

NATIONAL ARCHIVES

IRELAND



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ON THE WORLD ECONOMIC SITUATION THE PM EXPRESSED CONCERN AT THE PROBLEMS CAUSED BY THE PRESENT STATE OF THE U.S. ECONOMY. IT WAS TRUE THAT THE U.S. ECONOMY WAS GOING EXTREMELY WELL, BUT THIS RAISED PROBLEMS FOR THE REST OF US AS A RESULT OF THE SURGE IN THE DOLLAR. THE UK SIDE NOTICED INCIPIENT CONCERN ON THE PART OF BAKER AND OTHERS ABOUT THE STRENGTH OF THE DOLLAR, BUT NEITHER SIDE HAD ANY INSTANT SOLUTIONS TO OFFER. PART OF THE PROBLEM WAS THAT THE U.S. WAS AT PRESENT A SAFE AND ATTRACTIVE PLACE TO PUT MONEY AND THAT CONSEQUENTLY WORLD FINANCIAL CENTRES WERE DEALING IN BILLIONS OF DOLLARS. THERE WAS ALSO THE PROBLEM OF THE DEFICIT AND WHILE IT WAS TRUE THAT THE PRESIDENT AND THE ADMINISTRATION WERE "TRYING TO GET A HANDLE ON THE DEFICIT", THIS WAS MADE DIFFICULT BECAUSE OF THE DIFFERENT IDEAS OF THE PRESIDENT AND THE HILL ABOUT HOW TO DO THIS. THERE WAS A REALISATION BY THE ADMINISTRATION THAT THE DEFICIT HAD TO BE ADDRESSED, BUT THERE WAS A DOMESTIC POLITICAL SIDE TO THE PROBLEM, INASMUCH AS IT WAS DIFFICULT TO IDENTIFY ANTI-DEFICIT MEASURES WHICH WOULD NOT COST VOTES.

5. PM THATCHER ALSO DREW ATTENTION, IN HER TALKS BOTH WITH THE ADMINISTRATION AND THE HILL, TO THE DANGERS OF PROTECTIONISM. THE ADMINISTRATION WAS REASSURING ON THIS MATTER, THOUGH IT SEEMED OBVIOUS TO THE UK SIDE THAT THE IMPORT SURCHARGE WAS IN THE WIND. NEVERTHELESS, THE ADMINISTRATION WOULD DO ITS BEST TO AVOID RECOURSE TO PROTECTIONISM. DEFLATION WAS NOT A WAY OUT OF THIS PROBLEM, BUT IT MIGHT BE EASED BY A NEW GATT ROUND, AND THE PM DECLARED HERSELF VERY MUCH IN FAVOUR OF THIS. BLOCK RAISED THE PLIGHT OF THE AMERICAN FARMER, BUT THE VISITORS NEVERTHELESS GOT THE IMPRESSION THAT THE U.S. WAS ABOUT TO REDUCE FARM SUBSIDIES AND TO MAKE FARMERS MORE MARKET-ORIENTED. IT WAS POINTED OUT THAT U.S. FARMERS RECEIVED 65 BILLION DOLLARS IN SUBSIDIES DURING REAGAN'S FIRST TERM, BUT WERE NO BETTER OFF AT THE END OF IT. FROM A EUROPEAN COMMUNITY POINT OF VIEW, WRIGHT THOUGHT THERE WAS LIKELY TO BE A VERY AGGRESSIVE EFFORT BY U.S. FARMERS, SUPPORTED BY THE ADMINISTRATION, TO OFFLOAD THEIR SURPLUSES, AND THE EC COULD EXPECT TROUBLE AS A RESULT.

6. OTHER ECONOMIC ISSUES ADDRESSED INCLUDED UNEMPLOYMENT AND UNITARY TAXATION. ON THE FORMER, THE U.S. APPROACH WAS AS USUAL TO MENTION THE NUMBER OF NEW JOBS CREATED, WHICH AMOUNT TO SEVEN MILLION IN THE U.S. DURING THE PAST TWO YEARS, ALL IN SMALL BUSINESSES. THE "FORTUNE 500" HAD MADE NO CONTRIBUTION TO THIS MOVEMENT, THE SUCCESS OF WHICH APPEARED TO BE DUE TO THE PREVAILING SPIRIT OF PRIVATE ENTERPRISE, TO THE FREE AVAILABILITY OF VENTURE CAPITAL AND TO THE AMERICAN ACCEPTANCE OF THE IDEA THAT ONE EITHER SUCCEEDS OR ONE GOES BUST. REGARDING UNITARY TAXATION, THE U.S. SIDE NOTED THAT THE SITUATION APPEARED TO BE ENCOURAGING IN ALL THE STATES CONCERNED EXCEPT CALIFORNIA.

7. OTHER POLITICAL MATTERS DISCUSSED EITHER BY THE PM OR BY HOWE INCLUDED THE MIDDLE EAST, AFRICA, THE RECENT US-SOVIET VIENNA TALKS, CYPRUS, NEW ZEALAND PORTS, NON-PROLIFERATION AND BELIZE-GUATEMALA. ON THE MIDDLE EAST, THERE WAS AGREEMENT THAT THE FIRST SIGNS OF MOVEMENT BETWEEN ARAFAT AND HUSSEIN REPRESENTED A VERY POSITIVE DEVELOPMENT WHICH SHOULD BE ENCOURAGED. UK SUPPORTED THE REAGAN PEACE PLAN OF 1 SEPTEMBER 1982 AND ALSO INDICATED SUPPORT FOR THE COMMUNIQUE ISSUED AT THE TIME OF KING FAHD'S RECENT VISIT. HOWE AND SHULTZ REMARKED ON THE COURAGE AND SKILL DISPLAYED BY HUSSEIN IN REACHING AGREEMENT WITH THE PLO, BUT SHULTZ CAUTIONED THAT THE DESTINATION HAD NOT BEEN REACHED. THIS WAS MERELY THE START OF A PROCESS. THE U.S. WOULD TRY TO ENCOURAGE IT DURING FORTHCOMING VISITS HERE BY MUBARAK AND OTHERS, BUT WOULD MAINTAIN A LOW PROFILE IN AN EFFORT TO AVOID SMOTHERING THE PROCESS BY EXCESSIVE U.S. INVOLVEMENT.

8. RE AFRICA, CROCKER BRIEFED THE UK SIDE ON HIS ANGOLA NEGOTIATIONS AND HOWE DECLARED THAT THE UK FULLY SUPPORTED THEM. SHULTZ SAID IT WAS NOT TRUE, AS RECENTLY REPORTED, THAT THE U.S. HAD CUT OFF AID TO THE SUDAN. ON THE CONTRARY FOOD AID AND OTHER SIMILAR MEASURES WERE GOING AHEAD UNINTERRUPTED. THERE WAS A DELAY IN THE TRANSFER OF BALANCE OF PAYMENTS ASSISTANCE DUE TO DIFFICULTY IN REACHING AGREEMENT BETWEEN SUDAN AND THE IMF, BUT IT WAS EXPECTED AT THIS DELAY WOULD BE BRIEF. REGARDING SOUTH AFRICA AND THE POLICY OF CONSTRUCTIVE ENGAGEMENT, CROCKER EXPRESSED HIMSELF MORE WORRIED ABOUT THE SITUATION IN THE UNITED STATES THAN THE INTERNAL SITUATION IN SOUTH AFRICA. THERE WERE INDICATIONS OF MOVEMENT ON THE PART OF THE SOUTH AFRICAN GOVERNMENT, BUT THE U.S. ADMINISTRATION WOULD NEED TO WATCH ITS REAR, MAINLY AGAINST THE RIGHT WING.

9. ON CENTRAL AMERICA MOTLEY BRIEFED THE VISITORS ON DEVELOPMENTS - OR MORE CORRECTLY THE LACK OF DEVELOPMENTS - IN THE CONTADORA PROCESS. REGARDING THE ADMINISTRATION'S REQUEST FOR 14 MILLION DOLLARS IN ASSISTANCE FOR THE CONTRAS IN NICARAGUA, HE THOUGHT THAT IF CONGRESS VOTED IMMEDIATELY THE REQUEST WOULD BE REJECTED, BUT THE EDUCATIONAL CAMPAIGN BEGUN BY THE PRESIDENT'S RADIO SPEECH OF 16 FEBRUARY WOULD CARRY ON. HOWE CAUTIONED AGAINST TOO HIGH A PROFILE IN PRESSURE ON NICARAGUA, WHICH MIGHT ALLOW THE SANDINISTAS TO WEAR THE GARB OF NATIONALISTS AND PATRIOTS.

10. IN OUR PRIVATE DISCUSSION AFTER THE BRIEFING I THANKED SIR OLIVER WRIGHT AGAIN FOR RECEIVING ME LAST MONDAY AT SUCH A BUSY TIME FOR HIM, AND FOR HIS VERY HELPFUL COMMENTS ON WHAT I HAD TO SAY. THE PM'S ADDRESS TO CONGRESS HAD TURNED OUT, AS REGARDS ITS IRISH SECTION, VERY MUCH AS HE HAD FORECAST AND SEEMED TO HAVE GONE OVER WELL WITH OUR FRIENDS ON THE HILL. WRIGHT SAID THE PM HAD BEEN VERY ANXIOUS THAT WHAT SHE SAID SHOULD BE ACCEPTABLE TO THE TAOISEACH AND AMONG THE FRIENDS OF IRELAND IN CONGRESS. IN THE FINAL DRAFTING THEY HAD TAKEN ACCOUNT BOTH OF WHAT I HAD SAID ABOUT ACCENTUATING THE POSITIVE AND OF THE TAOISEACH'S MESSAGE OF TUESDAY LAST AND HAD MADE AMENDMENTS ACCORDINGLY. EXAMPLES OF THESE WERE THE DELETION OF THE STATEMENT THAT CERTAIN OF THE FORUM REPORT'S PROPOSALS DID NOT SATISFY THE CRITERIA OF CONSENT, AND INSERTION OF THE PHRASE SALUTING THE TAOISEACH FOR THE EMERGENCY LEGISLATION ON IRA BANK ACCOUNTS, WHICH THE PM INSERTED PERSONALLY. FEEDBACK ON THE SPEECH FROM THE SPEAKER, MOYNIHAN AND FOLEY HAD BEEN VERY POSITIVE.

11. IN REPLY TO A QUESTION, WRIGHT SAID THAT THE DISCUSSION OF NI BY THE PRESIDENT AND PM THATCHER WAS ESSENTIALLY THAT WHICH WAS MENTIONED IN THEIR TWO SPEECHES ON THE WHITE HOUSE LAWN ON 20TH FEBRUARY. THE PRESIDENT SAID THEY HAD DISCUSSED THE SITUATION IN NORTHERN IRELAND AND THAT HE HAD TOLD THE PM THAT THE U.S. APPLAUDED THE CONTINUATION OF HER DIALOGUE WITH IRISH PM FITZGERALD AND HE ASSURED HER OF THEIR SUPPORT OF ALL THOSE WORKING FOR PEACEFUL SOLUTIONS AND RECONCILIATION. NEAR THE END OF HER OWN STATEMENT THE PM SAID THEY HAD ALSO TOUCHED ON

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SAID THEY HAD ALSO TOUCHED ON A NUMBER OF OTHER ISSUES, PERHAPS THE MOST IMPORTANT OF WHICH WAS THE NORTHERN IRISH AND REPUBLIC OF IRELAND TALKS, ALWAYS TO TRY TO SECURE AN AGREEMENT WHICH WOULD RESPECT BOTH COMMUNITIES IN NORTHERN IRELAND, AND ALWAYS RECOGNISING THAT ANY CHANGE MUST COME ABOUT BY CONSENT OF THE PEOPLE CONCERNED. WRIGHT WENT ON TO SAY, HOWEVER, THAT THEY HAD ALSO DISCUSSED DIFFICULTIES OVER EXTRADITION ARISING FROM JUDGE SPRIZZO'S DECISION IN THE DOHERTY CASE BASED ON THE DEFENDANT'S PLEA OF POLITICAL ACTIVITY. I MENTIONED OUR OWN LEGAL INTERPRETATION OF A POLITICAL ACT AND THE EXTRADITIONS WHICH HAD RESULTED FROM THIS.

12. MY OWN ASSESSMENT OF THE THATCHER VISIT IS THAT IT WAS HIGHLY SUCCESSFUL FROM THE BRITISH POINT OF VIEW AND COULD ALSO HAVE POSITIVE EFFECTS OF A MINOR CHARACTER ON THE ANGLO-IRISH PROCESS. HOWEVER, THE BRITISH WERE UNDERSTANDABLY CONCERNED. FIRST OF ALL WITH THE AMERICAN DIMENSION, AND EVEN THE IRISH SECTION OF THE SPEECH WAS DIRECTED IN THE FIRST INSTANCE AT THE FRIENDS OF IRELAND GROUP IN CONGRESS. INDEED, MY BRITISH COLLEAGUE DID NOT TRY TO HIDE THIS IN EITHER OF MY CONVERSATIONS WITH HIM. THE SPEECH ON THE WHOLE IS REGARDED EXTRAORDINARILY EFFECTIVE, BRILLIANTLY DRAFTED AND DELIVERED WITH GREAT STYLE. MRS THATCHER'S TECHNIQUE WAS TO CONVEY AN IMPRESSION OF TOTAL SUPPORT EVEN FOR U.S. POLICIES ON WHICH SHE HAS SERIOUS RESERVATIONS, SUCH AS THE SDI, AND TO KEEP THESE DOUBTS AND OBJECTIONS FOR THE PRIVATE TALKS. IT HAS BEEN REMARKED HERE THAT IF THE SPEECH HAD A FAULT IT WAS THE IMPRESSION CREATED OF A SYCOPHANTIC SUBMISSIVENESS TO THE POLICIES OF THE PRESENT ADMINISTRATION, AND THAT IT DREW NOTABLY LESS APPLAUSE FROM DEMOCRATS IN THE CHAMBER THAN FROM REPUBLICANS. BUT THE OVERALL APPLAUSE LEVEL WAS VERY HIGH, OCCURRING MORE FREQUENTLY THAN THAT GIVEN TO THE PRESIDENT DURING HIS LAST STATE OF THE UNION MESSAGE, AND EVEN IF IT SLACKENED OFF NOTICEABLY DURING THE IRISH SECTION, THERE IS NO DOUBT THAT THIS SECTION, TOO, ACHIEVED ITS AIM OF REACHING OUT TO THE MEMBERS OF THE FRIENDS OF IRELAND. THE SPEAKER'S OFFICE (O'DONNELL) AND KENNEDY'S OFFICE (PARKER) HAVE DESCRIBED THE SPEECH AS EXTRAORDINARILY EFFECTIVE AND EXTREMELY CONCILIATORY. MRS THATCHER SUCCEEDED IN "TOUCHING BASES WITH THE FOI", WHO HAD REACTED WITH DISMAY AND DISAPPROVAL TO THE POST-SUMMIT PRESS CONFERENCE AND WERE RELIEVED TO FIND THIS SPEECH MUCH MORE CONCILIATORY THAN THEY HAD EXPECTED. THEY ALSO ADMIRERD THE SKILL WITH WHICH THE SPEECH WAS DRAFTED, PARTICULARLY HOW THE PM IDENTIFIED HERSELF WITH ISSUES OF AMERICAN CONCERN IN INTRODUCING SUBJECTS OF INTEREST TO HERSELF (E.G. THE MURDER OF AMERICAN SERVICEMEN IN LEBANON WHEN INTRODUCING "TERRORISM AND IRELAND") AND THE CLEVERNESS WITH WHICH SHE HID BEHIND THE TAOISEACH WHEN MAKING SEVERAL OF HER POINTS. THIS LAST POINT HAS BEEN WIDELY REMARKED UPON, THE FIRST PERSON TO MENTION IT BEING FRENCH AMBASSADOR DE MARGERIE: "ELLE S'EST ABRITEE DERRIERE LUI". THE ONLY REAL SLIP IN AN OTHERWISE SPLENDIDLY DRAFTED SPEECH OCCURRED IN THE LAST PHRASE: "THE THIRD MILLENIUM OF THE CHRISTIAN ERA", DRAWING A GASP FROM LIBERAL POLITICIANS WITH JEWISH CONSTITUENCIES.

13. ONE PERSON WHO ENJOYED THE SPEECH GREATLY WAS CONGRESSMAN BIAGGI WHO CLAPPED LOUDLY ALL THROUGH AND THEN RUSHED OFF TO BE PHOTOGRAPHED WITH THE ANTI-THATCHER DEMONSTRATORS. THERE WERE ABOUT 500 OF THESE, PARADING IN FRONT OF THE SUPREME COURT. A GROUP FROM PHILADELPHIA HANDED IN A LETTER TO THE CHANCERY ADDRESSED TO ME. MOYNIHAN HAD A CONFRONTATION IN HIS OFFICE WITH GALVIN, DELANEY, O'DWYER AND HIS WIFE, FLANNERY, ROCHE, MCMANUS AND PETER KING, THE NEW GRAND MARSHALL THERE WAS AN UNSEEMLY DEBATE ON TED KOPPEL'S "NIGHTLINE" THAT EVENING BETWEEN GALVIN AND PRIOR, WHO WAS SPEAKING (OR TRYING TO SPEAK) FROM LONDON.

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