increases in defence expenditure. In addition, increases in social security had been advocated. Unemployment was costing 100 to 125 billion dollars and this was at 10% unemployment rates. Congressman Shannon referred to the dichotomy between the existence of the recession on the one hand and calls for increases in taxation which people felt was necessary. The Taoiseach in response said that all economic theories were going by the board. There was a need for a new economic theory.

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25. Congressman Foley felt that Congress needed a more restrictive mechanism for considering the budget. 58 amendments had been put forward, some of which he described as corrosive. It had been suggested that military spending should be cut and social welfare spending increased. There had been considerable cross-voting in the House. There was what was described as "the grannies versus the submarines argument".

26. Reverting to Northern Ireland, Senator Dodd said that the Taoiseach's support for the bipartisan approach of the Friends Group was greatly appreciated. The Friends had shown that there was an alternative to Biaggi's ad hoc committee in Congress. "We have our opponents who would like to see this effort fail" he said. He would like to have the Taoiseach's thoughts on broadening the base of the Friends' Group to include business and labour interests etc. Secondly, there were two specific issues he wished to raise - plastic bullets and the thorny question of the attitude to adopt towards the UDA. He wondered whether the Friends Group should get involved in issues such as these.

27. The Taoiseach said that as regards the plastic bullets issue, he was of the view that it was not possible to be silent on something that was a major issue. At the same time there was a need to avoid getting caught up in the minutiae of events in Northern Ireland. The plastic bullets issue had been raised in the European Parliament and it would seem appropriate that the Friends Group should have a stance on this. In this and on other matters he would hope that the Friends Group would adopt an approach broadly supportive of the Government. As regards the major issue of expanding the Friends Organisation, while this was primarily a matter for the Group themselves, he felt that it might be preferable to consolidate their Parliamentary base initially. Congressman Foley agreed with this view. Continuing, the

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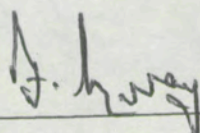
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Taoiseach expressed the hope that the Friends would become as comprehensive as possible in Congress. He would hope that the Friends Group would become the organisation in Congress interested in Irish affairs. As regards the overall approach in the United States the Taoiseach felt that there was no real benefit to be derived from telling people not to do certain things. It was necessary to be positive. In that context the Government here totally condemned violently oriented organisations. It was necessary to woo people to support positive policies. The Government wanted to be closely aligned with the Friends' Group but they did not wish to monopolise the relationship between the Friends and the Oireachtas. He was anxious to preserve the bipartisan inter-Parliamentary approach which had been followed up to now.

28. In conclusion, Congressman Foley thanked the Taoiseach on behalf of the Friends Group for receiving them and for the valuable exchange of views which they had. He and his colleagues looked forward to meeting the Taoiseach on the social occasions arranged as part of the programme for the visit.

29. A draft press release (annexed) was agreed.



2nd June, 1982.

c.c. ✓ Secretary to the Government
✓ Mr. W. Kirwan
✓ Dr. M. Mansergh
✓ Secretary, Department of Foreign Affairs
✓ Mr. D. Neligan, " " " "
✓ Ms. M. Hennessy, " " " "
✓ Mr. J. Sharkey.

List of persons present at meeting with Friends of
Ireland Group at Government Buildings, Monday,
31 May, 1982.

Taoiseach,
Secretary to the Government,
Secretary, Department of
Foreign Affairs,
Mr. D. Neligan, Assistant
Secretary, Department of
Foreign Affairs,
Dr. M. Mansergh, Special Adviser
on Northern Ireland affairs,
Mr. F. Murray, Department of the
Taoiseach,
Mr. J. Sharkey, Counsellor,
Embassy of Ireland, Washington,
Ms. Margaret Hennessy, Department
of Foreign Affairs.

Senator Christopher Dodd,
Representative Thomas Foley,
Representative Charles Dougherty,
Representative James Shannon,
Mr. Kirk O'Donnell, Counsel to
Speaker O'Neill, and his
representative on visit,
Mr. Werner Brandt, Legislative
Assistant to Rep. Foley,
Mr. Tobias Seggerman, aide to
Senator Dodd.