

## NATIONAL ARCHIVES

### IRELAND



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Meeting between Taoiseach and British Prime Minister.  
28 September 1977.

1. Mr Callaghan welcomed the Taoiseach at 10 Downing Street at 11.25 a.m. The meeting commenced with a tete-a-tete between the Taoiseach and the Prime Minister. It was attended also by Mr Nally, Department of the Taoiseach and Mr Cartledge, Cabinet Office.

1. ECONOMIC

2. After some preliminary conversation in which, in particular, the Prime Minister, said that perhaps the Irish managed their Parliamentary business better, in that the Dáil would not be reassembling until 12th October. Mr Callaghan enquired as to how the Government were settling in. The Taoiseach indicated that the Government were engaged in a series of discussions with the Confederation of Irish Industry, the Irish Congress of Trade Unions and other organisations. Mr Callaghan remarked that from his meetings with the Confederation of Irish Industry he was impressed with the quality of the members. He mentioned, in particular, Mr Paddy Hayes.

(1) Ford

3. In an oblique reference to the siting of the new Ford Plant in Wales, Mr Callaghan said that he thought that he sometimes got too much credit for the industry. He had not realised that Ireland were among the front runners. The Taoiseach said that, on his information, the competition had, in the end, included an Irish site, up, almost to the very last.

(2) Unions

4. Mr Callaghan then enquired as to how Irish political parties got on with the Unions. What, for instance, was the nature of the ~~the~~ relationship between the Unions and the Labour Party - or Fianna Fáil. The Taoiseach said that in 1934 the late Mr Seán Lemass had been responsible for the enactment of the Conditions of Employment Act, which was a pioneering piece of legislation on labour relations. Because of this, there had developed a great affinity between him and the Unions. He had, in fact, been elected Chairman of the International Labour Organisation in a subsequent year. In fact, relations between the Party and the Unions had always been reasonable. There was some further discussion at this point of relations between the Unions and the Fine Gael and Labour Parties. The Taoiseach reviewed the meeting which had taken place recently in Dublin between himself, Government Ministers and Union representatives to review the economic situation. Mr Callaghan said that, in his experience, a Government had to be on good terms with the Unions.

5. The Taoiseach said that in the UK there were Trade Union leaders, but, in Ireland, these might not be quite as obvious. The ICTU lacked muscle. There were many grounds for disappointment with the Trade Union leadership. There were also grounds for disappointment with the large numbers of Unions. For example, some semi-State organisations like CIE and the ESB, had a great multiplicity of Unions - and this, in itself, led to grave industrial relations problems. As Minister for Industry and Commerce and with responsibility for Labour at one time, he had asked the Unions to write their own legislation on certain aspects of redundancy, industrial relations etc. but they would not take the responsibility. In addition there were difficulties because, at that time, there were two Trade Union Congresses - one with a large British base.



(3) Anglo-Irish  
relations

6. Mr Callaghan, at this point said that he was glad that the discussion had developed, in this way, naturally, on a subject of vital importance to the two Governments - relationships with the Unions. He had always known and thought that relations between the two countries affected an area much wider than Northern Ireland - which, though it was, important in itself could not be considered to the exclusion of all other issues. There were, for example, fishing limits, a whole range of questions on the European Economic Community, inflation, unemployment etc. The Taoiseach said that he was in full agreement as to the importance of these issues. Mr Callaghan went on to say that if he were talking to the French Prime Minister there would be the same range of general issues for resolution as between the two Governments.

(4) Pay limits  
and  
employment

7. The Taoiseach then went on to enquire as to the Prime Minister's view of the future for the Social Contract. He indicated that our interest was not purely academic since something of what happened in the UK would, in all probability, rub-off on Ireland. So far as we were concerned, the election manifesto had indicated that the Government intended to increase employment substantially, reduce taxation and proceed on the basis of a 5% increase in wages when the present contract expired. The present pay package had come under some criticism because some of the Union members argued that they had not been fully compensated for the increase in the cost of living during its currency.

8. Mr Callaghan said that this was a point he too would wish to emphasise. In fact, it would be the theme a speech which he would be giving shortly. What had happened over the past few years was an inevitable adjustment to the quintupling of oil prices. He was glad to see that some members of the TUC had said the same thing. It was essential to emphasise that we must now look ahead. There was no way of looking back. The British Government intended to enforce their recommended pay limits. In an economy of the size he was dealing with, it was inevitable that some tiddlers might get away but in any case where the Government became aware of possible settlements over the limit, they intended to oppose them so as to hold to a 10% earnings limit. Mackies had been one firm to run up against this policy. It was a comparatively small firm, but the implications of a settlement there were enormous. For example, the Harland and Wolff shipyard workers were only waiting to see what would happen to the Mackies' settlement. Harland and Wolff was heavily subsidised. In fact, the subsidies were to such an extent they had got orders which should have properly have gone to Japan. The British Government were not going to be pushed into the position of paying subsidies to firms to enable them to give their workers 20% pay increases. Firms were not going to have it both ways. Mr Callaghan intended to put the point strongly to the Labour Movement. They must either back the Government or sack them, on this point.

9. In relation to some of the bigger multinational firms - Fords for example, there could be considerably difficulty but the British Government intended to maintain a firm line. They expected that, perhaps, the most difficult of all areas would be that of public sector employees - whose pay settlements came up for review in the Autumn.



However, Mr Callaghan said that he would stick firmly by the idea of the Labour Movement's backing them or sacking them. The inevitable consequence of high settlements was more unemployment and he was not so interested in office that he was going to continue at work and see this happen. There could be trouble not only in Mackies but also in Heinz, Pan Am and many other private firms. He wanted the Taoiseach to know that if there was anything they could do, in this area, either by way of information or otherwise, that he would be more than willing to help.

10. The Taoiseach reviewed what had happened when there had been a test of strength, in the early 1970s, in the Electricity Supply Board, which had been used as the basis for a trend-settling claim by a Union based on Birmingham/Manchester. The basis of the action then had been to establish, in a vulnerable semi-State sector, a level of settlement which would be applied to other sectors. The Government had then to resist.

11. Mr Callaghan said that what they had been talking about appeared to emphasise that each should take into account the effect of what he did on the other. It was highly desirable that they should be able to talk to each other informally - by phone, as frequently as necessary. The Taoiseach welcomed this proposition. He said that there was something which Mr Callaghan might be able to do. As far as he was aware the British Trade Union Movement would be sending a delegate to the Labour Party Conference in Ireland in the near future. Would it be possible for Mr Callaghan to ensure that whoever was sent could be fully informed on what precisely the more responsible elements in the British trade unions see as necessary in the U.K.? Mr Callaghan promised the fullest cooperation on this point. Insofar as he could influence the matter, he would do so.

(5) Economic  
Cooperation

The Taoiseach then said that this brought up the question of economic cooperation generally. Mr Callaghan welcomed the idea. He said that it was desirable to express the idea of cooperation as a general principle - as between the two Governments. For example, there was considerable joint interest on fishing.

(6) Fisheries

The Taoiseach said that he agreed that there was a considerable identity of interest in this area but there were also different interests. For example, we had an almost exclusively inshore fishing fleet, whose interest was in a 50 mile limit. The British had large interests in distant water fishing. There was some discussion at this point on where the major Irish fishing regions were. The Taoiseach indicated his understanding of the British position in moving from a claim for a limit of up to 50 miles to one for a limit of up to 12 miles with certain preferences in the waters from 12 to 50 miles. On this entire issue, the Common Market might well have more sympathy with our position, in isolation, than with the British position, in conjunction with ours. Mr Callaghan said that the basis of their claim was largely that they were providing 60% of the fishing stock of the Community. He went on to stress the importance of cooperation on both a personal basis and in relation to economic matters.

1. Northern  
Ireland

The Taoiseach said that he agreed as to the necessity of



(1) Political  
aspects

cooperation on an Anglo-Irish basis but would like to have particular reference made to the problems of Northern Ireland and the border areas there. He traced the reasons for the failure of the Northern Ireland Executive in 1974 and said that if, at that time, there had been more sustained support for the concept, it would have come off. Mr Callaghan said that he too was convinced that "another push" could well have done it. The Taoiseach said that the trouble was that action had not been taken in the early stages of the anti-Executive Movement. When the power stations had fallen to the Workers Council, it was too late for effective action. He could appreciate that not even the British Army could run the power stations in the North without cooperation. In the aftermath of all this, power-sharing had become a dirty word. The Unionists said that they would have Devolved Government, on the basis of the Convention Report, or nothing. He appreciated, in these circumstances that Direct Rule was the only short-term alternative - but in the longer term, this must could not remain as an option. What was happening now was that there was a considerable degree of frustration building up among the majority but more particularly among the minority groupings. The SDLP had given expression, on behalf of part of this minority grouping to that frustration. It was important to maintain them in existence. Mr Callaghan said that he fully appreciated this. That was why he had asked Gerry Fitt to come in to see him some days before the present meeting. He had not seen Unionist representatives.

(2) Integration

- need for  
political  
initiative

The Taoiseach said that the Irish Government was particularly concerned about the appearance of a movement towards greater integration. This had come about through the pact or understanding with the Unionists - to put it bluntly. The Speakers' Conference was other evidence of the same type of movement - not, in itself, but simply because of its timing. All this was happening at a time when there was nothing to give support to the idea of Devolution. He would strongly urge that there should be some initiative, on the political level,



(3) negative  
guarantee

to indicate another direction in British policy. He appreciated the very real difficulty of such an initiative at this time but the position, quite simply, was that the negative guarantee of the British to the Unionist population meant that they could take any stand they liked, on any issue, and be assured of the continuance of the British support. The Irish Government accepted the de facto position of Northern Ireland, at present. In Mr Rees's time there had been a definite drift away from the concept of power-sharing. It was essential that the British Government should continue to support this concept. The only possibility for stable Government in the North was that all elements - majority and minority - should be represented.

(4) Economic  
Co-operation

The Taoiseach wished to stress the importance of economic cooperation in relation to the Border - either bilaterally or in an EEC context. The Derry/Donegal Study was a good example of the direction such cooperation could take. The way forward seemed to lie in movement by both Governments together in full consultation with the political parties in the North, if they wished to cooperate.

(5) U.S.A.,  
—

Mr Callaghan then indicated that it was now 12 noon and enquired as to the Taoiseach's views on the way in which the meeting might proceed. At this point certain matters in relation to Mr Mason's visit to the U.S.A. were mentioned by the Taoiseach to Mr Callaghan - in particular the need not to activate sympathy with the IRA by indiscreet references. The Taoiseach underlined the work which had gone into the production of the recent Carter statement - and also the sort of liaison which had been established with the four major Irish/American politicians on the subject. Mr Callaghan,

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at this point referred to the new American Ambassador in Dublin whom he said was "very helpful" the question of whether the reference should be included in the final Communique to the Carter statement was discussed. The Taoiseach said that he appreciated the difficulty of the British in dealing with the question of the long-term aspirations of the Irish people. He would like Mr Callaghan to consider now whether something should be included in the Communique recognising the legitimate aspirations of the Irish people - or expressing the Government's interest in it as a legitimate step. This would be a particularly valuable way in which to counteract the fears of the minority that British policy was now moving towards integration in a very real way. This sort of policy was not one which the Irish Government or the minority could view with equanimity. In fact, if it were given any sort of formal expression it would inevitably force both the Government and the minority grouping towards a more aggressive stance in relation to Northern Ireland. It was equally important not to let the present malaise set in. If political parties in the North collapsed, there would be no alternative for the minority but to go to the IRA. The present troubles were not a temporary phenomenon, which would go away, through the application of short-term policies. All one had to do was to look at the history of the position since, say, the 1800s. There had been violence in Ulster in almost every decade since then. This was a point which the Taoiseach wished to stress particularly in relation to British policy on Northern Ireland.

Mr Callaghan said he appreciated the position. He said that he would like in the plenary session which was due to start shortly to discuss also the British position on JET and on enlargement. He thought that what was happening at present was that there was great frustration among the politicians in Northern Ireland. There was not any similar sense of frustration among the people there. The opposition to Direct Rule was not coming from the people but from the politicians. The people see less violence and see some sort of return to normality and they liked this. But the out-of-work politicians did not. There was not a scintilla of movement towards integration. The Taoiseach could be fully assured on this point.

Insofar as British internal politics were concerned, he found it useful to play along with all the minority groupings, in Parliament, as it was at present constituted. There was no pact with the Unionists, in this situation. In fact, they had now become a disorganised party. At the outset, possibly, four to five might stick together and vote as a unit. That was all that was involved. Similarly, the Scottish National Party, the Liberals, and other small groupings in the Commons had to be treated in more or less the same way. He was particularly conscious of the position of the SDLP, whom Mr Mason had helped also. The Taoiseach could rest assured that there was no question whatsoever of the integration of Northern Ireland in the United Kingdom

(b) legitimate aspirations

(c) need for support / support

III EEC

(d) British views on Northern Ireland  
(e) Parliament



This was something which would be completely unacceptable to the British people.

(2) Queen's  
visit

On the Queen's visit, Mr Callaghan said that when he saw the date he went to the Palace to object. It was, he said, madness, for the visit to take place at that time. But, at the Palace they said that they could not alter it. He had sent the proposal back twice but found that, in the end, because of the Queen's other engagements there just was no way in which the date could be changed. The Queen had been a little hurt at Gerry Fitt's action. He said that she understood the aspirations of the Irish people and did not regard the visit as complete if it were limited only to contacts with the majority. He would like particular attention to be paid to this point.

(3) Worby may  
on economic  
co-operation

On the Taoiseach's point as to the need for a positive initiative now, Mr Callaghan agreed that this presented great difficulties. Both sides in Northern Ireland have hardened their attitudes. The British Government did not ignore the SDLP. It was important to recognise also that the Ulster Unionists would not be dragooned. They had got to be wooed. He hesitated to use the word power-sharing but he stood fully behind the principle that any form of devolved Government in Northern Ireland could only come about if all sections participated in it. He fully subscribed to the idea that there could be Devolved Government only if it were acceptable to both sides of the community there. He had in mind including in the Communique a statement on this subject of which he had just completed a draft. He handed this draft to the Taoiseach. He said that what he had in mind was the conferring on an Executive body in Northern Ireland of powers which were at present discharged by certain Executive boards like, for example, the Hospital Boards.

He was fully agreeable to a move towards cooperation on cross-border projects. They would be willing to look at it, through a group of senior officials, or in any other way as necessary. It was, however, important to get the study into a broader context. The group should meet to discuss economic cooperation, projects and studies, especially in reference to cross-border areas. The Prime Minister said that he noted the Taoiseach's point in relation to Mr Mason. On the Carter Initiative, he said that their line was that they did not want to wait for an acceptable form of Government in Northern Ireland before going ahead with investment. Mr Mason would be plugging this line when he visited the United States in the near future. He would urge that American investment should take place now - rather than later.

(4) negotiations  
with Unionists

On the question of including a reference to national aspirations in the Communique he said that this would have to be considered very carefully indeed. A reference might well be counterproductive. He enquired as to whether the Taoiseach would be willing to get into direct consultations with the Unionists. He said that "You must talk to them". It was essential to bring about



a softening of present attitudes in that area. The Taoiseach said that this was certainly a possibility and he fully intended to keep the Prime Minister's suggestion in mind. He said that there were, at present, certain contacts with Unionists in Northern Ireland. He was aware that the previous Government had, for example, established contact at the highest level. He was aware of what Garret FitzGerald had done in this line also. The Taoiseach stressed the need for politicians in Northern Ireland to be given a chance to come together. They must have a forum for activity. He said, for example, Hume might well find life in Brussels so attractive as to lead him to going away from Northern Ireland completely. The Taoiseach was aware that Currie was becoming more and more disenchanted with politics. His financial position was by no means the best. If these men were lost who would replace them? There was only one type of political activity which the minority groupings might well follow if the present set-up in the North disappeared. The Taoiseach then said that it was time to go into Plenary Session - at 12.25 p.m.

A separate note is attached on the Plenary Session.

*du*

29 September 1977.

✓Copy to Tanaiste, Minister for Industry and Commerce, Minister for Foreign Affairs and Minister for Economic Planning and Development: also to Irish Ambassador in London7