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MEETING BETWEEN TAOISEACH AND BRITISH PRIME MINISTER,
MR. WILSON, IN LONDON ON WEDNESDAY, 11th SEPTEMBER, 1974.

The Taoiseach was met by the Prime Minister at the door of No. 10 Downing Street at 6 p.m. on 11th September. The Prime Minister was accompanied by Lord Bridges, and the Taoiseach by Mr. Nally.

The meeting opened with a private session, consisting only of this party, which lasted a little more than three-quarters of an hour.

The Prime Minister opened the meeting by referring to his recent speech to the Trade Union Council, which he said had got a great reception. He then asked if there were any points to which the Taoiseach would like to have special attention paid now.

Northern Ireland

The Taoiseach said that he appreciated that this was not an easy time, with the approaching election in the United Kingdom. His main concern was with the vacuum which seemed to have been developing in the Northern Ireland as to the future, and particularly on the question of power sharing. This lack of direction may well have been due, of course, to the sort of uncertainty generated by the possibility of a British election. His Government was particularly concerned as to the British Government's intentions on the loyalist majority. They appreciated the risks involved and particularly the dangers to the minority.

Security Conference

In so far as his Government were concerned, the Taoiseach said that they were prepared to go ahead with the security conference at an early date. He assumed that the meeting would be between the Minister for Justice and the Secretary of State. It was a question whether the meeting should be preceded or followed by a meeting of officials. He was inclined to think that it should be followed by such a meeting. He would suggest Baldonnel as the venue - as a place which was reasonably convenient and secure.

Law Enforcement

They would be ready to go ahead as soon as the Dáil reassembled, with the legislation on the Report of the Commission on Law Enforcement.

Northern situation

The Taoiseach then returned to the question of violence and the Northern situation generally. He said that so far as they could see the level of violence generally had dropped but there was a lot of apprehension in the North. Was the fall in the level of violence a direct consequence of some policy decision by those responsible or was it simply due to the fact that the Army had become more successful in its operations - or was it a combination of these two things? He said that he was aware of the feeling among large numbers of the population in the North of a general fear of the unknown. The UWC strike had showed the possibilities for

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the future which existed there. Craig had seemed to grow stronger in recent times; West seemed to be doing reasonably well while the involvement of Mr. Paisley seemed to have diminished. It seemed to be generally accepted that the Faulknerite Unionists and the Alliance position had weakened considerably. The S.D.L.P. were certainly no stronger and could well be weaker. Against this sort of background it seemed likely that the extreme loyalists would get a majority, which could be large, in the forthcoming convention.

There was also the danger that there could be an escalation of violent attacks on the minority.

The Taoiseach said that he was very pleased to see the statement which had been issued following Mr. Wilson's meeting with the S.D.L.P., on the subject of power sharing in Government. The Irish dimension was also important. It was impossible to get identification with an administration, unless there was some way of ensuring power sharing in Government. This policy had important implications for policing in the North. It must be made sufficiently clear to the loyalists that, whatever they did, they must concede on the question of power sharing.

It was probably too early yet to assess reactions in Northern Ireland to the British White Paper on financing, which could have a large influence on loyalist thinking. However, he had noted comments by Sir Robert Kinahan agreeing with the main message of the White Paper that it would be impossible for Northern Ireland to go it alone. He had also heard the contrary view expressed by Mr. Taylor that the North could operate on its own - just as the Republic had done for fifty years. In fact, in Mr. Taylor's view they, in Northern Ireland, could probably do it better!

Mr. Wilson said that they knew they were applying pressure with the comments in the White Paper. It suited the Taylor group to say that the pressure was not real.

The Taoiseach then referred again to the feeling of apprehension in the North, about the domination of the Convention by extreme loyalists. Army activity in certain areas contributed to this feeling of unease. He was not making this point critically about the Army because, basically, the interests of the two peoples were the same. However, the Army's method of operating in certain parts of the North had given rise to antagonism among the local population which was self-defeating in that it threw them into the arms of the IRA. Where the Army operated reasonably, the response from the population was good. The majority of the people in the North wanted peace. This must be the basic objective of both Governments.

This was as much as he wished to say at present on the question of Northern Ireland. There were other issues which could be raised later.

Mr. Wilson said that he would, if this were acceptable, leave the question of the Army to Mr. Rees who would also give some comments on the general situation. He said that they had a very good meeting with the S.D.L.P. yesterday.

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They had expressed their anxiety in doomsday terms - and more than one of them had done this.

They say there is a danger of a vacuum in the North at present. Mr. Wilson's comment on this was "Please God it will continue. We don't want Northern Ireland as an election issue - or any other consequences from the novelty of the Powell dimension".

Mr. Wilson said that there was a lull in the position at present, following the cataclysmic events of last May. They had then seen something new in these islands in the assertion of worker power, not in terms we have seen here or in "your country". There was nothing to do with industrial conditions or economics or wages in what the UWC strike had been about. Even two hundred thousand soldiers could not have handled the situation. They could not have run the power stations if the loyalists had wanted a confrontation.

In this situation they had formed the view that it was unreal of the British Government to attempt to draw up another Constitution. "Remember that the UWC strike ended on the day the Executive fell". If there was an attempt to draw up another Constitution "this side of the water" there was no chance that it would get off to a fair start. If this was a correct reading, then the conclusion was that "Right, you have taken the law into your own hands. If you will not accept an English solution, you must sit down and produce a set of proposals of your own."

It was important to get this Constitution thing settled and they must also get the role of the Army settled. In the North it was important that the Army should revert to the role played by "your Army". In other words it should revert to its role of assistance to the civil power.

In all this, it was important that it be recognised that there were two things "We cannot agree to".

If there was any attempt to set up a Constitution otherwise than by force of law, it would not be accepted by the British Government or by Westminster.

Again, it would be completely unacceptable that there should be any attempt to establish a Constitution unless there were agreement on the principle of power sharing and on an Irish dimension.

He would go further than this and say that the British Government could not accept a solution that produced another Stormont. They could never again have the position that a man, no matter how good he is, can never be a Minister.

The S.D.L.P. had referred to the question of the Committee system in Northern Ireland - something like the way

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the London County Council was run, with a Housing Committee, an Education Committee etc. but all these committees would be constituted, in the Northern situation, so as to result in a permanent Loyalist majority. This sort of set up would not be acceptable to the British Government.

The Prime Minister commented on Mr. Devlin's abilities as an administrator which he said had been impressive. Yesterday the Party had been in a doomsday mood. They were asking the question of what would happen if the Convention produced a Loyalist majority. The Prime Minister's answer to this had been that the British Government would not accept it. His own Party would never accept what the SDLP feared. The same was true of the Conservatives though there may be some of them in a very doubtful position.

The SDLP had pressed on with this argument. They had asked what would happen if there were, in fact, a strong Loyalist majority at the Convention. Mr. Wilson said that in this situation they could only produce a Unilateral Declaration of Independence. This could not be accepted in the United Kingdom. There just was no point in going any further into a discussion of this question.

The Prime Minister then referred to his "spongers" speech. He said that in a UDI situation there would be 10,000 out of work in Harland and Wolff. UDI was as unconceivable to them for Northern Ireland as it would be in Yorkshire or Cornwall. The North could not live for a day without Britain. It simply was not a threat to say that the Loyalists could bring the life of the province to a standstill. This was all right as a destructive tactic but you could not run a Government or an administration on this principle. You can do it for a period of weeks but you cannot run a country on the basis of a strike.

The simple position was that they would not accept a Constitution unfair to the two communities and if any such Constitution were produced, in draft, the people who produced it would be told to go back and look at things again.

The SDLP went away from the meeting very satisfied. They had agreed that it was an extremely good communique from their point of view.

Mr. Wilson then read extracts from the communique dealing with power-sharing arrangements and the Irish dimension.

He said that they contemplated an election for a Convention when the general election was out of the way. At best the general election would produce, for the Loyalists, 11 or 12 seats in a House of Commons of 630 people most of whom were against the extreme policies advocated by the Loyalists.

At this point Mr. Wilson expressed anxiety about the talks between the Conservative backbenchers and the Unionists, which he said could lead to a difficult situation if any Westminster election returned a small majority for either of the main parties. Coalition was "all right for you" but in the Commons there were some very funny groups of people - oddballs and other types. The position of the Liberals was a peculiar one.

The Conservatives had given rather a peculiar denial of the substance of their talks with the Ulster Unionists. They had said that it was not true that there was or could be a tie-up

with the Ulster Loyalists but they had referred to such a thing happening in the present Parliament. Mr. Powell may create a difficult situation.

The general attitude of the Government - and as far as he knew it - of the Opposition was made clear in the recent White Paper, on the newer paper on Financing and in the communique issued yesterday. He could summarise it by saying that any arrangements which did not include power-sharing in Government would just blow away in the wind.

The Taoiseach said that they could perhaps discuss the question of an Irish dimension later when the other participants at the meeting would be present. He asked Mr. Wilson for comments on the Common Market, and said that the question of the Green Pound was one of particular difficulty for us now.
"Green Pound"

The Taoiseach referred to the talks which had taken place recently between Mr. Peart, Mr. Clinton and Monsieur Lardinois at which the suggestion that the rate for the Green Pound be varied by $7\frac{1}{2}\%$ with an additional margin of 2% for certain currencies and an overall price increase of 4% for agricultural produce was discussed. He said that at this meeting Mr. Peart had raised objections to these proposals. We were deeply concerned by this British attitude.

In our country farmers had a very bad year. This was a matter of extreme importance to us as a Nation where about 25% of the population derive their livelihood from agriculture compared with approximately 3% in the United Kingdom.

There was the further difference which the British might not understand between agriculture in the two countries in that in the United Kingdom it was the custom for farmers to breed, rear and fatten their stock for sale on the market. We, on the other hand, reared and bred for a period of up to $1\frac{1}{2}$ years and then sold these small cattle to other farmers in our own country and in the U.K. for finishing. The small farmers engaged in this activity had no other source of income in many areas of the country. They had no milk etc. on which farmers elsewhere could rely.

We were now in the position that there were 350,000 to 400,000 extra head of cattle in our country for which there was no sale at current prices and no fodder in the coming winter. We had hired two refrigerated ships to try to keep the supply position in balance but this was only a temporary palliative. What we wanted from the British was that they should indicate a willingness, if not to support, then, as a minimum, not to oppose our proposals for a Green Pound involving compensation to farmers in the two countries to the full 15.3% involved.

This would not be of any great consequence to the British consumer. As far as we could see it would make an increase in the U.K. cost of living of approximately .2% and a possible increase in their deficit on the balance of payments of about £35m.

If Mr. Wilson anticipated any political difficulties from the change, insofar as the cost of living was concerned, he could announce the change now. Its effect would not be felt on the cost of living for some time - certainly not in time to affect the consideration which was probably uppermost in Mr. Wilson's mind at present.

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Mr. Wilson said that he would prefer to let Mr. Callaghan deal in more detail with the subject since it was within his sphere of responsibility.

The Taoiseach pressed the point further saying that we were the third or fourth largest customers for U.K. exports and it was obviously important for them to cultivate friendly relations between the two countries. There was also the consideration of the stability of cattle business in the best long term interests of consumers.

Mr. Wilson said that in his conversation with Mr. Lardinois, Mr. Peart had indicated the complications that would arise in trade between the U.K. and Ireland if a separate rate for the Irish Green Pound was fixed. He said that they had not yet really reviewed the situation in Government but would have their Agriculture Ministers look at it by Saturday. They were particularly concerned with the effect on the housewife and on the balance of payments. They would bring it to the Cabinet next week.

The Taoiseach said that even if they would not accept the Green Pound fully for themselves in the UK it was important that they should not oppose our accepting the improved rate of exchange ourselves. There were important security implications for us. For example, if farmers started to agitate, as they were now threatening, we would be compelled to take Gardaí and security forces from the border. This could have the wrong sort of repercussion in Northern Ireland.

Mr. Wilson again referred to difficulties which the border caused in controlling the movement of agricultural commodities between North and South if there were different rates of exchange and different prices. Different prices would of course lead to a great deal of pressure being put on the British Government by their own farmers.

Later during the working dinner at which Messrs. Callaghan and Rees were also present on the British side, the Taoiseach again raised the matter of the Green Pound and pressed for British support for revaluing the rate upwards by 15.3%. The Prime Minister again pointed to the difficulties which would arise if Britain and Ireland had separate rates - he instanced foreign exchange and border control as examples - the impact which any upward move would have on the British cost of living. He also said that, especially at the moment, he would have to "play it slow". The Taoiseach suggested that an announcement might now be made of an agreement but that its implementation might be postponed. The Prime Minister ruled this out but said that the British Cabinet would be considering the matter fully before the Agricultural Ministers met at the weekend.

In general the British side both at Downing Street and Foreign Office level, showed a full appreciation of and some sympathy for the difficulties with which we were faced and while no commitment was made, the British side undertook that in considering matter at Cabinet in the next few days they would have full regard for our position.