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ROINN AN TAOISIGH

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To: CONFIDENTIAL
Taoiseach's Meeting with President Reagan, 4th June, 1984.

From:

1. The meeting began at approximately 10.50 a.m. with a tete-a-tete between the President and the Taoiseach, attended, on the American side by Mr. Richard Burt, Assistant Secretary of State for European and Canadian Affairs, and by the undersigned. The tete-a-tete ended at approximately 11.05 a.m., when the meeting was joined by Secretary of State George Shultz, Mr. James Baker, III, Assistant to the President and Chief of Staff, Mr. Michael Deaver, Assistant to the President and Deputy Chief of Staff, Mr. Robert McFarlane, Assistant to the President for National Security Affairs, the Tanaiste, Minister for Foreign Affairs, Secretary Donlon, and Ambassador O'Sullivan. There was a photographic session of approximately five minutes before the meeting resumed in plenary. The meeting concluded at 11.40 a.m. when the Taoiseach conducted the President to Leinster House for his address to the Joint Session.

2. At the tete-a-tete, the Taoiseach began by saying that he wished to devote the time to a discussion of Northern Ireland. There had been some contacts going on with the British in relation to the follow-up to the Forum Report. These had developed from his meeting with Mrs. Thatcher at Chequers last November. He was hopeful that what was happening could lead to progress. The whole situation was extremely difficult and we were probing ways in which progress could be made. Essentially we wished to clear the way by removing obstacles such as that presented by people who said that the only answer is a unitary State now. There were other possibilities, as the Forum Report had pointed out. The agenda was quite open. He believed that Mrs. Thatcher was genuinely concerned. The British Government were considering how they would react to the Forum report and had not yet decided on their course of action. From newspaper reports, the Taoiseach concluded that Mrs. Thatcher was expecting to talk to the President on the subject. The Taoiseach hoped that the President would have a few words with her of encouragement and support for progress on the Forum report.

3. The President said that from previous conversations he knew that she had one thing in her mind - as in the Falklands. What did the people themselves want? If they preferred not to go into some new form of Government or Administration that, he thought, would determine her action. How do you deal with that situation?

4. The Taoiseach said that it was Party policy to try to help people to change their mind. There could be no movement without consent. There could be no new and Sovereign Ireland without the consent of the people, North and South. That had been Party policy for a long time. There would certainly be no attempt to force people to do what

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Ireland

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they did not want to do. The British Government have indicated interest in some new form of Government - perhaps Joint Authority, under British sovereignty. This could be devised in a way which would give the minority a sense of belonging. It could, perhaps, be used to ensure that the North got a security force which the minority could respect and join - in contrast to the present situation where the security forces were almost totally seen as representative of the majority. This was a cause of alienation in Northern Ireland, which was growing and becoming more serious.

5. The President said that he had the feeling that the majority want peace. Was the position that they were afraid to stand up to the terrorist minorities in their own camp?

6. The Taoiseach said that there was an element of this. However, on the majority side in Northern Ireland the terrorist groups had been quiescent now for some time, in contrast to the situation which had obtained in the 1970s. They did not seem to be such a powerful force now. The IRA, on the otherhand, have not prevented people like John Hume from standing up and fighting in the interests of democratic Government in Northern Ireland.

7. The President enquired as to the nature of the Provisional organisation. What are they?

8. The Taoiseach said that the name "Provisional" might make it appear that the organisation was temporary or tentative. In 1969 there had been a split in the organisation when the Provos, as the right-wing nationalist element broke away from the "officials" who were marxist or communist by conviction. They had started off in this way, as a right-wing grouping, but now they have seminars - like one in Derry some time ago, on the Cuban system of Government. The Taoiseach mentioned the action of Colonel Ghaddafi in indicating support for the Provos. The Irish Government had entered a strong protest with the Libyans over this but, so far, had received no satisfactory indication of withdrawal.

9. The President said that many well-meaning people argued that the Americans were finding communists under every bed. He understood the sort of illogicality to which the Taoiseach had referred. Sometime ago, the Sandinistas in Nicaragua had joined the PLO and declared war on Israel!

10. The Taoiseach said that there were two worker party representatives in the Dail with far leftish associations. The President might expect interruptions from them - and for this reason, he would be escorting him down the steps

Communism

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in a particular way, when he would be passing these two representatives. These people seemed to be genuinely communist in conviction and, were, perhaps being aided with money from the USSR. However, as far as he knew, the Soviet Union have never given real support to the IRA - apart from one Czech arms supply incident, for which apologies had been made.

11. The President then went on to refer to Eldridge Cleaver who, a number of years ago, had been sentenced to prison. He had skipped bail and gone to Cuba, Algeria and other Communist countries. In the end, he had returned to prison in the U.S. Answering a question put to him by the media, he had said that he would prefer to be in prison in the United States than to be free in these Communist countries. Cleaver had said that the truth was that communists really were everywhere, even under the bed, in these countries!

12. At this point, the meeting was interrupted for photographs and resumed, in plenary session.

13. The Taoiseach then resumed by thanking the President for what he had done about student visas. The President said that it was his aim to enlarge the student exchange programmes. The Taoiseach said that he was very thankful for what the President had said in Galway. Our students benefit from their experiences in America. He hoped that some American students could come here also, to benefit in a similar way. The question of work visas was more difficult. He would like if the President could, in some way, facilitate the enlargement of our quotas - so that more people could gain experience in the United States, to the benefit of both countries. The President, at this point, asked the Secretary of State if he would look into the question. The Taoiseach went on to say that it would not be good if the Irish-Americans began to die out! Since 1929 there has not been significant Irish emigration to the States. The President said that he understood that in the last few years not as many Irish people had come to the States as could have come, under existing arrangements. The Taoiseach said that this was not because they did not want to go. The existing regime seemed to be very restrictive. The President then said that it was designed to ensure that members of the immediate family could get into the States. The Taoiseach said that if anything could be done he would greatly appreciate the President's assistance. Here, we had a young population - 31% of our voters were in the teens or twenties.

Visas,
quotas

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Fords of
Cork

14. The Taoiseach went on to say that he would like to mention one other thing - because if he didn't mention it he would be asked why not. He then referred to Fords of Cork which would be closing in a few weeks time. He would be very happy if Fords could think of establishing a component factory. If the President happened to run into the Chief Executive of Fords or other Board members he could perhaps suggest that course of action. Fords in Cork had been very big in the 1930s when it had turned out something like 30,000 tractors a year - a sizeable number for that time. The Minister for Foreign Affairs said that the Cork factory was the first factory Fords opened outside America. The President said that the closure was probably due to the decreased market for cars. The Taoiseach went on to explain that under the EEC Treaty the barriers protecting car assembly here were due to be dismantled by 1984. We recognised that in these conditions assembly here was not competitive. The Secretary of State said that Ford sales in Europe had been bigger than those of General Motors.

Exports -
Technology

15. The Taoiseach then went on to refer to export controls for high technology goods. Ireland applied very rigid controls to these exports. The Secretary of State asked if some assurance could be given that there was no technology transfer to the Eastern bloc, as a result of these exports. The Taoiseach said that Ireland used the most restrictive list in existence in applying export controls. He then went on to say that that was the last of the bilateral items on his list. He raised with the President the prospects for the London Economic Summit and, in particular, for interest rates.

World
economy

16. The President said that when he had taken office the prime rate was 21%. It had since fallen to 11½% - with an increasing deficit. People had tried to deal with earlier recessions by way of a quick fix. A few years they found themselves again, with another recession. There was nothing permanent about what they had done or were trying to do. He had adopted another course. The measures he was taking would deal with recession permanently and give stability. The money market was not convinced yet that inflation was beaten. It had been at about 4% for two years now. Inflation was the real villain of the piece - destroying confidence because people just did not know whether their money would give them a return, if they invested it. The Federal Reserve Board was tightening strings again now because they feared that inflation would come back. The President went on to say that the Administration was dealing with the deficit now. They had a three year programme to bring it down by \$150 billion. They were reducing Government expenditure - and would reduce

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it further in 1985. They hoped, by these measures, to restore confidence. People just did not want to get caught - lending money at the wrong interest rate.

17. The Taoiseach said that we hoped to get inflation here down to about 6% next year. American real interest rates were very high. This caused a flow of money into America, with embarrassing consequences for Europe.

18. The President said that essentially, two industries governed the economy. One was autos: the other was housing. Each can cause a recession by itself. When he had come into office both were flat on their back. People couldn't afford credit. The average age of cars in America then was over seven years. Now that has changed. People were buying more cars. This year, almost 2 million houses would be built. There were 85,000 more people employed in making cars. The Taoiseach said this improvement had not yet been fully reflected in Europe. Anyway, Europe has not yet properly concerted its policies - perhaps because of attitudes in the UK and Germany. The President agreed - saying that Europe has not created new jobs. In America in the 1970s something like 23 million new jobs had been created. The corresponding figure for Europe, he was told, was about 2 million. The Secretary of State referred to the contribution which the US trade deficit made to European recovery. 25/30% of that recovery was accounted for by the excess of American imports over exports. The deficit of \$70/100 billion was quite stimulating. The Taoiseach said that recovery was not yet fully operational in Europe. The Secretary of State said that he had given some computations to the Minister for Foreign Affairs on the subject, which the Taoiseach might find interesting. He had also given Mr. Barry a copy of a Pastoral letter from a Bishop in Nicaragua and a speech by Senator Kennedy, where he had made a strong attack on the Government there. Neither item had received any publicity.

19. The President said that Senator Teddy Kennedy had been on the side of the Sandinistas until he had seen how far they had gone. Now Kennedy was on the side of the Church. The Secretary of State said that it was a real man bites dog story but despite this it didn't appear in the papers at all. The Taoiseach then went on to say that he had heard that Cardinal Sin had indicated that Fr. O'Brien and the other people held in jail with him in the Philippines were being released. He thought it would be helpful if something could be said to President Marcos supporting this move. The President said that he was working quietly at the matter. He was glad to hear what the Taoiseach had

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Central
America

Philippines

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said. The Minister for Foreign Affairs said that the information had come to them from two sources - one Cardinal Sin's Press Secretary and the other the Columban Fathers in the Philippines.

20. The Taoiseach then referred to the discussions which the President had with Duarte. Among the guerillas there were some extreme marxists: others were more of the Social Democrat cast of mind. The Tánaiste at this point indicated that the Labour Party were members of the Socialist International. A lot of discussions was going on in that forum indicating that many people wanted to stay within the democratic process but were being forced out of it. If there was anything that his Party could do to assist in this matter they would be only willing to do so.

21. The President said that there were at least two groups at odds in the Government in El Salvador. One group wished to offer amnesty: the other didn't. In Nicaragua, the situation was the opposite. There, the CONTRAS offered amnesty and the Government refused. The Taoiseach enquired if there was anything which European countries could do to help the situation in Nicaragua. The Secretary of State said that in the area, he thought that support should be given to Duarte and his Government. This would influence Nicaragua from which daily supplies of arms were flowing. If Duarte were seen as getting broad support, it would discourage this form of insurgency. Duarte was very convinced and eloquent on the subject of the democratic process. He wanted to support it in his country. He would be told that he was turning his back on his supporters if he offered the guerillas positions in Government. They did not take part in the democratic process and he could not argue convincingly that they should be given such positions, unless and until they did. The Taoiseach referred to talks in an Embassy in Costa Rica. He said that through their association with the Christian Democrat movement they might be able to achieve something in Nicaragua and El Salvador. Was there anything further that could be done through our partners? The Secretary of State said that a constructive attitude would do much good. The people in El Salvador were putting together a total State, which they had not yet achieved. They had not yet consolidated their position. The President said that in Nicaragua the Government have publicly stated that they would never let an election change their power. There was no freedom of the press. How could anybody form another party when people were killed for engaging in political activity. There was a joke current there which linked two types of box - the ballot box and the coffin.

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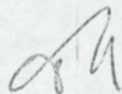
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22. At this point, the meeting concluded suddenly - with the President's departure for Leinster House. Before the departure, a copy of Labour Party documents on Central America was given to Mr. Burt for the President's information.



5th June, 1984.

cc Mr. Sean Donlon, Secretary, Department of Foreign Affairs.