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# ROINN AN TAOISIGH

Misc.  
P. 2.

Uimhir.....

To: Taolseach

From: Secretary

Subject: Your meeting with President Clinton at the White House

*Mr Keenan  
Copy for information  
hmm 21/3  
21/3/93*

The following were the main points that emerged from your discussion with President Clinton at the White House.

- (1) His clear interest in Ireland and his desire to be helpful on Northern Ireland. He asked you for a brief historic and demographic resume.
- (2) He made clear that his options on an envoy and/or a fact-finding mission were open. He accepted your point that any initiative before the May local elections would be counter-productive. He mentioned June/July as possibly more favourable.
- (3) He accepted your point that the Irish and British Governments should propose a constitutional settlement rather than expect a settlement from the bottom up. You explained the considerable progress that had been made in the talks last year, including a meeting between Irish Ministers and Unionists in Dublin. Generally, he conveyed his desire to be helpful in bringing about such a settlement and he accepted your point that this could serve as a model for other minority/majority problem areas.
- (4) He concluded this topic by saying that he wished to remain in close personal touch with you on Northern Ireland. He took particular note of your close personal relations with John Major.
- (5) On the tax deferral scheme, he stressed that it was less severe than earlier proposals and was directed at increasing tax revenue. He was clearly impressed by your points about the decimation it would cause to the 40,000 employment in US companies in Ireland and to

the 35,000 employed in the US supplying these companies. Also, he took the point that many US companies were competitive in Europe only because of the tax incentives in Ireland. Your emphasis on the US trade surplus with Ireland also impressed him.

- (6) He concluded this topic by saying that the two countries should work together in further consideration of this issue.
- (7) He stressed the importance of concluding the GATT Uruguay Round and said he would be requesting an extension from Congress to enable the negotiations to be completed.
- (8) He agreed to discuss with the EC Presidency the proposal you brought him from the Danish Presidency for a world economic growth strategy.
- (9) He expressed his appreciation of the work done in Somalia by Irish volunteer groups and expressed his sympathy for the two deaths that had occurred. He was aware of our participation in many UN peace-keeping forces and commended us for it.
- (10) He said he was "very anxious" to visit Ireland and will discuss that again with you.
- (11) I attach text of his speech at the presentation of shamrock where he re-iterated many of the views recorded above.

**Note:** I took the opportunity of being at a dinner with his Chief of Staff to say that the tax deferral scheme, if implemented, would decimate Irish manufacturing employment and would react very badly on Irish-American sentiment towards the Administration.

*P. M. ...*

22 March, 1993.

CONFIDENTIAL

Note of meeting between the Taoiseach and President Clinton  
in Washington on 17th March, 1993

1. President Clinton was accompanied by Vice President Gore, Secretary of State Warren Christopher, and his Assistant for National Security Affairs Mr. Tony Lake. The Irish delegation comprised the Taoiseach, Ambassador Gallagher, Secretary Padraic O hUiginn and the undersigned.
2. The President warmly welcomed the Taoiseach and said how much he had enjoyed the American-Ireland Funds dinner the previous night. The Taoiseach responded appropriately.
3. The Taoiseach said he had been asked to pass on messages by some of his recent international contacts. The Prime Minister of New Zealand, Mr. Bolger, was very anxious to improve US-New Zealand relations and to lay to rest any residue of former disagreement on nuclear issues. The Danish Prime Minister and President of the European Council, Mr. Rasmussen, hoped that the EC could get together with the US and Japan to take a new initiative for growth and employment. The President agreed he should see the Danish Prime Minister and said it was a problem for several major economies that economic recovery was not producing new jobs.
4. The Taoiseach said that Ireland was also experiencing this problem. There had been significant growth rates in recent years but this had not translated into jobs. He analysed various factors which might have contributed to this, including new technology. It was a world-wide phenomenon and perhaps a new definition of work was needed. The Vice-President said that what had happened to employment in agriculture over the past century now seemed to be happening in industry. The Taoiseach said that the percentage of the

Irish workforce engaged in agriculture had dropped from 37% to 10% in the last 25 years. About 3,000 people left the agricultural sector every year.

5. The Taoiseach then referred to EC anxieties to finalise the Uruguay round and the GATT negotiations. The President said they hoped they could finish this year. He had met President Mitterand and had pressed him hard on this issue. The Taoiseach commented on the problem posed by the French election where the farming vote was significant. He said Ireland exported 70% of its GDP. We were therefore free traders and needed world trade. The President said it would be a good signal if the GATT negotiations could be finished. An extension of the "fast track" procedure would be needed but he would favour a short extension to maintain pressure for results.
  
6. Turning to Somalia, The President expressed his appreciation for the contribution made by Irish aid workers there. The US was anxious to move its involvement to the next phase, which would be a less "up front" role. The Taoiseach expressed the appreciation of the Government for the role played by the United States. The deaths of Irish aid workers had brought this into sharp focus. He outlined Irish involvement in various peace-keeping initiatives. (There followed a brief exchange on the Irish missionary tradition, which could be said to date back to St. Patrick. The President said that his press spokesman, Mr. Stephanopoulos, who was descended from a long dynasty of Greek priests, was pressing him to proclaim that St. Patrick was Greek! )
  
7. The President then turned to the issue of tax deferral, which he knew was of concern to the Taoiseach. He sketched out the background to the US position. Changes to the tax regime made in 1986 had a curious and unintended impact on



industry. A small US manufacturer had actually an incentive to close down the domestic firm and to move off-shore. They could thereby benefit from carrying forward the tax loss involved in the close-down and from the start-up benefits available in the new location. They need never take money back to the United States and need never pay tax. The proposal which the Administration now put forward was more modest than the Rostenkowski proposal. The proposal was not aimed at Ireland. As long as money was invested in a genuine way, it could be left in Ireland and it could still be attractive for US companies to invest in Ireland.

8. The Taoiseach recalled his earlier meeting the previous day with Mr. Rostenkowski. He gave the President the key statistics on Irish corporate tax rates and the impact of US investment on manufacturing industry and employment in Ireland. He said the proposal would have a disproportionate impact on Ireland and would make it advantageous for US firms located in Ireland to move to areas with higher tax rates more closely approximating those in the United States. He could understand the frustrations caused in the United States by firms closing and moving elsewhere. However, US investment in Ireland sustained another 30-40,000 jobs in the United States. The balance of trade was strongly in favour of the US. Multinational firms needed to be in Europe for a whole series of reasons. The new proposals would take investment out of Ireland but the firms would not relocate back to the United States. They would go elsewhere in Europe. The US Treasury would not gain.
  
9. The Taoiseach expressed appreciation for the President's willingness to work with Ireland in looking at the problem. One possible solution might be to make special provisions for countries with a balance of trade surplus in favour of the United States. He appreciated the political problems which could arise for example where firms with high

investments but very few employees in Puerto Rico were making millions in tax credits. Ambassador Gallagher stressed that there were no "run-away" plants in Ireland.

10. The President said he had no problem with what US companies had done in Ireland. The Administration's proposals did not go as far as the Rostenkowski approach. They would work on the proposals bearing in mind what had been said.
11. The President then invited the Taoiseach to set out his views on Northern Ireland. The Taoiseach recalled the circumstances of partition which had created a new majority/minority problem within Northern Ireland. Up to 43% of the population there was now nationalist. Much of the area had a local nationalist majority. As the official British documents at the time of partition made clear, the arrangements were meant to revert to eventual Irish unity. He had pointed out to Prime Minister Major that there was a danger that the British were going backwards in relation to that aspect and actually seeking to confirm the border. That would be a recipe for continuing violence.
12. Accommodation was needed between the two identities. These related to Dublin and London respectively. The "patch up" approach would not work any more. There was a responsibility on all those involved to make sure that the violence did not carry into another generation. Both Governments should focus on the problem, decide their strategy and then do their utmost to bring others along.
13. The Taoiseach stressed his good personal relationship with Prime Minister Major. They had cooperated to launch the Talks and to bring the unionists to Dublin. The Talks had enabled each tradition to define its identity and aspirations for the other. The Talks had been suspended in November but both Governments were trying behind the scenes

to re-launch them. He outlined briefly the three strand approach in the Talks.

14. The Taoiseach said the period up to the local elections in May was likely to be dominated by election rhetoric which would make progress impossible. The two Governments should work out the whole strategy to accommodate both sides and return to the approach taken initially in the 1920s. The majority/minority problem in relation to Northern Ireland was similar to ethnic problems in other parts of the world. If a model could be created which worked in Ireland, it might find application to other ethnic conflicts.
  
15. The Taoiseach expressed the appreciation of the Government for the interest of the US President and Administration. He was anxious that that interest should be developed in a prudent and constructive way. He recalled the helpful background role which President Reagan had played in the run up to the Anglo-Irish Agreement. Although the Agreement gave the Irish Government only a consultative role, it nevertheless represented a breakthrough in the joint management of the problem.
  
16. The US were friends to both Governments and both communities. It could be extremely helpful in motivating both Governments to work out a common strategy. John Major was under political pressure in the House of Commons, and that involved some risk of neglecting the Irish agenda, or even making concessions to win unionist support in a tight voting situation, although the Prime Minister had so far been very honourable in avoiding that course. US involvement should be on a constructive and not a divisive basis. The Taoiseach suggested that the President might leave his options open in this regard. He could consider an exploratory mission to inform himself, perhaps in June or July when the local elections were out of the way.



17. The President said that he thought that approach (i.e. leaving options open) made a lot of sense. Vice-President Gore nodded agreement. Ambassador Gallagher said the two Governments needed to have a common conceptual approach and to work up support for it.
  
18. The Taoiseach said the last Talks showed that the room for manoeuvre of the local parties was very limited. There was a perceptible change in the general political landscape in Northern Ireland. The Moderator of the Presbyterian Church, Dr. John Dunlop, had expressed clearly unionist fears arising from their minority situation on the island of Ireland as a whole. They were fearful also of demographic changes and resistant to partnership, as was shown in local authorities in Northern Ireland where there was power sharing in all nationalist controlled district councils, but none in unionist controlled ones. That tended to confirm that agreement in Northern Ireland would not come "from the ground up". The two Governments had to work out the framework and give the impetus.
  
19. At that point an Aide intervened to say that Senator Kennedy needed to go to the Senate to vote, and that he was anxious that the photo opportunity with Ambassador-Designate Jean Kennedy-Smith should take place as soon as possible. The Taoiseach and President then went to the press conference and the meeting concluded.



Seán O hUiginn  
19 March, 1993.