

NATIONAL ARCHIVES

IRELAND



Reference Code:	2007/116/749
Creation Date(s):	September 1977
Extent and medium:	18 pages
Creator(s):	Department of the Taoiseach
Access Conditions:	Open
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MEETING BETWEEN THE TAOISEACH, MR. LYNCH
AND THE BRITISH PRIME MINISTER, MR. CALLAGHAN,
ON THE 28th SEPTEMBER, 1977.

General Introductory Note

The meeting was initiated by the Taoiseach following the election on 16th June, 1977, when he indicated that he would welcome an opportunity of meeting the British Prime Minister.

At the meeting, the Taoiseach will be accompanied by the Minister for Foreign Affairs. The Prime Minister will be accompanied by the Secretary of State for Northern Ireland, Mr. Mason, and a Minister of State at the Foreign Office, Mr. Frank Judd, who has ministerial responsibility for the EEC.

There were six meetings between the former Taoiseach and British Prime Ministers between March, 1973 and March, 1976. Normally, the Taoiseach and the Prime Minister speak together for up to half an hour or so in private conversation, each being accompanied by one official only. When this initial meeting is over, the full meeting with all Ministers and officials present, follows.

At present, the British are looking at the meeting as an exchange of views and do not expect firm decisions. They say it will provide an opportunity for the Taoiseach and Prime Minister to meet each other formally and discuss a wide range of questions of common interest to the two countries. At present, it looks as if these will be:

1. NORTHERN IRELAND

(1) Political issues

(a) Irish and British policy on Northern Ireland

(2) Economic issues

(a) Measures to encourage North/South co-operation

(3) Security issues

(a) Co-operation

(b) Meeting between Minister for Justice and Mr. Mason

(c) Emergency Powers Act

(d) Activities on border

2. THE EUROPEAN ECONOMIC COMMUNITY

(1) European Councils

(2) The attitude of Ireland and the United Kingdom to the
Community generally

(3) Enlargement

(4) The Common Agricultural Policy

(5) Direct Elections

(6) Fisheries

(7) Article 131 and Budget Contributions

(8) JET (?)

3. BILATERAL MATTERS

(1) General economic issues

(2) Arbitration on the continental shelf.

1. NORTHERN IRELAND

(1) Political and economic issues

This will probably be the predominant theme at the meeting. A major consideration for the British Prime Minister must be his position in Parliament, at present, where the Labour Party is in a minority of two. The Government can, therefore, only survive

with the support of other parties. This is the reason for Mr. Callaghan's pact with the Liberals. It is the reason also for what is widely believed to be his understanding with the ten Loyalist M.P.s in Westminster that, in return, at the minimum, for their abstention in vital divisions in the Commons, the British Government will -

- (1) work towards a devolved Government in Northern Ireland;
- (2) improve security there; and
- (3) consider an increase in Northern Ireland representation in Westminster from its present level of twelve to seventeen or eighteen.

[This agreement or understanding has been denied by British Government sources - most recently by Mr. Mason who in his anniversary speech on 13th September said -

"The Government made no secret pacts with anyone. I will say specifically that HMG has not made any pact, or secret deal, with Unionists in Westminster. I say that quite deliberately and quite honestly."

Whether or not a specific agreement exists, there is much logic in Mr. Callaghan following the three guidelines, in pursuance of his basic objective of keeping his Government in power.]

The stated principles of British policy on Northern Ireland are -

First, Northern Ireland is a part of the United Kingdom and will not cease to be so without the consent of the majority of the people of Northern Ireland.

Second, that the British wish to achieve a system of devolved Government in the province which the majority of all parts of the Community can support and sustain.

There is nothing inconsistent between these state/principles and the three principles which may or not be the subject of a secret pact or understanding with the Unionists. However, in practice, British policy in Northern Ireland now, whether they wish it or not, is leading to a higher degree of integration with the United Kingdom generally. This flows from the absence of a local Parliament and the application of Direct Rule. The tendency will be accentuated by the conclusions of the Speaker's Conference which was set up in July, 1977 "to consider and make recommendations on the number of parliamentary constituencies that there should be in Northern Ireland". These conclusions are likely to result in or around the mid-1980s, in an increase in the number of Northern Ireland MPs in Westminster from twelve to seventeen or eighteen. With this sort of representation at Westminster, the question of a local Government in Stormont or elsewhere in Northern Ireland could become of less and less importance. A central issue in the Taoiseach's talks with the British Prime Minister would, therefore, seem to be, this integrationist tendency - and how committed the British are to the principle, as distinct from what is happening in practice.

The Government's policy on Northern Ireland is that the British Government should-

- (1) encourage the unity of Ireland by agreement, in independence and in a harmonious relationship between the two islands and to this end declare Britain's commitment to implement an ordered withdrawal from her involvement in the six counties of Northern Ireland;
- (2) enter into an agreement guaranteeing appropriate financial support for a specified period to enable that transition to take place smoothly in stable economic conditions;
- (3) promote, in the interim the development of political institutions which will ensure civil rights and equality for all the people of the six counties of Northern Ireland and ensure that security in the area operates impartially through acceptable structures; and

- (4) support the development of social, cultural and economic links between North and South through appropriate structures and institutions.

This policy of course runs directly counter to British policy, as it is now developing. The extent of the difference is illustrated by a quotation from the anniversary speech of the Secretary of State for Northern Ireland in Parliament Buildings, Stormont, on 13th September, 1977, when he said -

"The myth of British withdrawal is dead forever".

Precipitate British withdrawal, or even the announcement of withdrawal at a specific date in the future, could well cause Loyalist groups in Northern Ireland to consolidate their positions by driving members of the minority from their area, by arms or otherwise. The result could be violence on an even greater scale than at present. This is a danger which must always be guarded against in relation to the North.

A less dramatic scenario would involve action which would once again make the Loyalist groupings in Northern Ireland into a single cohesive force. At present, some groups want greater integration and more members at Westminster. Others want devolved government which is precisely the opposite. There is a strong view that it would be a pity to give these diverging groups something that they could all unite against.

However, there are compelling arguments in favour of an ordered withdrawal, in peaceful conditions.

First, there could be an end, either immediately, or after a time, to the violence, which has plagued Northern Ireland.¹ The tradition cannot be changed by short term changes - or in a purely local context. The latest outbreak of this violence (which is still continuing) has cost almost 2,000 people their lives and some 20,000 serious injuries. In British terms, this would be equivalent to more than 80,000 dead and 800,000 injured. We have been told on previous occasions that the British tolerate the casualties which they suffer in Northern Ireland more or less because the vast majority of the British public do not care much what happens in the North. They regard it as peripheral.

Apart from the suffering and disruption caused by violence, Northern Ireland is a considerable liability to the British Exchequer. The amount which that Exchequer contributes, over and above what it receives by way of receipts from Northern taxation, is now approaching £1,000m per year. On top of this, there is the continuing malaise in the Northern Ireland economy which even this massive pump priming cannot eliminate. And Northern violence is estimated to have cost the Irish Exchequer approximately £175m since it started in 1969. This figure includes an estimate of approximately £50m as the extra cost to the Irish Exchequer in 1977 of Gardai, prison administration, army personnel and compensation. The figures do not include any estimate of the economic cost of lost investments, tourism, etc.

Another way of putting it is that in Northern Ireland, at present,

¹There has been sectarian violence or riots in Belfast in 1812, 1835, 1841, 1843, 1852, 1857, 1864, 1872, 1880, 1884, 1886, 1898, 1907, 1909, 1912, 1919-22, 1935, 1957-1962 and 1969 to 1977.

there are more than 30,000 personnel employed in the security forces, including reservists, It is easy to imagine more useful employment for such a vast army of people.

It is, probably, in the area of economics that some of the counter-balance towards the present integrationist tendencies, in the political field, may well be found. Northern Ireland is crying out for new services and industry and for new developments in agriculture and tourism. Whatever one's wishes about economic development happening spontaneously, it is, in practice, most likely to come on any scale only when the present violence stops - when the people of the area can see the way forward through political action. This approach is explicit in the recent statement by President Carter.

It seems logical, therefore, that a considerable part of the meeting with Mr. Callaghan should be taken up with a full discussion of the Government's attitude to the British presence in Northern Ireland, and of ways and means in which cooperation between North and South can advance economic stability in Northern Ireland, and the entire island. Draft terms of reference for working group on North/South co-operations are in the brief.

2. Security

The essential points will probably be- (1) to rebut the case which is often heard that much of the violence of Northern Ireland originates in the Republic;

(2) deal with the feeling fostered some time ago particularly by British media, that the present Government is, in some way, soft on violence;

(3) give an indication (which will probably be sought) of the

Government's attitude to the continuance of the Emergency Powers Act, 1976;

(4) react to the suggestion that the Minister for Justice should meet the Secretary of State for Northern Ireland for discussions on security.

There will doubtless be a move to get reference to security included in any communique issued following the meeting.

On the origins of Northern violence - the number of cross-border incidents having their origin in the Republic, in 1976, totalled only 2% of the total number of terrorist incidents in Northern Ireland. The comparable percentage in 1975 was 3%. The figure so far this year, covering the period to 18th August is approximately 1.4%. These statistics are based on British returns to the Department of Foreign Affairs. In fact, cooperation between the Gardai and the RUC in counteracting terrorist offences is acknowledged in both forces to the excellent.

If it is found necessary, in any way, to counteract the impression of tolerance of violence, it would probably be worthwhile referring to the specific repudiation of evidence in the manifesto which states:

"We totally reject the use of force as a means of achieving this aim." (unity).

When in opposition, the present Government sponsored an amendment to a Dáil motion on Northern Ireland in February, 1974, as follows:-

"That Dáil Éireann.....
Recognises that the Irish people comprise different elements all of which contribute to Irish life and culture, and each of which has the right to pursue its legitimate aspirations.

Recalls the effort of successive Governments over the past 25 years to bring about a spirit of harmony, understanding and co-operation between these different elements in the interest of the common welfare,

Declares that the use or advocacy of violence to secure unity is abhorrent to it,

Re-affirms the inalienable right of the people of Ireland to a united Ireland,

Re-affirms their aspiration to achieve this by peaceful means and

Accepts that for practicable purposes this involves the agreement of the people in Northern Ireland."

These words are backed up by action.

Approximately $\frac{1}{3}$ of the total strength of the Garda Síochána is committed to border areas - a force in excess of 1,000 men in addition to substantial army assistance. In addition, the Fire Arms Act, 1971, the Explosives (Ammonium Nitrate and Sodium Chlorate) Order, 1972, the establishment of the Special Criminal Court on 30th May, 1972, and the Offences Against the State Legislation may be cited as evidence of the attitude of the administration towards the use of violence for political ends. Further, the increase in the members in the Garda Síochána - largely to deal with security - between 1969 and 1973, was larger than the increase in the four years since then.

2. EUROPEAN ECONOMIC COMMUNITY

(1) European Councils

Formerly, meetings of Heads of Government of the Community took place only at long intervals and for momentous occasions. The communique issued following the Paris Summit, in December, 1974, said -

"Recognising the need for an overall approach to the internal problems involved in the construction of Europe and the external problems facing Europe, the Heads of Government consider that there is a

the
need to ensure/development and overall
cohesion of the activities of the Communities
and the work on political co-operation.

The Heads of Government have therefore decided
to meet, accompanied by the Ministers for Foreign
Affairs, three times a year and whenever necessary,
as the Council of the Communities and in the
framework of political co-operation."

The first of these "European Councils", was held in Dublin, in
March, 1975. The practice has been that the Councils meet
in the capital of the country holding the presidency of the
Community, and in Brussels, on a total of three occasions in each
year.

A criticism of the procedure is that it is by no means certain
that issues of sufficient importance to be discussed at Head
of Government level will arise three times a year - or with the
regularity demanded by the institution of the European Council.
However, the Council meets, whether or not it has such issues
before it. The result can be that public expectation, built
up by the assembly of nine Heads of Government for a meeting, in
one place, extending over two days, is disappointed - and to an
extent, the idea of Europe suffers.

A second criticism is that the Council can, in practice, act as
a court of appeal from the Council of Ministers - thereby
encouraging the Council of Ministers to defer decisions instead
of taking them. ^{NP} [The procedures for recording decisions of the
European Council have, up to now, not been the best. Therefore,
the reference to it of complicated issues requiring expert advice
and recording has, on occasions, caused a great deal of
confusion. This fault may well be eliminated by the improvements
first proposed during the British Presidency which ended on 30th

June last. However, as far as we are concerned, the most serious criticisms of the idea of the European Councils is that they are not, as such, provided for in the Treaties establishing the European Communities. They could, therefore, easily become the vehicle for inter-governmental action on matters like foreign trade, which are within the competence of the Communities. In other words, the Councils could weaken the Commission and other institutions of the Community - the President of the Commission, is, theoretically, of the same status as a Prime Minister, but, in practice, he is definitely made to feel otherwise. The treatment of Mr. Jenkins at the Summit earlier this year of the major industrialised nations is an example of how this rule can operate in practice.

In favour of European Councils, it can be argued that the fact that the Heads of Government meet frequently is, in itself, of considerable use enabling them to exchange views and discuss matters of common concern informally, with a minimum of fuss.

(2) Attitudes to the Community

The British Presidency concluded on 30th June last. The general feeling in the Community was that British Ministers used their position ^{ag}gressively to foster British national interests - and at the same time damage the Community. This is in contrast with the methods of other countries which can foster national interests but leave the ^{general} Community interest, at the least, unharmed. Organisationally, the British Presidency was a success.

In general, there is a considerable body of opinion, particularly

among left-wing critics, which is antagonistic to British membership of the Community. This is basically because, in British eyes, membership is responsible for the increased food prices in recent years - and, by ^{inference} ~~influence~~, for unemployment. On the general question of further progress in the Community, Mr. Callaghan is on record as opposing economic and monetary union as being too theoretical a concept. He favours a pragmatic or step by step approach to the concept of union.

In summary, the British would probably favour the development of the Community in the direction of an industrial free trading/^{area} with national Governments supporting agriculture in what ever way they wished. This type of development would be utterly contrary to our interests.

(3) Enlargement

Greece, Portugal and Spain have applied or intend to apply for membership of the Communities. Article 237 of the Rome Treaty states -

"Any European State may apply to become a member of the Community. It shall address its application to the Council, which shall act unanimously after obtaining the opinion of the Commission."

Jurisdictionally therefore, the present applications are in order. Politically, they are also to be welcomed. The alternative could well be, as the Germany Foreign Minister said some time ago, applications to the Communist dominated Come Con. Membership of the Communities could well support the nascent democracies in these countries.

At the same time, the economic and administrative difficulties are enormous. It is unlikely that the funds contributed by the member countries to the Community budget will be increased proportionately to the needs of the three new applicants which are among the poorest countries in Europe. Therefore, the flow of aid to this country will, almost inevitably, suffer.

The three new applicants will give a southern emphasis to the Community, which it has hitherto lacked. This could mean, in effect, a change in the Common Agricultural Policy so as to benefit Mediterranean, rather than temperate, agriculture.

The Community is already stagnating - because of the lack of the political will among the member countries, and because of administrative inadequacy. The addition of three more member countries with different traditions and different cultures, will aggravate these difficulties. For example, a Commission of seventeen members as against thirteen at present, could well be unworkable. The addition of three new languages to the Community repertoire could create a new form of Babel. Each of thirteen countries seeking to maintain its own "vital national interest" could make decisive action by the Community impossible.

This country has expressed its concern formally on -

- (1) the necessity to increase the Community finances proportionately with the new liabilities if more countries join; and
- (2) the need to improve the procedures of the Community, if necessary, by using majority voting on many issues which are now determined by the unanimity rule.

The dangers to us of a directorate of the major countries have also been stressed.

(4) The Common Agricultural Policy

This is included, at the instance of the British, as an item for discussion. British concern is doubtless with the cost of the policy - which accounts for 60-70% of the total Community budget - and its effect on consumer prices, if fully applied. The answer to this is that the Community Budget is so small anyway - .6% of the GNP of member countries - that any worthwhile policy is bound to represent a considerable proportion of it - however exiguous the payments may be in absolute terms.

Our net receipts under the CAP are well in excess of £100m a year. As a result of the CAP, ^{the} British are gaining subsidies - estimated recently at £1m a day - for British consumers.

Our concern is with the policy as one of the foundation stones of the Community. The Common External Tariff binds the Community, industrially. The Common Agricultural Policy binds it agriculturally. Possible, the best stance for us at the meeting is to listen to British views while, at the same time, emphasising this country's major interest in the main features of the CAP as it stands at present. In particular, we should resist any attempt to change the nature of CAP aids from direct payments by the Community to or for producers to payments by way of a system of aids to efforts by national Governments to ^{help} their farmers.

Other questions which could be mentioned are -

- (1) the question of agricultural surpluses in milk, wine, meat etc;
- (2) access for New Zealand cheese and butter (negotiated at the European Council in Dublin in 1975);
- (3) the extension of the CAP to sheepmeat (to which British lamb imports from New Zealand are a major obstacle) and potatoes. We want this extension.

(5) Direct Elections

There is considerable hesitation in the U.K. on direct elections, mainly on the grounds that they will affect the sovereignty of the

British Parliament and confer greater powers to an alien institution. Here, the legislation must be through by the end of the year, if elections are to take place in May/June, 1978, as determined by the Community. The British may well be the only country in the Community unable to meet the commitment to direct elections at that time.

Mr. Callaghan also has strong views on the level of payment proposed for members of the Parliament.

(6) Fisheries

The Commission has undertaken to put forward in October proposals for-

- (1) various technical conservation measures applicable from 1st January, 1978;
- (2) measures in the socio-structural field;
- (3) the financing of expenditure arising out of controls;
- (4) the allocation of fish supplies in 1978.

Our position is that we need an exclusive coastal band of up to 50 miles in the outer part of which artisanal fishermen from other countries who have traditionally fished off our coasts could be accommodated. This concept is strongly opposed by all of the member States except the U.K. and also by the Commission and even with our veto on third country agreements some modification of it may eventually prove to be unavoidable.

The U.K. has moved away from the idea of an exclusive band of up to 50 miles and suggested, as a possible solution -

- (1) a 12 mile exclusive belt within which there would be phasing out of traditional fishing over a

reasonable period;

- (2) a further belt from 12 to 15 miles within which the U.K. would have "dominant preference" in the allocation of quotas;
- (3) equality of opportunity outside 50 miles.

They have also demanded the right to take national conservation measures where fish stocks are in serious danger and where the Community is unable to take immediate action.

There is identity of interest between fishing industries in Ireland, the West of Scotland and Northern Ireland. The British have, however, a sizeable distant water fleet - whose interests may differ from that of the in-shore fishermen.

We also have identity of interest in the conservation and protection of certain fish stocks e.g. in the Irish Sea. However, it is important that this identity of interest is not stressed excessively - since to do so may well damage the acknowledgement we have got from the Community of a special position for ourselves in regard to fishing.

The U.K. Minister for Agriculture is due in Dublin in October for discussions, at his request, on fishery matters with the Minister for Fisheries.

(7) Article 131 - Budgetary Contributions

The purpose of Article 131 of the Accession Treaty is to limit the contributions which the new Member States would be required to pay to the Community from 1st January, 1978, when the "own resources" system comes into operation. The Article applies to the years 1978 and 1979. There are a number of interpretations of the

Article. The difference for the British between these interpretations amounts to a figure of approximately £480m in 1978 - which they would be required to pay, in excess of what they would have to pay under the more favourable interpretation favoured by the Commission - and of course by the British.

So far as we are concerned, the least favourable interpretation of Article 131 would require a net contribution to the Community of an extra £21m in 1978.

Our attitude is to push for the original Commission interpretation of Article 131 (extra cost to us is nil) or the compromise Commission proposal (extra cost £2m. in 1978).

(8) JET

This is a project of nuclear research requiring investment in buildings and equipment in excess of £100m. There has been disagreement between the Member States as to where the research station should be located. This disagreement has now boiled down to a dispute between the U.K. and Germany as to whether the site should be located in Garching or in Culham. Our stance has been of strict neutrality - we have indicated that we would favour a site on which there was Community agreement - and which was technically the best suited for the purpose.

This issue may be decided before the 28th September.

(3) BILATERAL ISSUES

(1) Economic prospects

Under this heading it would be useful to seek the views of the British Prime Minister on the prospects for Britain, particularly on the prospects for a new wage agreement. Whatever happens in the U.K. it is likely to influence Irish views on the sort of incomes policy to follow the current wage agreement which will expire shortly.

(2) Continental Shelf

Earlier this year, the British Prime Minister mentioned to the then Taoiseach the subject of the arbitration between Ireland and the U.K. on the delimitation of the Continental Shelf between the two countries. These proceedings have since bogged down - perhaps because of British reluctance to push ahead with them, in view of the unfavourable judgement given in arbitration proceedings in which the British and French Governments were involved. It might be no harm to mention this subject to the British Prime Minister in view of his earlier interest, to see if the matter can be speeded up.

GENERAL

More detailed notes on these issues are in the attached brief.

Department of the Taoiseach

September, 1977.