



# An Chartlann Náisiúnta National Archives

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US ASSISTANCE AND THE INTERNATIONAL FUND

1. The Administration proposed to Congress on 4 March an aid package of \$250 million over five years which involved a cash contribution of 20 million a year plus 30 million in housing loan guarantees and investment incentives. It was pointed out to the State Department at official level by the Irish and British Governments that the balance in the package was unsuited to our needs and indeed the loan guarantee element was unusable in Irish terms (we have no difficulty in borrowing money).
2. Speaker O'Neill was very disappointed at the low cash element and as a result a new bill was drafted by the House Foreign Affairs Committee which provided for \$250 million cash over five years plus possible incentives. This bill was passed by the House Foreign Affairs Committee on 4 March and the full House on 11 March. It has now been referred to the Senate (controlled by the Republicans).
3. The Speaker's bill contains references to equality of opportunity, non-discrimination in employment and respect for human rights and fundamental freedoms. These were inserted in consultation with the Embassy in order to head off strenuous efforts by the Caucus, Congressmen Gilman and Biaggi, etc. to insert the MacBride Principles and other unhelpful conditions. The Speaker's bill is acceptable to us and people such as Gilman have now dropped their campaign to have the MacBride Principles inserted.

4. On the Senate side, efforts have been made by those close to Senator Lugar (Chairman, Senate Foreign Relations Committee) to link the passage of the aid bill to passage of the stalled US/UK Extradition Treaty. It is not clear to what degree Senator Lugar is personally attached to this strategy and the Irish Embassy in Washington has recommended a joint approach with the British to Senator Lugar in order to point out the danger involved in linkage which could result in a standoff. Senator Lugar's attitude emerged in two letters to Mayor Flynn of Boston and Mario Biaggi who had approached Lugar about the insertion of the MacBride Principles. Senator Lugar's staff have been pushing the idea of linkage because they feel responsible for the debacle that has taken place over the treaty. With British support, if it is forthcoming, it should however be possible to deal with this problem.

5. It is obvious that the Administration has greater influence in the Senate and the final outcome of the aid package may well be a compromise in a House/Senate conference between the \$20 million cash element in the package per annum proposed by the President and the \$50 million cash package per annum proposed by the Speaker.

6. It will be important for the Taoiseach in his contacts here, particularly with the President, to express our gratitude for the Administration proposal but to point out that the 30 million dollar-a-year loan guarantees and incentives elements in the Administration programme does not relate to our needs and is effectively unusable. We hope that the President and the Administration can agree to the proposal as adopted unanimously by the House. This would give both the British and Irish Governments more flexibility in applying the Fund on the ground in Northern Ireland and those areas most affected in the South.

Irish Embassy

March 1986