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ACTION SS-00

INFO LOG-00 ADS-00 SSO-00 /000 W  
-----262257 141448Z /38

O 141443Z MAR 89  
FM AMEMBASSY DUBLIN  
TO SECSTATE WASHDC IMMEDIATE 1785

C O N F I D E N T I A L SECTION 01 OF 02 DUBLIN 01675

EXDIS **DECAPTIONED**

E.O. 12356: DECL: OADR  
TAGS: OVIP (HAUGHEY, CHARLES J.), EI  
SUBJECT: HAUGHEY VISIT TO U.S.

REF: DUBLIN 1517

1. (C-ENTIRE TEXT).

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SETTING

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**RELEASED IN FULL**

2. THOUGH LACKING A PARLIAMENTARY MAJORITY, HAUGHEY ARRIVES IN WASHINGTON IN FIRM CONTROL OF THE POLITICAL SITUATION IN IRELAND. AN ELECTION IS UNLIKELY IN THE NEAR FUTURE AND HAUGHEY IS TURNING HIS ATTENTION TO HIS FIRST IRISH EC PRESIDENCY DURING WHICH HE HOPES TO TRAVEL TO MOSCOW. THE ONLY CLOUD ON HAUGHEY'S HORIZON IS HIS HEALTH. HE HAS NOT RECOVERED FULLY FROM A SEVERE RESPIRATORY INFECTION LAST FALL AND WILL CONSULT A SPECIALIST DURING HIS WASHINGTON TRIP.

THE IRISH AGENDA

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3. HAUGHEY HAS THREE PRINCIPAL OBJECTIVES FOR HIS  
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WASHINGTON MEETINGS:

-- BRIEF THE PRESIDENT AND THE SECRETARY ON THE  
DUBLIN VIEW OF THE NORTHERN IRELAND PROBLEM AND ANGLO-

**REVIEW AUTHORITY: Robert Homme, Senior Reviewer**

IRISH RELATIONS.

-- PUSH THE ADMINISTRATION AND CONGRESS TO GIVE  
IRELAND PREFERENTIAL TREATMENT UNDER THE '86 TAX ACT.

-- BOOST EFFORTS TO REFORM U.S. IMMIGRATION LAW.

NORTHERN IRELAND/ANGLO-IRISH RELATIONS  
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4. IT IS A COMMON BELIEF IN DUBLIN THAT THE STATE  
DEPARTMENT IS ANGLOPHILE AND HAS LITTLE TIME FOR THE  
IRISH VIEW OR NORTHERN IRELAND. THERE IS A FEAR THE  
NEW ADMINISTRATION IS SIMILARLY INCLINED. THUS,  
HAUGHEY SOUGHT AN EARLY OPPORTUNITY TO OUTLINE IRISH  
VIEWS TO THE NEW ADMINISTRATION AND TO URGE SYMPATHETIC  
UNDERSTANDING. HE WILL INVITE THE PRESIDENT AND,  
POSSIBLY, THE SECRETARY TO VISIT IRELAND. HOWEVER,  
HE WILL NOT PUSH FOR ANY ACTION OR STATEMENT ON OUR  
PART. HIS MAIN POINTS ARE LIKELY TO BE:

-- GRATITUDE FOR THE U.S. CONTRIBUTION TO THE  
INTERNATIONAL FUND FOR IRELAND (WE BELIEVE HE WILL  
LET OTHERS URGE FURTHER U.S. CONTRIBUTION).

-- CONTINUED SUPPORT FOR THE ANGLO-IRISH AGREEMENT  
AS THE BEST AVAILABLE WAY CURRENTLY TO DEAL WITH  
NORTHERN IRELAND.  
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-- MOVEMENT INTO GREATER ECONOMIC COOPERATION BETWEEN  
NORTH AND SOUTH IN THE RUN-UP TO 1992 AS A RESULT OF  
THE REVIEW OF THE AGREEMENT LIKELY TO BE FINISHED NEXT  
MONTH.

-- NEED FOR IMPROVEMENT IN FAIR EMPLOYMENT LEGISLATION  
NOW BEING DEBATED IN WESTMINSTER.

-- INSISTENCE THAT RESPECT FOR THE RULE OF LAW MUST  
BE PARAMOUNT IN THE BATTLE FOR THE HEARTS AND MINDS  
OF BOTH NATIONALISTS AND LOYALISTS AND, HENCE, IRISH  
UNWILLINGNESS TO YIELD TO MRS. THATCHER'S PRESSURE ON  
EXTRADITION AND SECURITY COOPERATION.



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5.       THOUGH HAUGHEY WILL PROBABLY WANT TO DISCUSS  
US-EC TRADE ISSUES IN GENERAL, AND ADVANCE THE VIEW  
THAT IRELAND IS AN EXCELLENT LOCATION FOR U.S. INVESTMENT  
IN THE EC NOW AND BEYOND 1992, HE HAS TWO SPECIFIC  
OBJECTIVES WHICH HE WILL RAISE IN SOME DETAIL WITH  
SECRETARY BRADY AND ON THE HILL AND WILL PROBABLY ALSO  
MENTION TO THE PRESIDENT AND THE SECRETARY:

--       PASSIVE FOREIGN INVESTMENTS (PFIC): THE 1986 TAX  
REFORM ACT INCREASED TAXES ON U.S. FIRMS WITH FOREIGN  
SUBSIDIARIES KEEPING LARGE PASSIVE ASSETS ABROAD. THE  
IRISH BELIEVE THIS WILL REDUCE NEW U.S. INVESTMENT AND  
FORCE THOSE ALREADY IN IRELAND TO KEEP MORE ASSETS IN

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R 011219Z MAR 89  
FM AMEMBASSY DUBLIN  
TO SECSTATE WASHDC 1686  
INFO EC COLLECTIVE

C O N F I D E N T I A L SECTION 01 OF 03 DUBLIN 01359

E.O. 12356: DECL: OADR  
TAGS: PGOV, EI  
SUBJECT: THE IRISH POLITICAL SCENE: THE MEANING OF THE  
PROGRESSIVE DEMOCRATS

REF: (A) 88 DUBLIN 5905, (B) DUBLIN 1246

RELEASED IN FULL

1. (C--ENTIRE TEXT.)

2. PRIME MINISTER CHARLES HAUGHEY AND HIS GOVERNING PARTY, FIANNA FAIL, CONTINUE TO RIDE HIGH IN THE POLLS. THE LATEST SURVEY, TAKEN AFTER THE GOVERNMENT'S SUBMISSION OF ITS BUDGET TO PARLIAMENT, CONFIRMED BOTH HAUGHEY'S AND THE PARTY'S CURRENT ASCENDANCY AMONG THE IRISH ELECTORATE (HAUGHEY'S PERSONAL POPULARITY ROSE 5 POINTS TO 67 PERCENT, AND FIANNA FAIL ROSE 3 POINTS TO 54 PERCENT OF POPULAR SUPPORT). THE PRESS ANALYSES OF THE POLLS ATTRIBUTE THIS ENDURING RISE IN SUPPORT TO THE GOVERNMENT'S HANDLING OF THE BUDGET, SPECIFICALLY ITS IMPLEMENTING OF PUBLIC-SPENDING CUTS TO BRING PUBLIC DEBT UNDER CONTROL (SEE REF B). THIS ANALYSIS IS CONFIRMED, SADLY, BY OUR CONTACTS IN THE OTHER PARTIES WHO COMPLAIN THAT THE GOVERNMENT HAS CO-OPTED THEIR POLICIES AND IS

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UNFAIRLY REAPING ALL THE BENEFITS IN THE PUBLIC EYE.

BUT WHAT CAN YOU DO?

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REVIEW AUTHORITY: Robert Homme, Senior Reviewer

3. THE OTHER PARTIES CHARGE HAUGHEY WITH POLITICAL OPPORTUNISM, NOTING THAT FIANNA FAIL'S CONVERSION TO THE NEED FOR FISCAL RETRENCHMENT CAME AFTER THE LAST GENERAL ELECTIONS. THEY ARGUE THAT, CONSEQUENTLY, THE GOVERNMENT COMMITMENT TO THESE POLICIES IS POLL-DEEP AND A REVERSION TO THE DANGEROUS DAYS OF BORROWING-AND-SPENDING IS BUT A U-TURN AWAY (EVOKING THE NUMEROUS U-TURNS IN HAUGHEY'S CAREER). BUT NONE OF THE OTHER PARTIES HAS BEEN ABLE TO DEVISE A STRATEGY TO GET THESE POINTS ACROSS TO THE PUBLIC IN A CONVINCING MANNER. NOR HAVE THE OTHER PARTIES BEEN ABLE TO DEVISE TACTICS OF EFFECTIVE OPPOSITION TO THE GOVERNMENT IN PARLIAMENT. BOTH FINE GAEIL AND THE PROGRESSIVE DEMOCRATS ARE LOCKED INTO FISCAL RESPONSIBILITY BY THEIR OWN PARTY POLICIES. AND ON OTHER ISSUES, EITHER ADROIT PARLIAMENTARY MANEUVERING OR THE THREAT BY HAUGHEY TO MAKE THE VOTE A VOTE OF CONFIDENCE HAS SWUNG ONE OR THE OTHER OF THE OPPOSITION PARTIES BEHIND HIS MINORITY GOVERNMENT IN ONE PARLIAMENTARY VOTE AFTER ANOTHER.

4. THE BOTTOM-LINE IS THAT NONE OF THE MAJOR OPPOSITION PARTIES WANT A GENERAL ELECTION, BOTH BECAUSE OF THEIR CONTINUING WEAKNESS IN THE POLLS AND BECAUSE OF THE LACK OF AN ISSUE JUSTIFYING ABANDONMENT OF A GOVERNMENT PUBLICLY PERCEIVED AS SUCCESSFUL. THOUGH THERE IS EXTENSIVE AND CONTINUING PRESS COVERAGE OF THE DOWNSIDE OF THE PUBLIC SPENDING CUTS, PARTICULARLY IN HEALTH SERVICES, FAR MORE IRISH WERE CONCERNED ABOUT THE PRICE RISES IN THE NEW BUDGET FOR GASOLINE AND CIGARETTES

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(23 PERCENT OF THOSE POLLED) THAN ABOUT HEALTH CUTS (2 PERCENT). AND WITH MOST IRISH AGREEING WITH HAUGHEY'S INTENTIONS TO MOVE TO TAX CUTS AS THE NEXT STEP, NO ONE IS PREDICTING THAT THE GOVERNMENT'S HANDLING OF THE BUDGET WILL, IN THE FORESEEABLE FUTURE, MOVE IN THE PUBLIC EYE FROM THE POSITIVE TO THE NEGATIVE.

5. THE PALPABLE SENSE OF FRUSTRATION THIS ELECTORAL IMPOTENCE HAS INDUCED IN THE OPPOSITION WAS EVIDENT IN THE CALL BY A PROMINENT FINE GAEIL BACKBENCHER FOR FINE GAEIL TO ABANDON ITS COMMITMENT TO SUPPORT RESPONSIBLE FISCAL RETRENCHMENT MEASURES BY THE GOVERNMENT (THE SO-CALLED "TALLAGHT STRATEGY") AND TO DO WHATEVER WAS NECESSARY TO BRING THE HAUGHEY GOVERNMENT DOWN. IT IS SIGNIFICANT THAT, THOUGH FINE GAEIL LEADER ALAN DUKES RE-

UNCLASSIFIED U.S. Department of State Case No. F-2010-07900 Doc No. C17686371 Date: 09/04/2012  
CONFIRMED THE TALLAGHT STRATEGY AND GINNED UP  
PARLIAMENTARY PARTY SUPPORT FOR IT AS PARTY POLICY, HE  
DID NOT DISCIPLINE THE ERRANT BACKBENCHER. THE TRUTH IS  
THAT THE BACKBENCHER WAS ONLY EXPRESSING IN PUBLIC WHAT  
ALL FINE GAEL DEPUTIES ARE FEELING IN PRIVATE.

WHITHER THE PROGRESSIVE DEMOCRATS?

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6. BUT THE PARTY FEELING THE GREATEST CHAGRIN AT  
PRESENT MUST CERTAINLY BE THE PROGRESSIVE DEMOCRATS.  
THE PARTY WAS FORMED BY DISSIDENT FIANNA FAIL DEPUTIES  
AND OTHERS, ALL WITH PERSONAL REASONS TO DETEST CHARLES  
HAUGHEY. AND IT WAS THE PROGRESSIVE DEMOCRATS WHO, IN  
THE 1986-87 PERIOD, FORCED THE RE-WRITING OF THE IRISH  
POLITICAL AGENDA WITH FISCAL RETRENCHMENT AS ESSENTIAL  
TO ECONOMIC RECOVERY REPLACING IMPROVEMENT OF THE GENERAL  
WELFARE AT THE TOP OF THE LIST. THE ELECTORATE REWARDED  
THEM IN THE MARCH 1987 GENERAL ELECTIONS WITH 14 SEATS,

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FM AMEMBASSY DUBLIN  
TO SECSTATE WASHDC 1687  
INFO EC COLLECTIVE

MAKING THEM THE ONLY UNDOUBTED SUCCESS STORY OF THE ELECTIONS (FIANNA FAIL FAILED TO CAPTURE ITS ANTICIPATED MAJORITY; FINE GAEIL SUFFERED ITS WORST SHOWING IN THIRTY YEARS; AND LABOUR SLIPPED TO FOURTH PLACE, WITH LEADER DICK SPRING HOLDING ONTO HIS SEAT BY ONLY FOUR VOTES).

7. AND NOW THE PROGRESSIVE DEMOCRATS MUST ENDURE THE SIGHT OF A FIANNA FAIL GOVERNMENT, WHOSE POPULIST SPENDING POLICIES IN THE 1970S AND EARLY 80S WERE SO LARGELY RESPONSIBLE FOR THE NEAR-BANKRUPTCY OF THE IRISH GOVERNMENT, RISING EVER HIGHER IN PUBLIC SUPPORT THROUGH IMPLEMENTING THE VERY POLICIES THE PROGRESSIVE DEMOCRATS FIRST URGED. AND, WORSE EVEN THAN THE THOUGHT THAT THE FIANNA FAIL SUCCESS IS BASED ON THE SORT OF POLITICAL OPPORTUNISM WHICH LED THE PROGRESSIVE DEMOCRAT FOUNDERS TO DETEST HAUGHEY, IS THE REALITY THAT FIANNA FAIL'S POPULAR SUCCESS HAS BEEN LARGELY AT THEIR EXPENSE. OF FIANNA FAIL'S 10 PERCENT RISE IN POPULAR SUPPORT OVER THE LAST TWELVE MONTHS, SIX PERCENT HAS BEEN GAINED AT THE EXPENSE OF THE PROGRESSIVE DEMOCRATS. IN ALL, THE PROGRESSIVE DEMOCRATS HAVE FALLEN FROM 14 TO 8 PERCENT.

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8. THE POLITICAL PUNDITS ARE ALREADY GATHERING AT THE PROGRESSIVE DEMOCRATS' GRAVE. THE CURRENT CONSENSUS IS THAT ONLY 5 OUT OF THE 14 PROGRESSIVE DEMOCRATS PARLIAMENTARY DEPUTIES (THOSE WITH STRONG NAME-IDENTIFICATION AND EQUALLY STRONG LOCAL MACHINES) WILL SURVIVE THE NEXT ELECTIONS. RUMORS ARE RIFE CONCERNING THE INTENTIONS OF THOSE CONSIDERED AT RISK, WITH A NUMBER RUMORED ALREADY ANGLING TO MOVE TO FINE GAEIL. THE RUMOR HAS THE VIRTUE OF PLAUSIBILITY. ALTHOUGH THE PARTY WAS FOUNDED BY DISSIDENT FIANNA FAIL DEPUTIES, ITS ELECTORAL GAINS CAME AT THE EXPENSE OF FINE GAEIL WITH ALL BUT ONE OF ITS NEWLY-ELECTED DEPUTIES SUCCESSFULLY CHALLENGING IN TRADITIONAL FINE GAEIL MIDDLE-CLASS CONSTITUENCIES. LENDING ADDITIONAL CREDENCE TO SUCH RUMORS IS THE PROPOSAL THIS WEEK BY PROGRESSIVE DEMOCRAT LEADER, DES O'MALLEY, OF AN ELECTORAL PACT WITH FINE GAEIL. HOWEVER, THOUGH IMMEDIATELY LABELLED A DESPERATION MOVE TO STAVE OFF EXTINCTION, THE PROPOSAL HAS NOT BEEN DISMISSED OUT-OF-HAND BY THE FINE GAEIL LEADERSHIP.

THE SIGNIFICANCE OF THE PROGRESSIVE DEMOCRATS  
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9. STILL, MOST OBSERVERS EXPECT THE PROGRESSIVE DEMOCRATS TO GO THE WAY OF EARLIER FOURTH PARTIES IN IRISH POLITICAL LIFE. FIANNA FAIL, FINE GAEL, AND LABOUR HAVE DOMINATED THE IRISH POLITICAL SCENE SINCE INDEPENDENCE. FOURTH PARTIES--NEARLY ALL FORMED AS DISSIDENT SPLINTERS FROM ONE OF THE BIG THREE--HAVE NEVER ENJOYED MORE THAN ONE GENERAL ELECTION SUCCESS. WHILE POLITICAL ANALYSTS HAVE LONG STRUGGLED (AND FAILED) TO EXPLAIN THE HOLD OF THE BIG THREE ON THE IRISH ELECTORATE, THEY ARE CERTAIN THAT THAT STRANGLEHOLD EXCLUDES LONG LIFE FOR NEW PARTIES. IF THE PATTERN HOLDS  
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AND THE PROGRESSIVE DEMOCRATS DO EXPIRE, DOES THIS SIMPLY MEAN THAT THEIR VOTERS HAVE RETURNED TO THEIR TRADITIONAL LOYALTIES? OR DOES IT MEAN THAT ON THE IRISH POLITICAL SPECTRUM (A NARROW CONSERVATIVE BAND ESSENTIALLY LACKING A VITAL LEFT WING AND EXTENDING FROM SLIGHTLY LEFT-OF-CENTER TO THE NATIONALIST RIGHT), THERE IS NO ROOM BETWEEN TECHNOCRATIC FINE GAEL AND POPULIST FIANNA FAIL?

10. IT MAY BE THAT THE PROGRESSIVE DEMOCRATS ARE THE ARCHITECT OF THEIR OWN DEMISE. FINE GAEL WAS, TRADITIONALLY, CORPORATIST IN ECONOMIC AND SOCIAL POLICY AND ALWAYS READY TO PLAY THE CONSERVATIVE CHURCH CARD. IT MOVED, UNDER GARRET FITZGERALD IN THE LATE 1970S AND 80S, TO NEARLY SOCIAL-DEMOCRATIC, INCREASINGLY MODERNIST AND EUROPEAN IN ITS OUTLOOK. THIS WAS A WINNING EVOLUTION WHEN ONLY FIANNA FAIL WITH ITS CENTRIST TENDENCIES STOOD TO FINE GAEL'S RIGHT AND WHEN BOTH THE TWO LARGEST PARTIES PRACTICED THE POLITICS OF "WELFARISM." BUT PUBLIC-SPENDING IMBALANCES AND A BADLY SKEWED TAX STRUCTURE PENALIZING THE PROFESSIONAL AND ENTREPRENEURIAL CLASSES CREATED A POLITICAL NICHE WHICH THE PROGRESSIVE DEMOCRATS FILLED. OUTFLANKED BY THE PROGRESSIVE DEMOCRATS IN THEIR PATENT APPEAL TO MIDDLE-CLASS INTERESTS, FINE GAEL HAS NOW SHIFTED BACK RIGHTWARDS WITH A CONSERVATIVE CHRISTIAN DEMOCRATIC TENDENCY CHALLENGING THE LEADERSHIP. IT IS SIGNIFICANT THAT THE FINE GAEL YOUTH WING, A FORCING-GROUND FOR NEW IDEAS UNDER GARRET FITZGERALD, OPTED AT THEIR RECENT

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R 011219Z MAR 89  
FM AMEMBASSY DUBLIN  
TO SECSTATE WASHDC 1688  
INFO EC COLLECTIVE

C O N F I D E N T I A L SECTION 03 OF 03 DUBLIN 01359

ANNUAL CONFERENCE TO RETAIN THEIR EUROPEAN AFFILIATION TO THE CHRISTIAN DEMOCRATS RATHER THAN TO SEEK A "MORE PROGRESSIVE" AFFILIATION. AFTER DECADES OF WORKING ITSELF OUT OF THE SOCIALLY-CONSERVATIVE EMBRACE OF THE CATHOLIC CHURCH, FINE GAEL FINDS ITSELF PULLED BACK BY FISCAL CONSERVATISM.

11. AS NO ONE IS SERIOUSLY PREDICTING AN ELECTION SOON (OUR SENIOR FIANNA FAIL SOURCES TELL US NOT UNTIL FALL 1990, AFTER THE IRISH TERM IN THE EC PRESIDENCY), IT IS TOO EARLY TO PREDICT IF THE CURRENT PATTERNS OF PUBLIC SUPPORT WILL HOLD. WE COULD LOOK TO THE EUROPEAN PARLIAMENTARY ELECTIONS IN JUNE FOR SOME INDICATIONS OF

UNCLASSIFIED U.S. Department of State Case No. F-2010-07900 Doc No. C17686371 Date: 09/04/2012  
THE FUTURE OF THE PARTIES, EXCEPT THAT ALL OF THEM HAVE  
OPTED FOR BIG-NAME CANDIDATES WHOSE PARTY-AFFILIATION  
WILL BE LESS SIGNIFICANT THAN THEIR OWN WELL-KNOWN  
PERSONALITIES. NEVERTHELESS, IT IS CLEAR THAT, EVEN IF  
THE PROGRESSIVE DEMOCRATS AT THE END OF THE DAY DO NOT  
PROVE TO HAVE FULFILLED THEIR STATED INTENTION "TO BREAK  
THE MOLD" OF IRISH POLITICS, THEY DID SUCCEED IN FORCING  
THE IRISH BODY POLITIC TO FACE UP TO ITS FISCAL  
RESPONSIBILITIES.

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FM AMEMBASSY DUBLIN  
TO SECSTATE WASHDC 1741  
INFO AMEMBASSY LONDON

C O N F I D E N T I A L SECTION 01 OF 03 DUBLIN 01517

LONDON PLEASE POUCH BELFAST

E.O. 12356: DECL: OADR  
TAGS: PGOV, EI  
SUBJECT: THE HAUGHEY GOVERNMENT: THE SECOND ANNIVERSARY

REF: (A) 88 DUBLIN 4252, (B) 88 DUBLIN 4985,  
- (C) 88 DUBLIN 5905, (D) 88 DUBLIN 6324,  
- (E) 88 DUBLIN 6412, (F) DUBLIN 1246,  
- (G) DUBLIN 1359

RELEASED IN FULL

1. (C-ENTIRE TEXT).

2. THE FIANNA FAIL ANNUAL CONFERENCE, HELD THE WEEKEND OF 24-26 FEBRUARY, WAS A CELEBRATION OF TWO YEARS IN POWER. THE RESOLUTION HOLDING PRIDE OF PLACE CALLED ON THE CONFERENCE "TO CONGRATULATE THE TAOISEACH (THE IRISH FOR CHIEF OF GOVERNMENT), CHARLES J. HAUGHEY, ON HIS GREAT LEADERSHIP OF OUR COUNTRY AND PARTY." NEEDLESS TO SAY, IT PASSED WITH ROARS OF APPROVAL. IN TRUTH, CHARLES HAUGHEY AND HIS PARTY HAVE GOOD REASONS TO FEEL EXUBERANT. THEIR DOMINATION OF THE IRISH PARLIAMENT IS SUCH (SEE REF G) THAT THERE

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IS NO THREAT ON THE PERCEIVABLE HORIZON TO THEIR REMAINING IN POWER INTO THE SECOND HALF OF 1990 (OR EVEN LONGER IF HAUGHEY SO DECIDES). THE ECONOMY IS BEGINNING TO RESPOND TO THEIR PROGRAM FOR NATIONAL

REVIEW AUTHORITY: Robert Homme, Senior Reviewer

UNCLASSIFIED U.S. Department of State Case No. F-2010-07900 Doc No. C17686372 Date: 09/04/2012  
RECOVERY, CENTERED ON BRINGING NATIONAL FINANCES BACK INTO BALANCE. AND A SERIES OF POLLS OVER THE LAST HALF-YEAR INDICATE A DEEPENING AND WIDENING PUBLIC SUPPORT FOR BOTH FIANNA FAIL AND ITS CHIEF. INDEED, SUCH IS THEIR CURRENT RUN OF GOOD FORTUNE THAT THE ANNUAL CONFERENCE WAS GREETED BY THE MILDEST IRISH WINTER ON RECORD. THIS HAS BEEN A REMARKABLE TURN OF EVENTS FOR A MINORITY GOVERNMENT WHICH SCRAPED INTO POWER IN MARCH 1987 ON THE CASTING VOTE OF THE SPEAKER OF PARLIAMENT.

FISCAL RESPONSIBILITY THE KEY  
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3. THE BASIC DOCUMENT OF THE FIANNA FAIL'S ECONOMIC POLICY FOR THE PAST 18 MONTHS HAS BEEN THE PROGRAM FOR NATIONAL RECOVERY (PNR), A THREE YEAR PACT CONCLUDED IN OCTOBER 1987. IT WAS THE RESULT OF NEGOTIATIONS INVOLVING THE GOVERNMENT, LABOR AND EMPLOYERS, AND FARMERS. THE PNR SET TARGETS IN KEY ECONOMIC AREAS SUCH AS IRELAND'S ECONOMIC INTEREST IN THE EEC, MACROECONOMIC POLICIES, TAX REFORM, SOCIAL PROGRAMS, EMPLOYMENT CREATION, AND LABOR LEGISLATION. BY FAR THE MOST WELL KNOWN PROVISIONS WERE THOSE DEALING WITH REDUCTION OF THE GOVERNMENT'S EXCHEQUER BORROWING REQUIREMENT TO A RANGE OF 5 - 7 PERCENT OF GNP AND STABILIZATION OF THE NATIONAL DEBT (THEN NEARLY 140 PERCENT OF GNP). OTHER KEY TARGETS WERE THE ANNUAL CREATION OF 20,000 NEW JOBS AND ADJUSTMENTS TO BRING  
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TWO-THIRDS OF TAXPAYERS INTO THE STANDARD RATE BRACKET OF 35 PERCENT.

4. THE GOVERNMENT'S PROGRAM TO ACHIEVE ITS ECONOMIC GOALS HAS SUCCEEDED MUCH BETTER THAN EXPECTED. THE MAIN OPPOSITION POLITICAL PARTIES HAVE LENT FULL SUPPORT TO AUSTERITY BUDGETS IN 1987 AND 1988 WHICH REDUCED EXCHEQUER BORROWING REQUIREMENTS FROM 13.2 PERCENT OF GNP IN 1986, TO 10 PERCENT OF GNP IN 1987 AND JUST 3.3 PERCENT IN 1988. AS A RESULT, IRISH INTEREST RATES AND INFLATION HAVE FALLEN SUBSTANTIALLY AND ARE NOW AMONG THE LOWEST IN THE COMMUNITY. EXPORTS GREW RAPIDLY IN 1987 AND 1988, YIELDING SIZEABLE TRADE AND CURRENT ACCOUNT SURPLUSES. EVEN DOMESTIC DEMAND RESPONDED TO THE GOVERNMENT'S ECONOMIC MEDICINE,

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INCREASING IN 1988 FOR ONLY THE SECOND TIME IN THIS  
DECADE. UNEMPLOYMENT HAS BEEN THE ONE REALLY  
QUESTIONABLE AREA OF THE ECONOMY'S PERFORMANCE, DECLINING  
SLIGHTLY IN 1988 TO JUST UNDER 18 PERCENT. FORTUNATELY  
FOR THE GOVERNMENT, EMIGRATION OF OVER 30,000 IN 1988  
RELIEVED MUCH OF THE PRESSURE WHICH LARGE NUMBERS OF  
YOUNG PEOPLE ENTERING THE WORK FORCE WOULD HAVE PUT  
ON THE ALREADY HIGH UNEMPLOYMENT FIGURES.

5. THE NET RESULT HAS BEEN A GENERAL CONSENSUS AMONG  
ECONOMISTS AND THE ELECTORATE THAT IRELAND HAS TURNED  
THE CORNER. POSITIVE DEVELOPMENTS IN ALMOST ALL ECONOMIC  
INDICATORS HAVE CREATED AN OPTIMISTIC MOOD, ONE WHICH  
IS A STRIKING CONTRAST TO THE GLOOM WHICH PREVAILED  
ONLY A YEAR OR SO AGO. WHILE THE ECONOMY IS STILL  
VULNERABLE TO RISING WORLD INTEREST RATES AND THE  
POSSIBILITY OF RECESSION IN ITS MAJOR EXPORT MARKETS,  
THE OUTLOOK FOR 1989 IS GOOD.

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R 071656Z MAR 89  
FM AMEMBASSY DUBLIN  
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INFO AMEMBASSY LONDON

LONDON PLEASE POUCH BELFAST

THE OPPOSITION IN DISARRAY  
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6. THE RESULT FOR THE OPPOSITION PARTIES HAS BEEN DISARRAY. THE TWO MAJOR OPPOSITION PARTIES -- FINE GAEL AND THE PROGRESSIVE DEMOCRATS -- CAN FIND NO LEVERAGE TO ATTACK THE GOVERNMENT'S PROGRAM. THEIR VARIOUS POINTS OF DIFFERENCE ARE MARGINAL AT BEST, REDUCING THEIR OPPOSITION TO LITTLE MORE THAN CLAIMS THAT THEY COULD DO THE WHOLE THING BETTER. THE CURRENT IMPOTENCE OF FINE GAEL, IN PARTICULAR, WAS HIGHLIGHTED BY A RECENT INTERNAL PARTY STUDY SHOWING THAT IN VIRTUALLY EVERY POLL CATEGORY FIANNA FAIL HAS TWICE AS MUCH DECLARED SUPPORT IRRESPECTIVE OF GEOGRAPHICAL LOCATION, AGE, MARITAL STATUS, SOCIO-ECONOMIC GROUPING OR SEX. FINE GAEL, IN SHORT, IS IN ITS WORST SHAPE IN THIRTY YEARS. THE PROGRESSIVE DEMOCRATS SEEM LITTLE BETTER OFF, WITH BOTH THE POLLS AND THE PUNDITS PREDICTING THEIR DEMISE.

6A. WHAT COMPLICATES THE PICTURE EVEN FURTHER IS THE  
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BITTER ENMITY OF FINE GAEL FOR THE PROGRESSIVE DEMOCRATS. ALTHOUGH THE PROGRESSIVE DEMOCRATS HAVE TRIED TO PATCH THINGS UP RECENTLY, FINE GAEL LEADER DUKES TOLD THE AMBASSADOR HE HAS NO INTENTION OF THROWING A LIFE-LINE TO THE FALTERING PROGRESSIVE DEMOCRATS WHO HE EXPECTS TO SELF-DESTRUCT AT THE NEXT ELECTION.

7. THE ONLY REAL OPPOSITION TO HAUGHEY'S GOVERNMENT COMES FROM THE LEFT. BUT THIS DOES NOT INCLUDE THE LABOUR PARTY WHICH IS SUFFERING AN IDENTITY CRISIS OF ITS OWN. TO SHORE UP PARTY SUPPORT FOR HIS LEADERSHIP AGAINST A LEFTIST CHALLENGE, DICK SPRING HAS REACHED TO THE NATIONALIST ROOTS OF THE PARTY IN A SERIES OF PARLIAMENTARY ACTIONS WHICH EVEN EVOKED THE ADMIRATION OF HAUGHEY. RATHER, THE OPPOSITION COMES FROM THE WORKERS' PARTY AND A COUPLE OF INDEPENDENT DEPUTIES. THEY CHALLENGE NOT ONLY THE SPENDING CUTS IN PUBLIC SERVICES BUT FIANNA FAIL'S TRADITIONAL METHOD OF OPERATING WITH "A NOD AND A WINK." THEY ARE SEEKING TO FORM A COALITION OF THE LEFT

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UNITING THEM WITH ELEMENTS IN THE CHURCH AND VOLUNTARY ORGANIZATIONS LOBBYING FOR GREATER STATE AID TO SOCIAL SERVICES. THOUGH THEY RECEIVE A GREAT DEAL OF SYMPATHETIC PRESS COVERAGE (INDEED, THE FOUR WORKERS' PARTY DEPUTIES ARE FAR ECLIPSED IN INFLUENCE BY PARTY MEMBERS HOLDING KEY POSITIONS IN IRISH RADIO AND TELEVISION), THEY ARE UP AGAINST THE LONG-STANDING REALITY THAT NEARLY 90 PERCENT OF THE IRISH ELECTORATE IDENTIFY WITH PARTIES OF THE RIGHT.

8. IT IS NOT THAT HAUGHEY IS WITHOUT PROBLEMS. A NUMBER HAVE CROPPED UP RECENTLY INCLUDING SERIOUS CONFLICT OF INTEREST CHARGES AGAINST AGRICULTURE MINISTER MICHAEL O'KENNEDY FOR HIS INVOLVEMENT IN THE

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CLOSING OF A SUGAR FACTORY. BUT, FEW OBSERVERS EXPECT HAUGHEY TO SEIZE ON THIS OR ANY CURRENT ECONOMIC ISSUE TO GO TO THE POLLS.

NORTHERN IRELAND

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9. OF MORE GENUINE CONCERN TO HAUGHEY ARE THE ACCUSATIONS WITHIN HIS OWN PARTY THAT HE HAS BETRAYED THE PARTY'S REPUBLICAN ETHOS BY HIS U-TURN FROM CONDEMNATION OF THE ANGLO-IRISH AGREEMENT WHILE IN OPPOSITION TO COMMITMENT TO IT WHEN COMING INTO POWER (SEE REF E). THOUGH TROUBLESOME, THE "REBELLION" WHICH CENTERS ON THE EMOTIONAL EXTRADITION ISSUE HAS BEEN CONTAINED. FIANNA FAIL IS A GRASS-ROOTS PARTY, ORGANIZED IN THOUSANDS OF LOCAL CLUBS, DRAWING SUPPORT NEARLY EQUALLY (AT THE NEAR 50 PERCENT MARK) FROM ALL SEGMENTS OF IRISH SOCIETY, AND EVOKING A NEARLY TRIBAL LOYALTY. NOTES OF DISSENT WERE NOTICEABLE BY THEIR ABSENCES AT THE ANNUAL CONFERENCE. AND THE ATTEMPT BY TWO YOUNG MEN TO MOUNT AN ANTI-EXTRADITION PROTEST DURING HAUGHEYS PRESIDENTIAL ADDRESS WAS DROWNED OUT BY THE THOUSANDS OF DELEGATES RISING TO THEIR FEET IN CHEERS AND APPLAUSE WHILE THE PROTESTERS WERE MAN-HANDLED OUT OF THE HALL.

10. IN HIS ADDRESS, HAUGHEY RETURNED TO HIS ALMOST MESSIANIC DESIRE TO BRING THE UNIONISTS TO THE CONFERENCE TABLE. HE REPEATED HIS OPEN INVITATION TO TALK. BUT,

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	OMB-01	INRE-00	USIE-00	SP-02	SNP-01	C-01	PRS-01
	P-02	T-01	/040 W				

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R 071656Z MAR 89  
FM AMEMBASSY DUBLIN  
TO SECSTATE WASHDC 1743  
INFO AMEMBASSY LONDON

C O N F I D E N T I A L SECTION 03 OF 03 DUBLIN 01517

LONDON PLEASE POUCH BELFAST

WHILE HIS RECOGNITION OF THEIR TRADITION AND THEIR RIGHTS AS IRISHMEN WAS ELOQUENT, HIS SEEMING LAYING OF MORAL BLAME ON THE UNIONISTS SHOULD THEY REFUSE TO TALK WAS PERPLEXING. THE UNIONISTS HAVE ALREADY SEIZED ON THAT AND HAUGHEY'S REFUSAL TO COUNTENANCE A SUSPENSION OF THE AGREEMENT TO REJECT WHAT THE REV. IAN PAISLEY, IN HIS USUAL EXUBERANT RHETORIC, TERMED THE "MAILED FIST OF DUBLIN." MORE PROMISING, BECAUSE MORE PRACTICAL TO ACHIEVE, WAS HAUGHEY'S PROPOSAL THAT, WITH 1992 APPROACHING, POLITICAL LEADERS FROM THE NORTH SHOULD ENTER A DIALOGUE WITH HIM TO WORK OUT

UNCLASSIFIED U.S. Department of State Case No. F-2010-07900 Doc No. C17686372 Date: 09/04/2012  
A COMMON APPROACH TO THE ECONOMIC CHALLENGE FACING  
THE ISLAND AS A WHOLE. THIS IS VERY MUCH IN LINE  
WITH WHAT HAS CLEARLY BECOME THE GOVERNMENT'S APPROACH  
TO THE NORTHERN PROBLEM - A PERSISTENT WORKING OF THE  
AGREEMENT TO ACHIEVE PRACTICAL PROGRESS COMBINED WITH  
AN OPEN DOOR TO THE UNIONISTS TO DEAL DIRECTLY WITH  
DUBLIN, AND BOTH WITH A VIEW TO THE LONG HAUL.

THE STATESMAN

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11. SUCH HAS BEEN HAUGHEY'S PERFORMANCE, PARTICULARLY  
OVER THE LAST SIX MONTHS, THAT EVEN HIS OPPONENTS HAVE  
BEGUN TO SPEAK OF HIM IN NEW, ADMIRING TERMS. HIS  
HANDLING OF THE ROW WITH PRIME MINISTER THATCHER OVER  
THE FATHER RYAN EXTRADITION CASE - THE VERY MODEL OF  
MODERATION WITH FIRMNESS - BROUGHT HAUGHEY BIPARTISAN  
PRAISE. GONE ARE THE SHARP EDGES, AS REMARKABLY  
REVEALED IN HIS PRESIDENTIAL ADDRESS, THE MEASURED,  
STATESMANLIKE TONES OF WHICH WERE IN STRONG CONTRAST  
TO THE STRIDENTLY PARTISAN SPEECH OF FINE GAEL LEADER  
ALAN DUKES AT HIS PARTY CONFERENCE (SEE REF D).  
SOME ARE SUGGESTING THAT HIS SERIOUS ILLNESS LAST  
FALL -- FROM WHICH HE HAS STILL NOT FULLY RECOVERED --  
BROUGHT HOME TO HAUGHEY THAT THIS MAY BE HIS LAST  
CHANCE TO MAKE HIS PLACE IN IRISH HISTORY AND THAT HE  
HAS DETERMINED TO RISE ABOVE HIS HITHERTO DOMINANT  
IMAGE AS THE ULTIMATE POLITICAL BOSS. WHATEVER MAY  
BE THE REASON, HAUGHEY IS NOW CLEARLY DECIDED TO  
SEEK SOLUTIONS NOT CONFRONTATION.

12. THIS CABLE IS SUBMITTED IN FULFILLMENT OF THE  
POST REPORTING PLAN.

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UNCLASSIFIED U.S. Department of State Case No. F-2010-07900 Doc No. C17686370 Date: 09/04/2012  
E.O. 12356: DECL: OADR  
TAGS: OVIP (HAUGHEY, CHARLES J.), EI  
SUBJECT: HAUGHEY VISIT TO U.S.

THE U.S. HAUGHEY WILL URGE SUPPORT FOR THE COYNE  
AMENDMENT WHICH EXCLUDES FIRMS IN COUNTRIES WITH WHICH  
THE U.S. HAS A TRADE SURPLUS.

-- SUPER ROYALTIES: THE 1986 ACT ALSO MANDATED  
TIGHTER RULES ON PAYMENTS FROM U.S. SUBSIDIARIES ABROAD  
TO THEIR PARENT FIRMS FOR INTANGIBLE ASSETS. PROPOSED  
TREASURY SALES WOULD HURT IRISH EFFORTS TO ATTRACT U.S.  
INVESTMENT AND REDUCE THE PROFITABILITY OF EXISTING  
FIRMS. HAUGHEY WILL SEEK RECOGNITION OF THE PROBLEM  
THIS POSES FOR IRELAND, AND A POLITICAL COMMITMENT  
TO ADDRESS IT.

IMMIGRATION  
-----

6. THIS WILL BE A PRINCIPAL FOCUS OF HIS STRATEGY  
SESSIONS WITH JIM WRIGHT, TED KENNEDY, TOM FOLEY AND  
OTHER FRIENDS OF IRELAND ON THE HILL. EMIGRATION REMAINS  
AN EMOTIONAL AND VOLATILE POLITICAL ISSUE HERE AND  
HAUGHEY MUST BE SEEN TO BE PRODUCING RESULTS. HOWEVER,  
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HE RECOGNIZES THAT AMNESTY FOR UNDOCUMENTED IRISH IN THE  
STATES IS NOT ON AND IS UNLIKELY TO RAISE IT. SIMILARLY,  
HE REALIZES THE ACTION IS ON THE HILL. WITH THE  
PRESIDENT AND SECRETARY HE WILL PROBABLY ONLY MENTION  
HIS EFFORTS WITH THE CONGRESS AND ASK FOR A SYMPATHETIC  
ADMINISTRATION VIEW OF THESE EFFORTS.

OTHER ISSUES  
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7. UNIFIL: THE IRISH ARE CONCERNED THAT THE  
DECISION TO DELAY PAYMENT OF OUR ARREARS TO THE UNIFIL  
OPERATION SIGNALS A WEAKENING OF U.S. SUPPORT FOR UNIFIL.  
AS THE LARGEST IRISH PEACE KEEPING OPERATION AND ONE WHICH  
HAS PRODUCED 27 IRISH DEATHS, UNIFIL IS A POLITICALLY  
SENSITIVE ISSUE. THE FOREIGN MINISTRY HAS URGED  
HAUGHEY TO RAISE THE ARREARS ISSUE AND WE BELIEVE HE  
WILL DO SO WITH THE SECRETARY.

UNCLASSIFIED U.S. Department of State Case No. F-2010-07900 Doc No. C17686370 Date: 09/04/2012  
EAST-WEST RELATIONS: WITH AN EYE TO HIS ROLE IN THE  
UPCOMING EC PRESIDENCY, HAUGHEY WILL WANT OUR ANALYSIS  
OF THE PROSPECTS FOR ARMS CONTROL AND FOR GORBACHEV'S  
REFORMS. ALTHOUGH THERE IS NOTHING OFFICIAL YET, WE  
BELIEVE HAUGHEY HOPES TO BE THE FIRST EVER IRISH PM  
TO VISIT MOSCOW.

MIDDLE EAST: THE IRISH ARE LOOKING FORWARD TO GREATER  
ACTIVISM IN THE MIDDLE EAST IN THEIR EC PRESIDENCY ROLE.  
THE LACK OF AN ISRAELI EMBASSY HERE (AGAIN PUT OFF  
BECAUSE OF THE KILLING OF A IRISH UNIFIL SOLDIER LAST  
MONTH) IS SYMPTOMATIC OF THE GENERALLY PRO-ARAB, PRO-  
PALESTINIAN APPROACH THE IRISH WILL BRING TO THEIR  
PRESIDENCY. HAUGHEY WILL PROBABLY NOT RAISE THIS  
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BUT EXPECTS, AT A MINIMUM, WE WILL RAISE OUR CONCERNS  
ABOUT LIBYAN-IRISH RELATIONS.

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	CEA-01	DOTE-00	OMB-01	STR-18	INM-08	INRE-00	FRB-03
	OES-09	JUSE-00	DEAE-00	SP-02	CEQ-01	E-01	/054 W
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FM AMEMBASSY PARIS  
TO SECSTATE WASHDC 7364  
INFO EC COLLECTIVE

C O N F I D E N T I A L SECTION 01 OF 02 PARIS 39417

BRUSSELS FOR USEC

RELEASED IN FULL

E.O. 12356: DECL:OADR  
TAGS: PREL, EEC, ECON, ECIN, ENVR, EI  
SUBJECT: THE IRISH AT STRASBOURG: A PREVIEW OF THE IRISH  
-            EC PRESIDENCY

THE FOLLOWING WAS DRAFTED BY USEC.

1. SUMMARY AND INTRODUCTION: IRISH PRIME MINISTER HAUGHEY, WHOSE GOVERNMENT TAKES OVER THE EC PRESIDENCY ON JANUARY 1, PROVIDED SOME EARLY VIEWS ON IRISH GOALS FOR THE NEXT SIX MONTH EC PRESIDENCY. ACCORDING HAUGHEY, THE IRISH WILL MAKE THE ENVIRONMENT THEIR TOP PRIORITY, FOLLOWED BY PROGRESS TOWARD ECONOMIC AND MONETARY UNION, LIBERALIZATION OF TRANSPORT POLICES, DRUGS AND IMMIGRATION, AND IMPLEMENTATION OF THE SOCIAL CHARTER. THE IRISH MAY PUSH, WITH HELP FROM OTHER LESS PROSPEROUS MEMBER STATES, FOR GREATER COMMUNITY FUNDS FOR UNDERDEVELOPED REGIONS OF THE EC. END SUMMARY AND INTRODUCTION.

IRISH PRESIDENCY GOALS FOR THE COMMUNITY  
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2. WE WERE PRIVY TO TWO SEMI-CLOSED BRIEFINGS (LIMITED MAINLY TO THE IRISH PRESS) WHICH PRIME MINISTER CHARLES

REVIEW AUTHORITY: Robert Homme, Senior Reviewer

UNCLASSIFIED U.S. Department of State Case No. F-2010-07900 Doc No. C17686373 Date: 09/04/2012  
HAUGHEY GAVE DURING THE COURSE OF THE DECEMBER 8-9 EC  
SUMMIT IN STRASBOURG. HAUGHEY, WHO WAS ACCOMPANIED BY  
IRISH FOREIGN MINISTER GERARD COLLINS, LAID OUT IN  
PRIORITY ORDER THE FOLLOWING OBJECTIVES FOR THE UPCOMING  
IRISH EC PRESIDENCY:

(1) THE ENVIRONMENT

THE IRISH HAVE PICKED UP ON INCREASING MEMBER STATE  
WORRIES ABOUT ENVIRONMENTAL DETERIORATION. HAUGHEY SAID  
THAT HE HOPED FOR A SOLEMN DECLARATION BY THE TWELVE ON  
THE ENVIRONMENT, WHICH WOULD BE SIGNED AT THE DUBLIN  
SUMMIT NEXT JUNE. THE DECLARATION, IN HIS VIEW, WOULD  
BE A COMPOSITE DOCUMENT OPEN TO THE CONTRIBUTIONS OF ALL  
MEMBER STATES. THE COMMUNITY SHOULD IN GENERAL PLAY A  
MORE ACTIVE ROLE AT INTERNATIONAL ENVIRONMENTAL  
CONFERENCES. HE SUGGESTED THAT THERE ARE NOT YET ENOUGH  
COMMITTEES AND GROUPS ENGAGED ON ENVIRONMENT PROTECTION;  
NUCLEAR WASTE IS ONE PROBLEM BUT THERE ARE OTHER "MORE  
MUNDANE AND PRACTICAL" CHALLENGES WHICH MUST BE  
ADDRESSED. HAUGHEY SAID HE STRONGLY SUPPORTED THE  
CREATION OF AN EC ENVIRONMENTAL AGENCY, NOTING THAT 28  
LOCALITIES (INCLUDING ONE IN IRELAND) HAVE ALREADY  
OFFERED TO HOST THE AGENCY.

(2) ECONOMIC AND MONETARY UNION (EMU)

HAUGHEY APPLAUDED THE DOMINANT THEME OF THE STRASBOURG  
SUMMIT -- AGREEMENT OF THE TWELVE GOVERNMENTS TO CONVOKE  
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AN INTERGOVERNMENTAL CONFERENCE (IGC) AT THE END OF 1990  
ON REVISING THE EC TREATIES TO ACCOMMODATE EMU. HE SAID  
THAT THE EC COMMISSION WILL ISSUE, BY APRIL 1, 1990, A  
MAJOR STUDY OF EMU WHICH FOCUSES ON THE COSTS AND  
BENEFITS OF EMU AND PRESENTS QUESTIONS FOR RESOLUTION BY  
THE CONFERENCE. HE IMPLIED THAT THE IRISH PRESIDENCY  
WOULD NOT HAVE MUCH TO OFFER ON ITS OWN, PRIOR TO THE  
COMMISSION PAPER, ON MOVEMENT TOWARD EMU. ONCE THE  
PAPER HAS BEEN ISSUED, HE SAID, IRELAND WILL DO WHATEVER  
IT CAN TO SUPPORT THE PROPOSED IGC.

(3) TRANSPORT POLICY

THIS ISSUE BEARS ON THE SINGLE MARKET, AS WELL IMPROVED  
COMMUNITY INFRASTRUCTURE, AND WAS DISCUSSED AMONG HEADS

UNCLASSIFIED U.S. Department of State Case No. F-2010-07900 Doc No. C17666373 Date: 09/04/2012  
OF GOVERNMENT ON DECEMBER 8. HAUGHEY SAID THAT IRELAND  
WOULD PROMOTE LIBERALIZATION OF AIR AND SEA TRANSPORT  
POLICIES. FRENCH SOURCES REPORTED THAT IN THE COURSE OF  
SUMMIT SINGLE MARKET DISCUSSIONS, HAUGHEY HAD ARGUED FOR  
MORE COMMUNITY FUNDING FOR ROADS AND COMMUNICATIONS IN  
MEMBER STATES LOCATED ON THE GEOGRAPHIC PERIPHERY OF THE  
EC.

(4) DRUGS/IMMIGRATION

THESE TWO SUBJECTS ARE TIED IN WITH THE ABOLITION OF  
INTERNAL FRONTIERS AMONG EC MEMBER STATES AS PART OF THE  
1992 SINGLE MARKET PROGRAM. BOTH ISSUES WERE ADDRESSED

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	CEA-01	DOTE-00	OMB-01	STR-18	INM-08	INRE-00	FRB-03
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FM AMEMBASSY PARIS  
TO SECSTATE WASHDC 7365  
INFO EC COLLECTIVE

BRUSSELS FOR USEC

E.O. 12356: DECL:OADR

TAGS:PREL, EEC, ECON, ECIN, ENVR, EI

SUBJECT: THE IRISH AT STRASBOURG: A PREVIEW OF THE IRISH  
- EC PRESIDENCY

BY THE STRASBOURG SUMMIT. FRENCH PRESIDENT MITTERRAND HAD SUCCESSFULLY PROPOSED THE NOMINATION OF NATIONAL NARCOTICS COORDINATORS DURING THE FRENCH EC PRESIDENCY; THEY HELD THEIR FIRST MEETING IN EARLY DECEMBER PRIOR TO THE SUMMIT. POTENTIAL IMMIGRATION DIFFICULTIES WERE BROUGHT UP BY SEVERAL HEADS OF GOVERNMENT DURING THE SUMMIT, IN THE COURSE OF INTERNAL MARKET DISCUSSIONS.

(5) THE SOCIAL CHARTER

STRASBOURG BROUGHT ADOPTION OF THE EC SOCIAL CHARTER BY ELEVEN MEMBER STATES, WITH ONLY THE UNITED KINGDOM IN OPPOSITION. HAUGHEY SAID THAT THE SOCIAL CHARTER WOULD BE IMPLEMENTED THROUGH AN ACTION PLAN MADE UP OF COMMISSION-PROPOSED DIRECTIVES, SUBJECT TO APPROVAL BY THE EC SOCIAL AFFAIRS COUNCIL UNDER "WEIGHTED-MAJORITY"

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VOTING PROCEDURES. HAUGHEY MADE IT CLEAR THAT IRELAND STRONGLY SUPPORTS THE SOCIAL CHARTER, WHICH HE CHARACTERIZED AS A "COMMUNITY DOCUMENT" DESPITE THE ABSENCE OF BRITISH SUPPORT. HE UNDERLINED THE PRINCIPLE OF SUBSIDIARITY IN THE SOCIAL CHARTER, I.E. THAT THE COMMUNITY WILL NOT INTERVENE ON SOCIAL ISSUES WHICH CAN BE WELL-MANAGED BY AUTHORITIES AT THE NATIONAL OR EVEN LOWER LEVEL. HE SAID THE PRINCIPLE IS ESPECIALLY IMPORTANT TO IRELAND, GIVEN STRONG IRISH TRADITIONS AND PRACTICES ON COLLECTIVE BARGAINING.

(6) EAST-WEST ISSUES

HAUGHEY SAID IT WAS NEARLY CERTAIN THAT HE WOULD TRAVEL TO EASTERN EUROPEAN CAPITALS DURING THE IRISH PRESIDENCY. HE COMMENTED ON WIDE AGREEMENT AMONG HEADS OF GOVERNMENT THAT THE GERMAN QUESTION AND EAST-WEST RELATIONS GENERALLY SHOULD BE MANAGED IN THE CSCE FRAMEWORK. HE SPOKE REPEATEDLY OF THE CONCILIATORY



UNCLASSIFIED U.S. Department of State Case No. F-2010-07900 Doc No. C17686373 Date: 09/04/2012  
ATTITUDE THAT MARKED FRG CHANCELLOR KOHL'S PERFORMANCE  
DURING SENSITIVE SUMMIT DISCUSSIONS ON GERMAN  
REUNIFICATION. FOR HIS PART, HAUGHEY SAID THAT  
REUNIFICATION IS AN ISSUE FOR THE GERMAN PEOPLE TO  
RESOLVE ON THE BASIS OF SELF-DETERMINATION.

HAUGHEY ALSO TOOK PAINS TO NOTE THAT GERMAN UNIFICATION  
AND DEEPENING INTEGRATION AMONG THE TWELVE EC MEMBER  
STATES WERE NOT CONTRADICTORY ENDS. HE POINTED OUT THAT  
SUMMIT STATEMENT LANGUAGE ON GERMAN UNIFICATION CITED  
THE "PERSPECTIVE OF EUROPEAN INTEGRATION." HEADS OF  
GOVERNMENT COULD HAVE CITED A "PERSPECTIVE OF EUROPEAN  
COMMUNITY INTEGRATION," BUT THE EC QUALIFIER WAS  
DELIBERATELY OMITTED. HAUGHEY, LIKE SEVERAL OTHER HEADS  
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OF GOVERNMENT AT STRASBOURG, EMPHASIZED IN HIS BRIEFINGS  
THE COHESIVE APPROACH OF EC-12 MEMBER STATES TOWARD  
EASTERN EUROPE. HE APPLAUDED THE GERMAN DELEGATION'S  
COMMITMENT TO EC INTEGRATION AS A PROCESS THAT SHOULD  
NOT BE COMPROMISED WHILE THE TWELVE TAKE NEW INITIATIVES  
TOWARD THE EAST, SUCH AS THE EUROPEAN DEVELOPMENT BANK.  
WE CAN ASSUME THAT HAUGHEY SHARES THIS ATTITUDE, HOWEVER  
REALISTIC IT MAY PROVE IN PRACTICE.  
CURLEY

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INFO LOG-00 ADS-00 SS-00 NSCE-00 PA-02 CPR-02 SSC-01  
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DRAFTED BY: EUR/NE:TEXT RECEIVED FROM WHITE HOUSE

APPROVED BY: EUR:RRJOHNSON

EUR/NE:VSGRAY

S/S-C:VFUTSCHER

EUR/NE:EMHEAPHY

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FM SECSTATE WASHDC  
TO AMEMBASSY DUBLIN PRIORITY

UNCLAS STATE 366446

RELEASED IN FULL

E.O. 12356:: N/A

TAGS: PREL, EI

SUBJECT: PRESIDENT BUSH'S RESPONSE TO PRIME MINISTER'S  
MESSAGE ON CALIFORNIA EARTHQUAKE

1. PRIME MINISTER HAUGHEY HAS SENT THE FOLLOWING  
MESSAGE TO PRESIDENT BUSH:

BEGIN TEXT:

THE PRESIDENT  
THE WHITE HOUSE  
WASHINGTON DC 20500

I HAVE LEARNED WITH GREAT SADNESS OF THE EARTHQUAKE  
WHICH HAS HIT THE SAN FRANCISCO AREA. ON BEHALF OF  
THE GOVERNMENT AND THE PEOPLE OF IRELAND AND ON MY OWN  
BEHALF I WISH TO EXTEND OUR DEEPEST SYMPATHY TO THE  
VICTIMS OF THIS GREAT TRAGEDY.

CHARLES J. HAUGHEY, T.D.,  
UNCLASSIFIED

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PAGE 02 STATE 366446

TAOISEACH

END TEXT.

REVIEW AUTHORITY: Robert Homme, Senior Reviewer

UNCLASSIFIED U.S. Department of State Case No. F-2010-07900 Doc No. C17686374 Date: 09/04/2012  
PLEASE CONVEY THE FOLLOWING MESSAGE FROM PRESIDENT  
BUSH TO PRIME MINISTER HAUGHEY:

BEGIN TEXT.

DEAR TAOISEACH:

ON BEHALF OF THE PEOPLE OF THE STATE OF CALIFORNIA AND  
THE ENTIRE UNITED STATES, I WOULD LIKE TO THANK YOU  
FOR YOUR THOUGHTFUL MESSAGE OF CONCERN IN THE WAKE OF  
THE EARTHQUAKE THAT STRUCK THE SAN FRANCISCO BAY AREA  
ON OCTOBER 17.

YOUR HEARTFELT EXPRESSION OF SYMPATHY WAS MOST  
APPRECIATED AND WILL BE A SOURCE OF COMFORT AND  
SUPPORT TO US AS WE UNDERTAKE THE TASK OF REBUILDING.

SINCERELY,  
GEORGE BUSH

END TEXT.

THERE WILL NOT BE A SIGNED ORIGINAL. BAKER

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NSC WASHINGTON DC

C O N F I D E N T I A L DUBLIN 05516  
FOR EUR/NE

RELEASED IN FULL

E.O. 12356: DECL: OADR

TAGS: OPRC

SUBJECT: DEATH OF PRIME MINISTER'S MOTHER  
FOR LONGMEYER FROM CURRAN

1. (C--ENTIRE TEXT.)  
2. MRS. SARAH HAUGHEY, THE WIDOWED MOTHER OF IRISH  
PRIME MINISTER CHARLES J. HAUGHEY, DIED YESTERDAY, 13  
SEPTEMBER, AGED 89. EMBASSY RECOMMENDS THAT THE  
PRESIDENT SEND A NOTE OF CONDOLENCE TO MR. HAUGHEY WHOM  
HE MET WHEN THE PRIME MINISTER CALLED ON HIM IN THE WHITE  
HOUSE LAST 17 MARCH. IN ADDITION TO THE PRIME MINISTER,  
MRS. HAUGHEY HAD THREE OTHER SONS AND THREE DAUGHTERS.  
SHE AND HER LATE HUSBAND, COMMANDANT SEAN HAUGHEY, WERE  
ACTIVE IN THE STRUGGLE FOR IRISH INDEPENDENCE.

3. RECOMMENDED TEXT:

DEAR PRIME MINISTER,  
PLEASE ACCEPT MY CONDOLENCES ON THE DEATH OF YOUR MOTHER.  
I KNOW WHAT A SENSE OF FINAL LOSS LOSING A PARENT BRINGS.  
NO OTHER RELATIONSHIP CAN REALLY BE THE SAME.  
WE MUST ALSO REMEMBER, HOWEVER, THAT YOUR MOTHER  
ENJOYED A FULL LIFE, INDEED, AND THAT IT MUST HAVE BEEN  
AN OCCASION OF PARTICULAR PRIDE TO HER TO SEE ONE OF HER  
SONS BECOME THE LEADER OF GOVERNMENT.  
END TEXT.

MOORE

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REVIEW AUTHORITY: Robert Homme, Senior Reviewer

CONFIDENTIAL

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ACTION EUR-00

-----066423 242044Z /72

**RELEASED IN FULL**

1. SUMMARY: THE CENTRAL BANK OF IRELAND RAISED ITS SHORT TERM LENDING RATE BY 1 PERCENT IN LATE JUNE, THE SECOND SUCH INCREASE THIS YEAR. INFLATION THROUGH THE FIRST HALF OF THE YEAR IS RUNNING AT ABOUT 4 PERCENT, ALMOST DOUBLE THE INFLATION RATE FOR 1988. THE ECONOMY CONTINUES TO GROW AT A STRONG PACE WITH SIGNIFICANT INCREASES IN EXPORTS, INVESTMENT AND CONSUMER SPENDING. MOST ESTIMATES OF GNP GROWTH HAVE BEEN IN THE RANGE OF 4 - 4.5 PERCENT, BUT THE ECONOMIC AND SOCIAL RESEARCH INSTITUTE (ESRI) JUST ISSUED ITS QUARTERLY ECONOMIC REVIEW WHICH PREDICTS 5.75 PERCENT REAL GROWTH THIS YEAR WITH CONSEQUENT IMPROVEMENTS IN GOVERNMENT REVENUES AND EMPLOYMENT. ESRI ISSUED ITS "MEDIUM TERM REVIEW" IN JULY, ESTIMATING AN AVERAGE ANNUAL GROWTH IN REAL GNP OF 5 PERCENT OVER THE NEXT FIVE YEARS. THE GOVERNMENT CONTINUES TO MAKE GOOD PROGRESS IN ITS EFFORTS TO REDUCE ITS BORROWING REQUIREMENTS. REVENUES DURING THE UNCLASSIFIED

**REVIEW AUTHORITY:** Robert Homme, Senior Reviewer

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PUT FORWARD IN THE GOVERNMENT'S BUDGET ESTIMATES AT THE BEGINNING OF THE YEAR. THE NEW COALITION GOVERNMENT FORMED IN JULY BETWEEN THE FIANNA FAIL PARTY OF PRIME MINISTER CHARLES HAUGHEY AND THE PROGRESSIVE DEMOCRATS RESULTED IN LITTLE CHANGE IN THE DIRECTION OF IRELAND'S ECONOMIC POLICY, BUT DID BRING A REDEFINITION ON CERTAIN ISSUES. END SUMMARY.

2. THE CENTRAL BANK OF IRELAND RAISED ITS SHORT TERM INTEREST RATE BY 1 PERCENT IN LATE JUNE IN REACTION TO A NUMBER OF DEVELOPMENTS IN INTERNATIONAL MARKETS, INCLUDING RATE ADJUSTMENTS IN GERMANY AND REPORTEDLY LARGE CAPITAL OUTFLOWS FROM IRELAND IN RECENT MONTHS. THE INCREASE BROUGHT THE PRIME RATE TO 10 PERCENT AND PERSONAL LENDING RATES TO 15 PERCENT.

3. INFLATION DURING THE FIRST HALF OF THE YEAR WAS ABOUT 4 PERCENT. THERE IS CONCERN IN THE BUSINESS COMMUNITY THAT STRONG CONSUMER DEMAND COUPLED WITH SPECULATIVE INCREASES IN HOUSE PRICES COULD LEAD TO EVEN HIGHER INFLATION. THE CONFEDERATION OF IRISH INDUSTRY (CII) AND THE ESRI HAVE POINTED OUT THAT THE CURRENT STATE OF THE ECONOMY OFFERS AN EXCELLENT OPPORTUNITY TO FURTHER REDUCE GOVERNMENT EXPENDITURE AND BORROWING WITHOUT ADVERSE EFFECTS FOR ECONOMIC GROWTH.

4. THE ECONOMY CONTINUES TO GROW AT A STRONG PACE. MOST ESTIMATES PUT GROWTH AT ABOUT 4 -4.5 PERCENT FOR THE YEAR, BUT THE ESRI JUST RELEASED ITS QUARTERLY UNCLASSIFIED

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ECONOMIC REVIEW PROJECTING A 5.75 RATE OF GROWTH IN REAL GNP FOR 1989 WITH CONSEQUENT IMPROVEMENTS IN EMPLOYMENT AND GOVERNMENT FINANCES. MANUFACTURING OUTPUT IS EXPECTED TO INCREASE BY 9 PERCENT IN VOLUME DURING THE YEAR, ABOUT 80 PERCENT OF WHICH IS EXPORTED. PRODUCTION INCREASES IN THE LARGELY FOREIGN-OWNED TECHNOLOGY SECTORS HAVE BEEN PARTICULARLY STRONG. IN 1988, THOSE INDUSTRIES (CHEMICALS, ELECTRONICS AND PHARMACEUTICALS) SHOWED INCREASES OF 21 PERCENT, COMPARED TO INCREASES OF ABOUT 5 PERCENT IN TRADITIONAL IRISH INDUSTRIES. CAPACITY UTILIZATION IN THE MANUFACTURING SECTOR HAS INCREASED FROM 71 PERCENT IN 1987 TO ABOUT 76 PERCENT THIS YEAR. THIS, IN TURN, HAS HELPED TO SPUR BUSINESS INVESTMENT IN EQUIPMENT, WHICH IS ESTIMATED TO RISE BY 20 PERCENT



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THIS YEAR. PERSONAL CONSUMPTION IS ALSO UP THIS  
YEAR, SHOWING A 7 PERCENT INCREASE DURING THE FIRST  
FIVE MONTHS OF 1989 OVER THE SAME PERIOD LAST YEAR.  
CAR SALES JUMPED BY 23 PERCENT DURING THE FIRST FIVE  
MONTHS OF 1989 COMPARED WITH THE SAME PERIOD LAST YEAR.

5. IRELAND'S EXTERNAL ACCOUNTS CONTINUE TO SHOW LARGE  
SURPLUSES. THE CURRENT ACCOUNT SURPLUS FOR THE FIRST  
QUARTER OF THE YEAR HAS BEEN REVISED TO USD 204 MILLION  
AND THE TRADE SURPLUS FOR THE FIRST HALF OF THE YEAR IS  
ESTIMATED AT USD 1.4 BILLION, ABOUT USD 82 MILLION  
HIGHER THAN LAST YEAR. GOVERNMENT OFFICIALS SAY THAT  
THEY EXPECT A TRADE SURPLUS OF OVER USD 2.7 BILLION FOR  
THE YEAR. THERE HAS BEEN SOME CONCERN, HOWEVER,  
ABOUT THE LARGE AND ERRATIC CAPITAL OUTFLOWS WHICH HAVE  
TAKEN PLACE SINCE EXCHANGE CONTROLS WERE RELAXED AT THE  
BEGINNING OF THE YEAR. HIGH LEVELS OF PROFIT  
REPATRIATIONS BY FOREIGN-OWNED FIRMS AND PRIVATE  
CAPITAL OUTFLOWS FOR INVESTMENT ABROAD HAVE BEEN OF

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PERCENT GROWTH IN 1990. IN ITS MOST OPTIMISTIC REPORT TO DATE, ESRI PREDICTED THAT UNEMPLOYMENT WOULD FALL FROM ITS CURRENT LEVEL OF ALMOST 17 PERCENT TO 12.7 PERCENT IN 1994 AND THAT THE NATIONAL DEBT AS A PERCENTAGE OF GNP WOULD FALL FROM 130 PERCENT TO ABOUT 84 PERCENT IN THE SAME PERIOD. ESRI BASED ITS FORECAST ON THE CURRENT ROBUST STATE OF THE ECONOMY, LARGE INFUSIONS OF CAPITAL FROM THE EC STRUCTURAL FUNDS, CONTINUED STRONG EXPORT PERFORMANCE AND INCREASE CONSUMER SPENDING. PERHAPS THE MOST OPTIMISTIC PART OF THE SCENARIO IS THAT THIS HIGH LEVEL OF GROWTH CAN BE ACHEIVED WITHOUT SIGNIFICANT INCREASES IN INFLATION.

7. THE GOVERNMENT CONTINUES TO MAKE STEADY PROGRESS  
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TOWARD ITS GOAL OF REDUCING ITS BORROWING REQUIREMENTS. GOVERNMENT REVENUES DURING THE FIRST HALF OF THE YEAR WERE ABOUT USD 274 MILLION ABOVE BUDGET ESTIMATES AT THE BEGINNING OF THE YEAR, WHILE GOVERNMENT EXPENDITURES ARE RUNNING SLIGHTLY BELOW THE BUDGET ESTIMATES. A NUMBER OF PRIVATE FORECASTERS, INCLUDING THE CII, ARE NOW PREDICTING THAT THE GOVERNMENT'S BORROWING REQUIREMENTS WILL AMOUNT TO ABOUT 4 - 4.5 PERCENT OF GNP FOR THE YEAR, COMPARED TO BUDGET ESTIMATES OF 5.3 PERCENT.

8. THE ESTABLISHMENT OF A COALITION GOVERNMENT LAST MONTH BETWEEN THE FIANNA FAIL PARTY OF PRIME MINISTER CHARLES HAUGHEY AND THE PROGRESSIVE DEMOCRATS RESULTED IN A NEW PROGRAM OF GOVERNMENT. THE COALITION PLEDGED TO HONOR THE GOVERNMENT'S COMMITMENTS UNDER THE PROGRAM FOR NATIONAL RECOVERY, AND TO SEEK WITH REPRESENTATIVES OF LABOR, EMPLOYERS AND FARMERS A NEW CONSENSUS PROGRAM WHEN THE CURRENT ONE EXPIRES IN 1990. LITTLE HAS CHANGED ON THE ECONOMIC FRONT EXCEPT FOR A REDEFINITION OF SOME MAJOR POLICY GOALS. UNDER THE COALITION PROGRAM FOR GOVERNMENT JOB CREATION WILL BE A MAJOR PRIORITY AS IT WAS UNDER THE PREVIOUS FIANNA FAIL GOVERNMENT, BUT THE TARGET FOR GROSS JOB CREATION HAS BEEN RAISED FROM 20,000 TO 35,000 PER YEAR. TO ACHEIVE THIS TARGET THE GOVERNMENT WILL SEEK PRO-EMPLOYMENT TAX REFORM, INCREASED FLEXIBILITY AND COMPETITION AT ALL LEVELS OF THE ECONOMY AND MACROECONOMIC POLICIES DESIGNED TO KEEP INFLATION AND INTEREST RATES LOW. A MAJOR PLANK IN THE GOVERNMENT'S

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TAX REFORM PROGRAM WILL BE TO ACHIEVE A STANDARD INCOME  
TAX RATE OF 25 PERCENT BY 1993 (CURRENTLY 32 PERCENT)  
AND PROVIDE RELIEF FOR LOWER INCOME BRACKETS. THE  
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COALITION CHOSE A RATHER MODEST GOAL OF REDUCING  
GOVERNMENT BORROWING REQUIREMENTS TO 3 PERCENT OF GNP  
BY 1993, ONLY SLIGHTLY LOWER THAN CURRENT LEVELS.  
THE NEW PROGRAM FOR GOVERNMENT REAFFIRMED THE  
GOVERNMENT'S COMMITMENT TO A VIABLE AND PROFITABLE  
SEMI-STATE SECTOR. AVOIDING THE WORD PRIVITIZATION,  
THE PROGRAM PROMISED "CHANGES IN OWNERSHIP STRUCTURE"  
ONLY WHEN IT IS IN THE BEST INTERESTS OF THE COMPANY  
AND ITS EMPLOYEES AND ONLY AFTER CONSULTATION WITH THE  
"SOCIAL PARTNERS."

9. UPDATED ECONOMIC STATISTICS ARE LISTED BELOW. DATA  
FOR CATEGORIES NOT INCLUDED REMAIN UNCHANGED FROM  
PREVIOUS REPORTS. INFORMATION SOURCES ARE INDICATED IN  
THE TABLES.

10. GROSS NATIONAL PRODUCT  
-- (CBI, ANNUAL REPORT 1988)

--  
-- PERCENT 1989  
-- 1988 CHANGE (FORE-  
-- 1987 (EST) '87-'88 CAST)  
-- (IN IR POUNDS MILLION AT CURRENT PRICES)

PERSONAL CONSUMER				
EXPENDITURE	11,478	11,991	4.47	12,862
PUBLIC NET CURRENT				
EXPENDITURE	3,560	3,565	.001	3,672
GROSS DOMESTIC				
FIXED CAPITAL				
FORMATION	3,439	3,577	4.01	3,975
GROSS DOMESTIC				
EXPENDITURE	18,449	18,914	2.52	20,471
EXPORTS				

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INFO LOG-00 ADS-00 AID-00 INR-07 CIAE-00 EB-00 DODE-00  
H-01 EXIM-06 NSAE-00 COME-00 LAB-04 CTME-00 TRSE-00  
ITC-01 OPIC-07 OMB-01 STR-18 INRE-00 SEC-01 FRB-01  
USIE-00 JUSE-00 SP-02 FDIC-01 E-01 /051 W  
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R 241603Z AUG 89  
FM AMEMBASSY DUBLIN  
TO SECSTATE WASHDC 2762  
INFO EC COLLECTIVE

UNCLAS SECTION 03 OF 06 DUBLIN 05092

E.O. 12356: N/A  
TAGS: ECON, KSPR, EI  
SUBJECT: ECONOMIC INDICATORS FOR IRELAND, JUNE -

(GOODS&SERVICES)	11,796	13,545	14.82	15,562
IMPORTS				
(GOODS&SERVICES)	10,470	11,567	10.48	13,454
GROSS DOMESTIC				
PRODUCT AT MARKET				
PRICES	19,775	20,892	5.65	22,579
NET FACTOR INCOME	1,957	2,542	29.89	2,779
GROSS NATIONAL				
PRODUCT AT MARKET				
PRICES	17,818	18,350	2.30	19,800

11. CONSUMER PRICE INDEX  
-- (BASE MID-NOV 1982 EQUALS 100) (CSO)

--	1987	1988	1989
MID-FEBRUARY	129.7	132.2	136.6
MID-MAY	130.5	132.9	138.0
MID-AUGUST	131.2	134.0	

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MID-NOVEMBER 131.3 134.8  
12. BALANCE OF PAYMENTS  
-- (IN MILLIONS OF IRISH POUNDS)  
-- (CBI, DECEMBER 1988)

1989

	1987	1988 (EST)	(FORE- CAST)
TRADE BAL. (ADJUSTED)	1,310	2,025	2,178
SERVICES (INCLUDING TOURISM)	7	-58	-70
FACTOR INCOME	-1,957	-2,542	-2,779
INTERNATIONAL TRANSFERS	879	1,011	1,275
BALANCE ON CURRENT ACCOUNT	239	437	604
PERCENT OF GNP	(1.25)	(2.50)	(3.00)

13. WHOLESALE PRICE INDEX  
-- (CSO) (BASE 1985 EQUALS 100)

	1987	1988	1989
1ST QUARTER	97.3	100.2	JANUARY 106.1 (PROV)
2ND QUARTER	98.0	101.6	FEBRUARY 106.0 (PROV)
3RD QUARTER	98.9	103.5	MARCH 105.7 (PROV)
4TH QUARTER	99.4	104.5	
YEARLY	98.4	102.4	

14. VOLUME OF RETAIL SALES INDEX--ALL BUSINESS COMBINED  
-- (1980 EQUALS 100) (CSO) (SEASONALLY ADJUSTED)

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	1987	1988	1989
1ST QUART	88.8	1ST QUART 90.1	JAN: 96.7 (PROV)
2ND QUART	89.5	2ND QUART 89.5	FEB: 94.6
3RD QUART	88.9	3RD QUART 90.9	MAR: 94.1
4TH QUART	89.2	4TH QUART 93.0	APR: 95.9 (PROV)

15. VOLUME OF PRODUCTION INDICES FOR MANUFACTURING  
-- (SEASONALLY ADJUSTED)  
-- (1980 EQUALS 100) (CSO)

	1987	1988	1989	1989
1ST QTR	138.7	165.5	187.9	JAN: 198.9
2ND QTR	150.2	162.7		FEB: 181.7
3RD QTR	152.9	170.9		MAR: 182.8
4TH QTR	156.5	176.3		APR: 176.4

--	1987	1988	1989
JAN:	43.9	JAN: 38.4	JAN: 40.5
FEB:	43.4	FEB: 37.8	FEB: 40.6
MAR:	43.0	MAR: 37.9	MAR: 41.0
APR:	41.7	APR: 37.1	APR: 40.1
MAY:	41.4	MAY: 37.8	MAY: 41.5
JUN:	41.2	JUN: 38.1	JUN: 41.9 (PROV)
JUL:	42.0	JUL: 39.8	
AUG:	40.6	AUG: 39.1	
SEPT:	41.4	SEPT: 39.4	
OCT:	40.4	OCT: 39.2	
NOV:	40.0	NOV: 39.5	
DEC:	39.1	DEC: 39.4	

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JAN:	19.4	254,500	246,000
FEB:	19.2	252,500	246,200
MAR:	19.0	249,400	245,200
APR:	19.1	250,700	250,200
MAY:	18.8	246,100	250,400
JUN:	18.8	246,800	249,900
JUL:	18.9	248,500	249,300
AUG:	19.0	248,800	247,900
SEPT:	18.4	241,800	247,200
OCT:	18.1	238,000	245,300
NOV:	18.4	241,000	245,600

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DEC: 19.1	250,100	244,800
PERCENTAGE OF WORK FORCE 1988 (UNADJUSTED)	NUMBER (UNADJUSTED)	NUMBER (SEASONALLY ADJUSTED)

JAN:	19.4	252,200	243,800
FEB:	19.2	250,600	244,400
MAR:	19.0	247,100	242,900
APR:	18.6	241,700	241,200
MAY:	18.1	235,900	240,100
JUN:	18.3	237,700	240,800
JUL:	18.6	242,200	242,800
AUG:	18.7	242,900	241,900
SEPT:	18.1	235,900	241,400
OCT:	17.9	233,400	240,000
NOV:	18.0	234,300	239,000
DEC:	18.7	242,900	237,600

PERCENTAGE OF WORK FORCE 1989 (UNADJUSTED)	NUMBER (UNADJUSTED)	NUMBER (SEASONALLY ADJUSTED)
--	------------------------	---------------------------------

JAN:	18.9	245,400	237,100
FEB:	18.6	241,500	235,500
MAR:	18.5	240,700	236,200
APR:	17.8	233,100	232,900
MAY:	17.5	228,600	233,000
JUN:	17.6	230,300	233,200
JUL:	17.6	230,000	230,800

17. MONEY SUPPLY (M3 IN IR POUND BILLION) (CBI)

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JAN:	8.73	JAN:	9.71	JAN:	10.5
FEB:	8.83	FEB:	9.68	FEB:	10.3
MAR:	8.83	MAR:	9.77	MAR:	10.2
APR:	9.08	APR:	9.72	APR:	10.4
MAY:	9.17	MAY:	9.95	MAY:	10.6
JUN:	9.22	JUN:	9.96	JUN:	10.5
JUL:	9.29	JUL:	10.12		
AUG:	9.46	AUG:	10.16		
SEPT:	9.55	SEPT:	10.28		
OCT:	9.60	OCT:	10.06		
NOV:	9.68	NOV:	10.12		
DEC:	9.80	DEC:	10.4		

18. THREE MONTH INTERBANK INTEREST RATE

-- (3 MONTH'S FIXED) (CBI)

-- 1987 1988 1989

JAN:	14.06	JAN:	8.56	JAN:	8.19
FEB:	14.25	FEB:	8.88	FEB:	8.31
MAR:	13.12	MAR:	8.56	MAR:	8.19
APR:	11.19	APR:	8.06	APR:	9.19
MAY:	11.12	MAY:	7.31	MAY:	9.44
JUN:	10.44	JUN:	7.69	JUN:	10.50
JUL:	9.69	JUL:	7.81		
AUG:	9.94	AUG:	8.06		
SEP:	9.00	SEP:	7.56		
OCT:	9.19	OCT:	7.62		
NOV:	9.19	NOV:	8.06		
DEC:	8.88	DEC:	8.38		

19. LONG-TERM INTEREST RATES

-- (GOVERNMENT SECURITIES MARKET) (CBI)

-- 8-YEARS 15-YEARS 8-YEARS 15-YEARS

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INFO LOG-00 ADS-00 AID-00 INR-07 CIAE-00 EB-00 DODE-00  
H-01 EXIM-06 NSAE-00 COME-00 LAB-04 CTME-00 TRSE-00  
ITC-C1 OPIC-07 OMB-01 STR-18 INRE-00 SEC-01 FRB-01  
USIE-00 JUSE-00 SP-02 FDIC-01 E-01 /051 W  
-----066444 242046Z /72

R 241603Z AUG 89  
FM AMEMBASSY DUBLIN  
TO SECSTATE WASHDC 2764  
INFO EC COLLECTIVE

UNCLAS SECTION 05 OF 06 DUBLIN 05092

E.O. 12356: N/A  
TAGS: ECON, KSPR, EI  
SUBJECT: ECONOMIC INDICATORS FOR IRELAND, JUNE -

	TO MATURITY 1987	TO MATURITY 1988		TO MATURITY 1987	TO MATURITY 1988
JAN	12.75	12.64	JAN	10.80	10.61
FEB	12.64	12.41	FEB	10.54	10.41
MAR	11.55	10.93	MAR	10.17	10.12
APR	10.48(E)	10.47(E)	APR	9.75	9.74
MAY	10.97(E)	10.92(E)	MAY	9.84	9.80
JUN	10.86	10.93	JUN	9.61	9.61
JUL	11.71	11.81	JUL	9.73	9.68
AUG	11.80	11.92	AUG	9.65	9.52
SEPT	10.24	11.30	SEPT	9.27	9.15
OCT	11.02	11.05	OCT	8.44(E)	8.40(E)
NOV	10.20(E)	10.23(E)	NOV	8.44(E)	8.40(E)
DEC	10.50(E)	10.45(E)	DEC	8.64(E)	8.41(E)

-- 8-YEARS 15-YEARS  
-- TO TO  
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	MATURITY 1989	MATURITY
JAN:	8.65 (E)	8.41 (E)
FEB:	8.99	8.79
MAR:	8.79	8.77
APR:	9.16	9.06
MAY:	9.47	9.31

-- TYPE	1988	1989		
	DEC	JAN	FEB	MAR
CENTRAL BANK				
REDISCOUNT	7.50	7.50	8.00	8.00
GOVERNMENT				
SECURITIES				
- ONE YEAR	8.39 (E)	8.50 (E)	8.53	8.56
- 3 YEARS	8.56 (E)	8.55 (E)	8.97	8.84
INTERBANK				
- OVERNIGHT	7.88	7.62	7.50	8.00
- 3-MONTH	8.38	8.19	8.31	8.19

MORTGAGE LOANS -----8.25-----

21. SHARE PRICE INDEX ON IRISH STOCK EXCHANGE  
 -- (CSO) (1988 EQUALS 1000)

-- 1987	1988	1989
JAN: 1081.1	JAN: 1000.4	JAN: 1369.4

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FEB: 1195.9	FEB: 1144.9	FEB: 1494.7
MAR: 1271.1	MAR: 1148.3	MAR: 1556.4
APR: 1293.5	APR: 1175.5	APR: 1590.1
MAY: 1306.8	MAY: 1212.9	MAY: 1677.2
JUN: 1343.8	JUN: 1352.6	JUN: 1649.4
JUL: 1393.0	JUT: 1441.2	JUL: 1594.2
AUG: 1553.0	AUG: 1473.4	
SEP: 1585.7	SEP: 1395.7	
OCT: 1704.6	OCT: 1433.7	
NOV: 1197.4	NOV: 1411.3	
DEC: 987.8	DEC: 1345.1	

22. EXCHANGE RATE US DOLLAR/IR POUND (CBI)

-- 1987	1988	1989
1ST QTR: 1.4765	1ST QTR: 1.6140	JAN: 1.4594
2ND QTR: 1.4665	2ND QTR: 1.4746	FEB: 1.4414
3RD QTR: 1.4594	3RD QTR: 1.4251	MAR: 1.4312

4TH QTR: 1.6755 4TH QTR: 1.5063 APR: 1.4269  
MAY: 1.3744  
JUNE 1.3479

23. MERCHANDISE TRADE (CSO)  
-- (IR POUNDS MILLIONS)

PERIOD	IMPORTS	EXPORTS
JAN-DEC 1986	9,860	10,348
JAN-DEC 1987	10,461	11,784
JAN-DEC 1988	10,213	12,300

- 1988 1989

MONTH	IMPORTS	EXPORTS	MONTH	IMPORTS	EXPORTS
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SEPT: 888.9 1,139.1  
 OCT: 970.4 1,111.6  
 NOV: 1,037.4 1,186.2  
 DEC: 871.2 1,074.3

24. MERCHANDISE TRADE WITH US (CSO)  
 (IR POUNDS THOUSANDS)

PERIOD IMPORTS EXPORTS

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--	JAN-DEC 1986	1,364.8	820.3		
--	JAN-DEC 1987	1,554.7	833.8		
	JAN-OCT 1988	1,325.3	779.8		
MONTH	IMPORTS	EXPORTS	MONTH	IMPORTS	EXPORTS
	1988			1989	
JAN:	116.9	62.5	JAN:	164.2	71.8
FEB:	129.3	70.6	FEB:	156.3	82.0
MAR:	154.1	68.5	MAR:	177.7	87.9
APR:	131.3	65.9	APR:	172.6	95.0
MAY:	137.6	73.3	MAY:	166.6	88.7
JUN:	135.9	72.9	JUNE:	176.9	105.3
JUL:	99.9	86.6			
AUG:	123.1	73.7			
SEPT:	146.9	106.6			
OCT:	157.3	96.9			
NOV:	156.4	89.9			
DEC:	140.0	79.0			

25. OFFICIAL EXTERNAL RESERVES  
 (CSO)

--		RES.		RES.	
--		POS.		POS.	
--	GOLD SDR'S	IMF	GOLD SDR'S	IN IMF	
--	1988		1989		
JAN:	78.7 83.2	88.0	74.2 90.1	91.1	
FEB:	78.7 84.8	86.5	74.2 92.4	87.1	
MAR:	78.7 84.8	86.5	74.2 92.4	87.1	
APR:	76.4 84.8	86.5	73.2 92.4	87.1	
MAY:	76.4 86.3	82.2	73.2 94.8	82.2	

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PAGE 03 DUBLIN 05092 06 OF 06 241937Z

JUN:	76.4	86.3	94.1	73.2	94.8	86.6
JUL:	77.0	86.3	94.1			
AUG:	77.0	86.3	91.1			
SEP:	77.0	88.0	91.1			
OCT:	75.3	88.0	94.4			
NOV:	75.3	90.1	94.4			
DEC:	75.3	90.1	91.1			

--		FORN		FORN	
--	ECU	EXCH.	TOT	ECU	EXCH. TOT

--	1988	1989
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JAN:	155.1	2,488.5	2,893.5	279.6	2,627.3	3,162.3
FEB:	157.1	2,441.4	2,848.5	278.0	2,424.0	2,955.7
MAR:	155.0	2,670.0	3,075.1	266.1	2,216.0	2,735.8
APR:	207.6	2,724.1	3,179.5	197.1	2,060.9	2,510.6
MAY:	199.7	2,973.9	3,418.5	196.8	2,161.3	2,608.3
JUN:	242.2	3,012.7	3,511.8	197.2	2,045.6	2,497.5
JUL:	277.3	2,809.7	3,344.4			
AUG:	299.2	2,791.1	3,344.6			
SEP:	297.1	2,748.4	3,301.6			
OCT:	287.4	2,668.2	3,213.3			
NOV:	281.7	2,444.6	2,986.1			
DEC:	286.3	2,618.2	3,161.0			

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Classification Extended on : 08/23/2012 ~ Class:  
CONFIDENTIAL ~ Authority: DSCG 11-1 ~ ☐ Declassify  
on: 07-12-2014

S E C R E T STATE 221038

PARIS FOR ACTING A/S DOBBINS ONLY

E.O. 12356: DECL:OADR  
TAGS: PREL  
SUBJECT: OFFICIAL-INFORMAL: EUR DAILY ACTIVITIES REPORT,  
JULY 12, 1989.

DECONTROLLED

BEGIN EUR/CE:

(C) IMPLEMENTATION OF THE VISA WAIVER PILOT PROGRAM - THE  
SAGA CONTINUES:

CE MET ON TUESDAY WITH COLLEAGUES FROM CA AND L/CA TO  
DISCUSS THE IMPLICATIONS OF THE VISA WAIVER PILOT PROGRAM  
FOR THE POSSIBLE ENTRY INTO THE U.S. OF FRANZ SCHOENHUBER,  
LEADER OF THE REPUBLIKANER PARTY, AND OTHER INDIVIDUALS  
WHO MIGHT BE INADMISSIBLE BECAUSE OF PERSECUTION DURING THE  
NAZI ERA. CA INFORMED US THAT IT HAS PUT SCHOENHUBER ON  
ITS LOOKOUT LIST SO THAT THE DEPARTMENT WILL BE NOTIFIED  
IF HE APPLIES FOR A VISA. THIS MEANS THAT IN THE NEAR  
FUTURE HE WILL ALSO SHOW UP IN THE INS LOOKOUT SYSTEM AS  
A SUSPECTED PERSECUTOR AND WILL BE DETAINED IF HE TRIES TO  
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ENTER THE U.S. ON AN EXISTING VISA. YESTERDAY'S PRESS  
CLIPS FROM BONN INCLUDED A SMALL PIECE THAT AN NYU  
PROFESSOR WHOSE FAMILY HAD SUFFERED IN THE HOLOCAUST  
INVITED SCHOENHUBER TO SPEAK IN THE U.S. THE PROFESSOR  
WARNED AGAINST IGNORING THE RIGHT WING UNTIL IT WAS TOO  
LATE AS HAD HAPPENED IN GERMANY BEFORE HITLER'S RISE.

REVIEW AUTHORITY: Robert Homme, Senior Reviewer

UNCLASSIFIED U.S. Department of State Case No. F-2010-07900 Doc No. C17686377 Date: 09/04/2012  
WE HAVE NOT YET WORKED OUT A SATISFACTORY SYSTEM UNDER THE  
NEW VISA WAIVER PROGRAM FOR HANDLING THOSE INDIVIDUALS WHO  
HAVE BEEN FOUND INELIGIBLE FOR ADMISSION TO THE U.S.  
BECAUSE THEY ARE GUILTY OF PERSECUTION DURING THE NAZI ERA  
(SECTION 212 (A) (33) OF THE IMMIGRATION AND NATIONALITY  
ACT) OR WHO ARE SUSPECTED OF BEING INELIGIBLE ON THOSE  
GROUNDS (83S). CA HAS LEARNED THAT, AT THE REQUEST OF OSI,  
THE INS HAS INCLUDED IN ITS LOOKOUT SYSTEM 58,000 NAMES  
OF SS OFFICERS, CONCENTRATION CAMP GUARDS AND MOBILE  
KILLING SQUAD MEMBERS. THESE PEOPLE HAVE BEEN ENTERED INTO  
THE INS LOOKOUT SYSTEM AS 83S (THOSE SUSPECTED OF  
PERSECUTION).

OSI HAS REQUESTED THAT IF ANY OF THOSE PEOPLE ATTEMPTS TO  
ENTER, INS SHOULD DETAIN THEM AT THE PORT AND CONTACT OSI  
IMMEDIATELY. CE AND I ARE WORKING ON A LETTER AND TALKING  
POINTS TO CONVINCE DOJ POLICY MAKERS THEY SHOULD INSTRUCT  
INS TO GRANT DEFERRED ENTRY INSTEAD OF DETENTION TO 83S.  
WE WILL QUICKLY LOSE ALL THE GOOD WILL OF THE WAIVER  
PROGRAM IF INS DETAINS NUMEROUS "SUSPECTS" RATHER THAN  
ALLOWING THEM TO ENTER PENDING FURTHER ADJUDICATION OF  
THEIR CASES. THERE IS AN ADDITIONAL COMPLICATION THAT OSI  
HAS PROBABLY ENTERED AS 83S PEOPLE WHOM CONSULAR OFFICERS  
HAVE INVESTIGATED, FOUND ELIGIBLE AND ISSUED VISAS TO.  
EVEN WITH VALID VISAS, THEY MAY BE DETAINED IF THE  
INDIVIDUALS INS OFFICER SO DECIDES. WE WILL HAVE THE  
SECRET

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LETTER AND TALKING POINTS FOR JUSTICE TO SHOW YOU

(LOU) SEITERS POSTPONES VISIT:

CHANCELLOR KOHL'S CHIEF OF STAFF HAS HAD TO POSTPONE HIS  
PLANNED JULY 27-28 VISIT TO WASHINGTON OWING TO A MATTER  
THAT REQUIRES HIS PRESENCE IN THE FRG AT THAT TIME.  
SEITERS HOPES TO RESCHEDULE HIS TRIP IN OCTOBER.  
(SAVAGE/FRG EMBASSY)

(S) BUT HOLIK AND NAUMANN COMING:

FRG ARMS CONTROL COMMISSIONER HOLIK AND MOD POL/MIL AFFAIRS  
HEAD MGEN NAUMANN HOPE TO COME TO WASHINGTON JULY 24-26  
(OR ALTERNATIVELY, JULY 31-AUGUST 1) FOR "GET ACQUAINTED"  
DISCUSSION ON ARMS CONTROL ISSUES -- AND, SPECIFICALLY,  
ACCORDING TO THE FRG EMBASSY, "TO FOLLOW UP ON THE  
AGREEMENT BETWEEN THE SECRETARY AND GENSCHEER TO HAVE QUIET  
BILATERAL DISCUSSIONS ON HANDLING THE SNF ISSUE." (WE  
NOTED TO THE FRG EMBASSY THAT OUR RECOLLECTION OF THE

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BAKER-GENSCHER REFERENCE TO BILATERAL DISCUSSIONS WAS  
RAISED IN THE CONTEXT OF THE CFE -- NOT SNF. JOHN HAWES  
IS CHECKING WITH BARTHOLOMEW ON HOW HE WANTS TO HANDLE THE  
MATTER TACTICALLY -- RECOMMENDING THAT WE MAKE IT CLEAR  
BEFORE THE VISIT THAT WE DO NOT ACCEPT THE FRG  
UNDERSTANDING OF THE BAKER-GENSCHER "AGREEMENT." ERIC  
EDELMAAN IS CONSULTING WITH KIMMIT FOR HIS VIEWS ON HOW TO  
PROCEED.)

DURING THE VISIT HOLIK AND NAUMANN WISH TO SEE BARTHOLOMEW;  
ROSS; YOURSELF, JIM DOBBINS AND AVIS BOHLEN; AND DICK  
CLARKE; AS WELL AS LEHMAN; GATES, BLACKWILL AND KANTER;  
WOLFOWITZ AND THE ARMED SERVICES COMMITTEES CHAIRMEN.  
(SAVAGE/CONVERSATIONS WITH FRG EMBASSY AND T AND P STAFFS)

END EUR/CE.  
SECRET

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BEGIN EUR/EEY (7/12/89):

(C) ROMANIA ATTACKS PRESIDENT BUSH'S EASTERN EUROPEAN  
POLICY

IN THE WAKE OF THE JULY 7-8 WARSAW PACT SUMMIT IN  
BUCHAREST, PRESIDENT CEAUSESCU, BOTH DIRECTLY AND  
THROUGH THE OFFICIAL ROMANIAN MEDIA (WHICH MENTIONED  
PRESIDENT BUSH BY NAME), HAS LEVELED SEVERAL ATTACKS  
ON THE U.S. FOR "SEEKING TO DESTABILIZE SOCIALIST  
COUNTRIES" THROUGH PUBLIC SUPPORT FOR REFORMS IN  
EASTERN EUROPE. CITING PORTIONS OF THE SUMMIT'S  
JOINT COMMUNIQUE, CEAUSESCU HAS ATTEMPTED TO GIVE THE  
IMPRESSION OF UNANIMOUS OPPOSITION TO U.S. POLICY AND  
PROPOSED ASSISTANCE TO THE REGION. IN FACT, THESE  
ATTACKS MERELY UNDERLINE CEAUSESCU'S PARTICULAR  
FRUSTRATION WITH THE REFORMS IN POLAND AND HUNGARY  
AND ROMANIA'S INABILITY TO PERSUADE OTHER WARSAW PACT  
MEMBERS TO ENDORSE ITS HARD-LINE POSITIONS IN  
CONFERENCE DOCUMENTS. EMBASSY BUCHAREST RECOMMENDS  
AGAINST RESPONDING TO -- AND THEREBY DIGNIFYING --  
THE LATEST ROMANIAN ATTACKS. WE CONCUR.  
(BECKER/BUCHAREST 5583 AND 5618)

END EUR/EEY

BEGIN EUR/NE:

(C) DENMARK'S PM SCHLUETER TO VACATION WITH PRESIDENT?  
-----

DENMARK'S PRIME MINISTER POUL SCHLUETER WILL MAKE AN  
SECRET

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OFFICIAL VISIT TO MEXICO FROM AUGUST 25-31. THE DANISH EMBASSY HAS INQUIRED OF THE NSC STAFF WHETHER IT WOULD BE POSSIBLE FOR SCHLUETER TO SEE THE PRESIDENT ON EITHER END OF THE MEXICO TRIP. THE PRESIDENT WILL BE VACATIONING IN KENNIBUNKPORT FROM MID-AUGUST THROUGH LABOR DAY, BUT BECAUSE THE TWO LEADERS ARE GOOD PERSONAL FRIENDS, IT IS LIKELY THAT THE PRESIDENT WILL INVITE SCHLUETER TO SPEND SOME TIME WITH HIM IN MAINE. THE NSC STAFF WILL WORK DIRECTLY WITH THE DANISH EMBASSY ON THE POSSIBLE SCHEDULING. (KOLB; GRAY; CONVERSATIONS WITH NSC STAFF AND DANISH EMBASSY.)

(U) HAUGHEY REELECTED PRIME MINISTER  
-----

ON JULY 12, THE IRISH PARLIAMENT RE-ELECTED CHARLES HAUGHEY AS PRIME MINISTER, AFTER HAUGHEY SECURED THE SUPPORT OF THE PROGRESSIVE DEMOCRATS BY RELUCTANTLY AGREEING TO GIVE THEM TWO CABINET SEATS. WE UNDERSTAND, HOWEVER, THAT THE NEW GOVERNMENT, WHICH WILL BE ANNOUNCED THIS EVENING, WILL PROBABLY BE REFERRED TO AS AN "ALLIANCE" INSTEAD OF A COALITION. (LONGMYER: TELCON WITH EMBASSY DUBLIN)

(U) AN INTERVIEW WITH CHUCK REDMAN  
-----

THE NEW AMERICAN AMBASSADOR, CHARLES E. REDMAN, WAS INTERVIEWED ON JULY 7 BY THE NATIONAL SWEDISH WIRE SERVICE. THE INTERVIEW, WHICH WAS RUN ON JULY 9 AND WRITTEN UP ON JULY 10 BY MAJOR SWEDISH MORNING NEWSPAPERS, CAPTURED THE MAIN CONCERNS OF REDMAN AS HE LOOKED FORWARD TO DEEPENED SWEDISH-AMERICAN COOPERATION. ENVIRONMENTAL PROTECTION, INTERNATIONAL TERRORISM AND THE WAR AGAINST NARCOTICS WERE MOST HEAVILY EMPHASIZED. IN ADDITION, HE STRESSED THE  
SECRET

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ONGOING EFFORTS TO DECREASE NUCLEAR WEAPONS, DISCUSSED THE MATTER OF SWEDISH MEMBERSHIP IN THE EC BY STATING THAT IT IS ENTIRELY SWEDEN'S BUSINESS, AND AGREED TO DISAGREE ON THE QUARREL OVER HOW BEST TO BRING DEMOCRACY

UNCLASSIFIED U.S. Department of State Case No. F-2010-07900 Doc No. C17686377 Date: 09/04/2012  
AND ECONOMIC DEVELOPMENT TO CENTRAL AMERICA. FINALLY,  
REDMAN REJECTED THE RUMOR THAT SECRETARY BAKER WILL  
DEFINITELY VISIT SWEDEN THIS FALL, BUT CONFIRMED THE  
FACT THAT CHIEF JUSTICE REHNQUIST WILL ARRIVE IN AUGUST.  
(PASTERNAK; STOCKHOLM 4821)

END EUR/NE.

BEGIN EUR/RPE:

(U) EC '92: CARLA HILLS UPS THE LEVEL OF THE 1992 TASK  
FORCE.

-----  
RESPONDING TO CONGRESSIONAL CRITICISM THAT EC 1992  
REQUIRES BETTER HIGH-LEVEL COORDINATION, JULES KATZ IS  
FORMING A 1992 TASK FORCE AT THE UNDER  
SECRETARY/ASSISTANT SECRETARY LEVEL. HE WRITES, "...AS  
WE BEGIN "PHASE TWO" (OF UNDERSTANDING EC 1992) WE NEED  
MORE CONSISTENT POLITICAL-LEVEL GUIDANCE AND INVOLVEMENT  
IN 1992, SO THAT THE BROADER COMPETITIVE, TRADE AND  
INVESTMENT POLICY ISSUES CAN BE EXAMINED IN TERMS OF  
THEIR IMPACT ON THE BILATERAL RELATIONSHIP." WE AND EB  
HAVE BOTH ATTENDED THE WORKING GROUP, WHICH HAS BEEN  
VERY EFFECTIVE. FURTHER WORKING LEVEL COORDINATION WILL  
BE NEEDED, BUT IT IS NOT CLEAR HOW THIS WILL BE DONE.  
(BROWNRIGG/EC 1992 WORKING GROUP MEETING)

(LOU) UNITED TECHNOLOGIES' PLAN TO USE SOVIET ROCKETS.

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UT OFFICIALS HAVE BEEN MAKING PRESENTATIONS TO  
ADMINISTRATION AND CONGRESSIONAL OFFICIALS ON A PROPOSED  
SPACE LAUNCH SERVICES PROJECT. IN SHORT, A GROUP OF  
AUSTRALIAN BUSINESSMEN WISH TO IMPORT SOVIET ROCKETS  
AND, WITH UT MANAGERIAL AND TECHNICAL EXPERTISE, OFFER  
AN ALTERNATIVE SATELLITE LAUNCHING SERVICE. THE  
PAYLOADS THE GROUP WOULD ATTRACT WOULD MOST LIKELY CUT  
INTO ARIANESPACE'S MARKET. ACCORDING TO USTR, UT WOULD  
HAVE TO APPLY FOR AN EXPORT LICENSE (FOR ITS SERVICES)  
AND THE COMPANY IS TRYING TO TEST THE WATERS (CHILLY, SO  
FAR). (BROWNRIGG/USTR MEETING ON EUROPEAN SPACE AGENCY)

END EUR/RPE

B EG EUR/RPM

(C) OPEN SKIES INITIATIVE MAKING PROGRESS

THE OPEN SKIES INITIATIVE WORKING GROUP IS CONTINUING ITS EFFORTS (TASKED IN NSD 15) TO DEVELOP INSPECTION AND CONSULTATION OPTIONS. THE GOAL IS TO PROVIDE (BY FRIDAY) AN AGREED PAPER TO THE PCC THAT LISTS OPTIONS AND CONTAINS A PLAN FOR CONSULTATIONS ON THE INITIATIVE. THE CURRENT DRAFT OUTLINES FOUR OPEN SKIES REGIME OPTIONS, RANGING FROM A HIGHLY INTRUSIVE REGIME WITH ALMOST NO CONSTRAINTS ON OVERFLIGHTS TO A VERY LIMITED REGIME. OSD FAVORS A HIGHLY INTRUSIVE REGIME. OTHER AGENCIES INDICATED INFORMALLY SUPPORT FOR MORE MODERATE OVERFLIGHT REGIMES. OTHER KEY UNRESOLVED ISSUES INCLUDE NATIONAL PARTICIPATION (OUTSIDE OF NATO AND THE PACT) AND WHO WILL HOST AN INTERNATIONAL CONFERENCE ON THE INITIATIVE. ONCE THE U.S. APPROACH IS AGREED DETAILS WILL BE PROVIDED TO NATO (PERHAPS AS EARLY AS NEXT WEEK). AT SOME LATER POINT THE SOVIETS WILL ALSO BE BRIEFED. (CISSNA; WG MEETING 7/13)

SECRET

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(C) TAFT CONFIRMATION HEARING SET

THE SFRC HAS SCHEDULED A CONFIRMATION HEARING ON JULY 19 FOR NATO AMBASSADOR-DESIGNATE WILL TAFT. SENATOR BIDEN, CHAIRMAN OF THE EUROPEAN SUBCOMMITTEE, WILL PRESIDE. (HALL; CALL FROM H)

1.4(D)  
B1



BEGIN EUR/SE:  
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(C) MITSOTAKIS GIVES ASSURANCES ON U.S. BASES, RASHID AND  
COUNTER-TERRORISM:

-----  
NEW DEMOCRACY LEADER MITSOTAKIS ASSURED AMBASSADOR KEELEY  
JULY 12 IN THE COURSE OF A FAREWELL CALL THAT IF ND FORMS  
A MAJORITY GOVERNMENT AFTER THE OCTOBER ELECTIONS, IT WILL  
ACT QUICKLY ON A NEW AGREEMENT FOR THE U.S. BASES. HE  
ALSO GAVE UNEQUIVOCAL ASSURANCES THAT RASHID WILL NOT,  
UNDER ANY CIRCUMSTANCES, BE SET FREE BY THE INTERIM  
TZANNETAKIS GOVERNMENT. MITSOTAKIS SAID HE EXPECTS "NO  
PROBLEM" WITH ND'S LEFT ALLIANCE COLLABORATORS ON FOREIGN  
POLICY SINCE "WE DON'T EVEN TALK TO THEM" ABOUT THESE  
MATTERS.

1.4(D)  
B1

(KEMPE/EMBASSY REPORT)  
END EUR/SE.

BEGIN EUR/SOV:

(LOU) CSCE COMMISSION HEARING ON PSYCHIATRISTS' VISIT:  
-----

- AT THIS AFTERNOON'S HEARING, THE U.S. TEAM THAT  
INVESTIGATED SOVIET PSYCHIATRIC PRACTICES PRESENTED ITS  
REPORT. DICK SCHIFTER (A COMMISSIONER) AND HA'S BILL  
FARRAND PUT THE VISIT IN ITS HISTORICAL CONTEXT, AND TWO  
OF THE PSYCHIATRISTS COMMENTED ON THE SCIENTIFIC FINDINGS  
AND ON SOVIET DIAGNOSTIC PRACTICES (THESE STILL RESULT IN  
75 PERCENT OF SOVIET COMMITMENTS BEING FOR SCHIZOPHRENIA,  
COMPARED WITH A RATE OF 25 PERCENT IN THIS COUNTRY).  
PETER REDDAWAY OF GW UNIVERSITY, A RECOGNIZED EXPERT ON  
SOVIET PSYCHIATRIC ABUSE, DELIVERED A STINGING ATTACK ON  
SECRET

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THE TOP OFFICIALS OF THE SOVIET PSYCHIATRIC ESTABLISHMENT  
AND WAS JOINED BY SENATOR HEINZ IN URGING THAT THE WORLD

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PSYCHIATRIC ASSOCIATION NOT/NOT READMIT THE SOVIETS AT  
ITS OCTOBER MEETING IN ATHENS. THE SOVIETS WON PRAISE  
FOR HAVING GRANTED UNPRECEDENTED OPENNESS TO THE  
AMERICAN TEAM, AND FOR HAVING ACCEPTED THE REPORT AS A  
SERIOUS PIECE OF WORK THAT POINTED UP SOME PROBLEMS IN  
NEED OF URGENT ATTENTION. (EVANS, HEARING)

(U) SOVIETS CHANGE EXIT PROCEDURES  
-----

- THE SOVIETS HAVE ANNOUNCED THAT PEOPLE WHO ARE  
EMIGRATING NO LONGER HAVE TO GIVE UP APARTMENTS AND JOBS  
WHEN THEY RECEIVE EXIT PERMISSION, BUT RATHER ONLY WHEN  
THEY RECEIVE VISAS TO ENTER A RECEIVING COUNTRY. THIS  
CHANGE IN PROCEDURE COMES ABOUT LARGELY AS A RESULT OF  
U.S. COMPLAINTS ABOUT THE DIFFICULTIES SOVIET CITIZENS  
ENCOUNTER WHEN ISSUANCE OF ENTRY VISAS IS DELAYED.

- WE HAVE BEEN URGING PEOPLE TO DELAY APPLICATION FOR  
EXIT PERMISSION UNTIL THEY HAVE RECEIVED PERMISSION FROM  
THE U.S. TO TRAVEL. WE WILL BE DISCUSSING THIS ISSUE  
WITH EMBASSY MOSCOW TO SEE IF THE CHANGE IN PROCEDURE  
WILL ALLOW US AGAIN TO REQUIRE THAT APPLICANTS HAVE EXIT  
PERMISSION, THUS INSURING THAT WE DO NOT HAVE TO ENGAGE  
IN TIME-CONSUMING PROCESSING OF PEOPLE WHOM THE SOVIETS  
MAY NEVER ALLOW TO LEAVE. (MAYHEW, MOSCOW 18415)

1.4(D)  
B1

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(LOU) US-SOVIET AGRICULTURAL COOPERATION PLANNING MEETING

- TODAY'S INTERAGENCY PLANNING MEETING ON U.S.-SOVIET AGRICULTURAL COOPERATION (CHAIRER BY USDA) PRODUCED A TIMETABLE FOR PREPARATIONS FOR THE DECEMBER MEETING OF THE U.S.-USSR JOINT COMMITTEE IN MOSCOW. THE DOCUMENT PROVIDES FOR A GREATLY ENHANCED ROLE FOR THE STATE

DEPARTMENT IN FORMULATING AND APPROVING U.S. AND SOVIET PROGRAM PROPOSALS. (NEILL, MEETING)

(U) S&T EXCHANGE ACTIVITIES IN FULL SWING

- OES-CHAIRER TODAY'S INTERAGENCY WORKING GROUP ON SOVIET SCIENCE AND TECHNOLOGY (GOSSAT), AT WHICH NSF, DOE AND NAS SPOKE ON THEIR MOST RECENT S&T EXCHANGE ACTIVITIES WITH THE SOVIETS. NSF DIRECTOR BLOCH JUST RETURNED FROM A FAMILIARIZATION VISIT DURING WHICH HE VISITED PHYSICS INSTITUTES IN CHERNOGOLOVKA, A CITY WHICH WAS, UNTIL RECENTLY, CLOSED TO WESTERNERS. BLOCH FELT HE HAD BEEN SHOWN THE BEST AND THE WORST OF SOVIET SCIENCE. HE WAS IMPRESSED WITH THE ATMOSPHERE OF "CHANGE AND OPENNESS" IN THE SOVIET SCIENTIFIC COMMUNITY,

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INCLUDING THE HERETOFORE REJECTED POSSIBILITY OF ADAPTING  
NSF'S COMPETITIVE GRANT SYSTEM FOR USE IN THE USSR.  
ALTHOUGH THE SOVIETS DID NOT PROPOSE NEW RESEARCH TOPICS,  
THEY EXPRESSED INTEREST IN A JOINT PROGRAM ON ARCTIC  
SOCIAL SCIENCE RESEARCH, A PREVIOUSLY TABOO SUBJECT.

- DELEGATIONS FROM NAS AND THE SOVIET ACADEMY OF  
SECRET

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SCIENCES HAVE FORMED A SPECIAL INTERACADEMY COMMITTEE ON  
GLOBAL ECOLOGY. THE ONLY PREVIOUS SUCH COMMITTEE WAS  
ESTABLISHED YEARS AGO TO ADDRESS ARMS CONTROL ISSUES.  
THE COMMITTEE PLANS TO INTERACT WITH S&T POLICYMAKERS  
BILATERALLY AND MULTILATERALLY ON GLOBAL ENVIRONMENTAL  
ISSUES. THE NUCLEAR REGULATORY COMMISSION AND THE  
SOVIET KURCHATOV INSTITUTE FOR ATOMIC ENERGY HAVE BEGUN  
A PRECEDENT-SETTING INSPECTOR EXCHANGE PROGRAM. U.S.  
INSPECTORS WILL SPEND TWO WEEKS EXAMINING SAFETY FEATURES  
OF THE ZAPOROZHYE NUCLEAR POWER PLANT. DOE IS LOOKING AT  
PROPOSALS FOR POSSIBLE RENEWAL OF THE NON-NUCLEAR ENERGY  
COOPERATION AGREEMENT BUT IS NOT PROMISING MAJOR DEVELOP-  
MENTS IN THE SHORT TERM. (STEPANCHUK/SMITH, MEETING)

(U) PROJECT HOPE SENDS MEDICAL TEAM TO YEREVAN  
-----

- AS PART OF ITS \$5 MILLION PEDIATRIC REHABILITATION  
PROJECT IN ARMENIA, PROJECT HOPE IS SENDING ITS FIRST  
LONG-TERM MEDICAL REHABILITATION TEAM TO YEREVAN THIS  
EVENING. THE TEAM CONSISTS OF A NURSE, TWO PHYSICAL  
THERAPISTS AND ONE OCCUPATIONAL THERAPIST. TEAM MEMBERS  
WILL STAY IN YEREVAN FOR UP TO ONE YEAR. THE TEAM WILL  
CHECK IN WITH OUR EMBASSY BEFORE PROCEEDING TO ARMENIA,  
WHERE ROOM AND BOARD WILL BE PROVIDED BY THE SOVIETS.  
(PETTIT, PHONE CALL)

(C) WILL GORBACHEV OUST LENINGRAD PARTY BOSS SOLOVYEV?  
-----

- GORBACHEV ARRIVED IN LENINGRAD JULY 11, ACCOMPANIED  
BY CADRE CHIEF RAZUMOVSKIY, TO MEET WITH THE LOCAL PARTY  
LEADERSHIP. THE PURPOSE OF THE VISIT WAS RUMORED TO BE  
A SHAKE-UP OF THE LENINGRAD PARTY. LOCAL PARTY BOSS  
SOLOVYEV, WHO WAS RESOUNDINGLY REJECTED BY THE VOTERS ON  
MARCH 25 WHEN HE RAN UNOPPOSED FOR A SEAT IN THE CONGRESS  
SECRET

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OF PEOPLE'S DEPUTIES, WOULD LIKELY BE THE CHIEF VICTIM OF SUCH A RESHUFFLE. IF SOLOVYEV'S POLITICAL CAREER IS, INDEED, CUT SHORT, EMBASSY MOSCOW BELIEVES SEVERAL OTHER LENINGRAD PARTY MEMBERS WILL GO WITH HIM. THE ANTI-REFORM NATURE OF THE LENINGRAD PARTY LEADERSHIP AND ITS EVIDENT MISMANAGEMENT OF THE CITY MAKE IT AN APPEALING TARGET FOR GORBACHEV. (RUBIN, MOSCOW CABLES)

END EUR/SOV

BEGIN EUR/WE

(LOU) SPAIN: DOD OBJECTS TO RETROACTIVE CONGRESSIONAL BAN ON SEVERANCE PAY WITH REGARD TO BASE CLOSINGS

DOD HAS NOW FORMALLY OBJECTED TO LANGUAGE IN THE HOUSE AUTHORIZATION BILL WHICH WOULD PROHIBIT THE PAYMENT OF SEVERANCE PAY BY THE U.S. IN CONNECTION WITH BASE CLOSINGS CARRIED OUT AT THE BEHEST OF ANOTHER GOVERNMENT. AS PRESENTLY DRAFTED, THE BILL WOULD FORCE US TO RENEGE ON OUR COMMITMENT--SPELLED OUT IN A SIDE LETTER TO THE NEW BASE AGREEMENT--TO PAY SEVERANCE TO SPANISH WORKERS RIF'D IN CONNECTION WITH THE DEPARTURE OF THE 401ST TACTICAL FIGHTER WING FROM TORREJON. DOD HAS RECOMMENDED TO OMB THAT THE ADMINISTRATION PROPOSE THE LANGUAGE BE AMENDED TO MAKE THE MEASURE PROSPECTIVE RATHER THAN RETROACTIVE, THUS ENABLING US TO MEET OUR COMMITMENT IN SPAIN. IT IS THE UNDERSTANDING OF DOD STAFF THAT THE HOUSE ARMED SERVICES COMMITTEE DID NOT INTEND TO APPLY THE PROVISION TO TORREJON, ALTHOUGH THE LANGUAGE IS CLEAR. WE WEIGHED IN TO SUPPORT DOD'S OBJECTION WHEN CONTACTED BY L/PM IN RESPONSE TO AN INFORMAL QUERY FROM OMB. (SWIGERT/TELCONS WITH DOD AND L)

SECRET

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(C) PORTUGAL: CAVACO SILVA ACCEPTS INVITATION

PRIME MINISTER CAVACO SILVA WAS EXTREMELY PLEASED TO BE INVITED FOR AN OFFICIAL WORKING VISIT IN JANUARY. HIS OFFICE SUGGESTED THAT SOMETIME DURING THE LAST THIRD OF JANUARY WOULD BE THE MOST CONVENIENT FOR CAVACO SILVA. THE PRIME MINISTER HAS ASKED THAT WE HOLD CLOSELY THE INVITATION AND HIS ACCEPTANCE UNTIL DETAILS FOR AN ANNOUNCEMENT ARE WORKED OUT. (CASWELL/LISBON 5833)

(LOU) FRANCE: PRIVATE VISIT BY PM ROCARD NEXT WEEK

UNCLASSIFIED U.S. Department of State Case No. F-2010-07900 Doc No. C17686377 Date: 09/04/2012  
PM MICHEL ROCARD WILL VISIT BOHEMIAN GROVE,  
CALIFORNIA JULY 21-22 AS A GUEST OF HENRY KISSINGER.  
ROCARD WILL BE ACCOMPANIED BY HIS ADVISOR, GUY  
CARCASSONNE. THE EMBASSY HAS REQUESTED SECRET SERVICE  
PROTECTION, BUT NO OTHER USG INVOLVEMENT IS EXPECTED.  
(LEADER/PHONE AND DIP NOTE)

(C) ITALY: BIDDING ON 401ST TFW CONSTRUCTION

ITALY IS SEEKING NATO AGREEMENT FOR A WAIVER OF  
INTERNATIONAL BIDDING (ICB) ON THE FIRST PHASE OF CROTONE  
CONSTRUCTION, NOTING PERCEIVED EARLIER UNDERSTANDINGS,  
THE DELAY INVOLVED IN INVOKING ICB AND THE FACT THAT MUCH  
OF THE EARLY CONSTRUCTION (ROADS, UTILITY HOOK-UPS) WOULD  
BE PERFORMED BY ITALIAN GOVERNMENT MONOPOLIES. WHILE  
THIS FIRST PHASE HAS SO FAR GENERATED LIMITED INTEREST  
FROM US FIRMS, AND ITALIAN FIRMS WOULD HAVE THE CLEAR  
COMPETITIVE EDGE, DOD IS UNWILLING TO AGREE TO THE  
WAIVER, GIVEN THE CURRENT CONGRESSIONAL FUNDING SITUATION  
AND INTEREST IN US FIRMS' ABILITY TO BID ON OVERSEAS  
MILITARY CONSTRUCTION, PLUS BROADER NATO CONSIDERATIONS.  
DOD AND WE HAVE INSTRUCTED USNATO THAT ITALY-ONLY  
NATIONAL BIDDING IS UNACCEPTABLE, AND THAT THE ALLIES  
SECRET

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WOULD HAVE TO AGREE TO AN ITALIAN PROPOSAL ALLOWING FAIR  
TREATMENT FOR US FIRMS BIDDING UNDER ITALIAN NATIONAL  
RULES. EMBASSY ROME WARNS THAT THIS ISSUE COULD CAUSE  
SERIOUS REPERCUSSIONS WITH THE GOI. (SNIDER/ROME 14485,  
USNATO 3785)

END EUR/WE EAGLEBURGER

SECRET

<< END OF DOCUMENT >>

CONFIDENTIAL

PAGE 01 DUBLIN 03965 121725Z  
ACTION EUR-00

INFO LOG-00 ADS-00 INR-07 SS-00 CIAE-00 DODE-00 H-01  
NSCE-00 NSAE-00 SSO-00 HA-09 L-03 TRSE-00 PM-10  
PA-01 OMB-01 INRE-00 USIE-00 SP-02 SNP-01 PRS-01  
P-02 T-01 /039 W

-----336716 130308Z /72

O 121650Z JUL 89  
FM AMEMBASSY DUBLIN  
TO SECSTATE WASHDC IMMEDIATE 2472

RELEASED IN FULL

C O N F I D E N T I A L DUBLIN 03965

E.O. 12356: DECL: OADR  
TAGS: PGOV, EI  
SUBJECT: THE IRISH POLITICAL SCENE: HAUGHEY RE-ELECTED  
PRIME MINISTER

REF: DUBLIN 3791

1. (C--ENTIRE TEXT.)

2. PRIME MINISTER CHARLES HAUGHEY HAS WON HIS  
PROTRACTED BATTLE TO BE RE-ELECTED PRIME MINISTER BUT THE  
PROGRESSIVE DEMOCRATS SEEM TO BE THE REAL WINNERS.  
HAUGHEY WAS RE-ELECTED PRIME MINISTER THIS AFTERNOON BY A  
VOTE OF 84-79, WITH THE SIX VOTES OF THE PROGRESSIVE  
DEMOCRATS SUPPLYING THE MARGIN OF VICTORY. THE  
PARLIAMENT HAS BEEN ADJOURNED UNTIL LATER THIS EVENING  
TO ALLOW HAUGHEY TO BE FORMALLY APPOINTED BY THE  
PRESIDENT. AT THAT TIME, HAUGHEY WILL PRESENT THE  
MEMBERS OF HIS NEW CABINET, AND THE GOVERNMENT PROGRAM  
WORKED OUT BETWEEN HIM AND DENSIE O'MALLEY, LEADER OF  
THE PROGRESSIVE DEMOCRATS, WILL BE MADE PUBLIC.

PROGRESSIVE DEMOCRATS THE WINNERS

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PAGE 02 DUBLIN 03965 121725Z

3. THOUGH ALL THE DETAILS OF THE HARD-FOUGHT  
NEGOTIATIONS WILL NOT BECOME CLEAR UNTIL LATER  
(A DETAILED ANALYSIS WILL FOLLOW SEPTTEL), IT IS

REVIEW AUTHORITY: Robert Homme, Senior Reviewer

UNCLASSIFIED U.S. Department of State Case No. F-2010-07900 Doc No. C17686378 Date: 09/04/2012  
CLEAR THAT THE REAL VICTORS ARE THE PROGRESSIVE  
DEMOCRATS. FOLLOWING THIS AFTERNOON'S VOTE,  
O'MALLEY FULLY BRIEFED THE AMBASSADOR ON THE EXTENT  
OF HIS VICTORY. AGAINST ALL PROGNOSTICATIONS BY  
THE PUNDITS, O'MALLEY NOT ONLY FORCED HAUGHEY TO  
BE THE FIRST-EVER FIANNA FAIL PRIME MINISTER TO  
LEAD HIS PARTY INTO A COALITION BUT ALSO FORCED HIM  
TO CONCEDE TWO SEATS AT THE CABINET TABLE, PLUS A  
JUNIOR MINISTER POSITION, TO THE PROGRESSIVE  
DEMOCRATS DESPITE THEIR HAVING ONLY SIX DEPUTIES  
AGAINST 77 FOR FIANNA FAIL.

4. THE PD NEGOTIATORS HAD THE STRONG ARGUMENT  
THAT A SOLE PD MINISTER WOULD BE ISOLATED AND,  
HENCE, INEFFECTIVE IN PROTECTING THE POLICY  
AGREEMENTS (O'MALLEY WAS PERSONALLY APPREHENSIVE  
ABOUT BEING ALONE IN A HAUGHEY CABINET OF YES-MEN).  
AGAINST THIS WAS THE RISING TIDE OF FIANNA FAIL  
RANK-AND-FILE ANGER AT SEETING THE RENEGADE PD'S  
REWARDED ABOVE THOSE WHO HAD REMAINED LOYAL TO THE  
PARTY. IN THE END, AND LITERALLY AT THE ELEVENTH  
HOUR BEFORE THE PARLIAMENT CAME INTO SESSION THIS  
AFTERNOON, HAUGHEY CONCEDED. O'MALLEY WILL GO TO  
INDUSTRY AND COMMERCE (A JOB HE HAS HELD BEFORE),  
BOBBY MOLLOY TO ENERGY, AND MARY HARNEY WILL GET AN  
ENHANCED JUNIOR MINISTERSHIP IN ENVIRONMENT  
(A DEPARTMENT WHICH PERFORMS MANY OF THE FUNCTIONS  
OF AN INTERIOR MINISTRY IN OTHER EUROPEAN COUNTRIES,  
INCLUDING THE ORGANIZATION OF ELECTIONS).  
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5. THESE ARE ALL POWERFUL POSITIONS OF PARTICULAR  
VALUE TO THE PROGRESSIVE DEMOCRATS AND THEIR PRINCIPLED  
STANCE OF GOVERNMENTAL RECTITUDE. AT INDUSTRY AND  
COMMERCE, O'MALLEY WILL NOW BE ABLE TO PURSUE HIS  
CAMPAIGN AGAINST SEEMING-CORRUPTION IN THE BEEF EXPORT  
TRADE, AND AT ENVIRONMENT HARNEY WILL HAVE IN HER HANDS  
THE ABILITY TO ACT ON THE ISSUES OF NATIONAL LOTTERY  
FUNDING AND THE RE-DRAWING OF THE CONSTITUENCY BOUNDARIES.  
IN SHORT, AT FIRST LOOK, HAUGHEY WOULD SEEM TO HAVE  
CONCEDED TO PD PRESSURE ACROSS THE BOARD.

HECKLER



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PAGE 01 DUBLIN 02054 041300Z  
ACTION NODS-00

INFO LOG-00 ADS-00 /000 W  
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O 041256Z APR 89  
FM AMEMBASSY DUBLIN  
TO SECSTATE WASHDC IMMEDIATE 1883

S E C R E T DUBLIN 02054

NODIS **DECAPTIONED**

E.O. 12356: DECL: OADR  
TAGS: PREL, EI, UR, XK  
SUBJECT: LETTER FROM PRIME MINISTER HAUGHEY TO PRESIDENT  
BUSH

REF: STATE 101365

1. (S--ENTIRE TEXT.)

2. FOLLOWING IS TEXT OF LETTER FROM IRISH PM HAUGHEY  
TO PRESIDENT BUSH PRESENTED TO AMBASSADOR HECKLER IN  
ANSWER TO THE PRESIDENT'S LETTER (REFTEL) REQUESTING  
HAUGHEY RAISE CENTRAL AMERICA AT HIS APRIL 2 MEETING  
WITH GORBACHEV.

3. BEGIN TEXT:

3 APRIL, 1989

THE HONOURABLE GEORGE BUSH,  
THE PRESIDENT,  
THE WHITE HOUSE,  
WASHINGTON DC.

**RELEASED IN FULL**

DEAR MR. PRESIDENT,  
SECRET

SECRET

PAGE 02 DUBLIN 02054 041300Z

THANK YOU FOR YOUR LETTER WHICH I RECEIVED ON 1ST APRIL  
ON U.S. POLICY TOWARDS CENTRAL AMERICA. I NOTE THAT  
SECRETARY BAKER WILL BE WRITING SHORTLY TO THE TANAISTE,

**REVIEW AUTHORITY: Robert Homme, Senior Reviewer**

AT THIS STAGE I SHOULD LIKE TO INFORM YOU IN RESPONSE TO YOUR LETTER THAT I AVAILED OF THE OCCASION OF MY TALKS WITH PRESIDENT GORBACHEV TO CONVEY TO HIM EMPHATICALLY OUR INTEREST IN GOOD SOVIET-AMERICAN RELATIONS. I EXPRESSED TO HIM OUR SATISFACTION THAT THESE RELATIONS HAD PROGRESSED VERY FAVOURABLY RECENTLY AND OUR HOPE THAT DEVELOPMENTS IN CENTRAL AMERICA WILL NOT PUT ANY OBSTACLE IN THE WAY OF THEIR FURTHER FAVOURABLE DEVELOPMENT.

IN HIS RESPONSE, PRESIDENT GORBACHEV EXPRESSED HIS HOPES FOR THE FAVOURABLE DEVELOPMENT OF HIS BILATERAL RELATIONS WITH THE UNITED STATES AND SOME WORRY WHICH HE HAD IN THIS REGARD, WHICH I HAVE HAD CONVEYED TO YOUR EMBASSY HERE.

I GREATLY APPRECIATED THE OPPORTUNITY TO CALL ON YOU ON ST. PATRICK'S DAY AND I THANK YOU WARMLY FOR THE COURTESY AND KINDNESS WITH WHICH YOU RECEIVED ME. I VERY MUCH APPRECIATED OUR EXCHANGE OF VIEWS AND I LOOK FORWARD TO SEEING YOU IN IRELAND ON A FUTURE OCCASION.

YOURS SINCERELY,

CHARLES J. HAUGHEY.

END TEXT.  
SECRET

SECRET

PAGE 03 DUBLIN 02054 041300Z

HECKLER

**SECRET**

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PAGE 01 DUBLIN 01701 151549Z  
ACTION SS-00

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INRE-00 )/000 W

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O 151517Z MAR 89  
FM AMEMBASSY DUBLIN  
TO SECSTATE WASHDC IMMEDIATE 1791

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C O N F I D E N T I A L DUBLIN 01701

EXDIS DECAPTIONED

E.O. 12356: DECL: OADR  
TAGS: OVIP (HAUGHEY, CHARLES J), EAIR, EI  
SUBJECT: HAUGHEY VISIT TO U.S.: CIVIL AVIATION

REF: DUBLIN 1675

1. (C-ENTIRE TEXT) .

2. IN ADDITION TO SUBJECTS REFTTEL, HAUGHEY PLANS TO RAISE BILATERAL CIVIL AVIATION RELATIONS WITH SECRETARY BAKER. DURING A MEETING AT THE AIRPORT PRIOR TO HIS DEPARTURE THIS MORNING, HAUGHEY PROMISED AER LINGUS OFFICIALS HE WOULD RAISE AER LINGUS REQUEST FOR RIGHTS TO SERVE LOS ANGELES DURING HIS MEETING TOMORROW WITH SECRETARY BAKER. AER LINGUS OFFICIALS URGED HAUGHEY TO ARGUE THAT AER LINGUS GETS LESS FAVORABLE TREATMENT THAN THE DUTCH, PORTUGUESE AND SWISS NATIONAL AIRLINES EVEN THOUGH THOSE COUNTRIES ARE "LESS OPEN" TO U.S. AIRLINES THAN IRELAND.

3. WHILE WE DOUBT HAUGHEY WILL WANT TO GO INTO THE DETAILS OF OUR ON-GOING NEGOTIATIONS, HE WILL WANT TO RAISE THE ISSUE TO A MORE POLITICAL LEVEL.

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PAGE 02 DUBLIN 01701 151549Z

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<< END OF DOCUMENT >>

REVIEW AUTHORITY: Robert Homme, Senior Reviewer

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PAGE 01 STATE 097579  
ORIGIN EUR-00

INFO	LOG-00	ADS-00	AID-00	INR-07	SS-00	CIAE-00	EB-00
	NSCE-00	NSAE-00	COME-00	SSO-00	LAB-04	CTME-00	TRSE-00
	FAAE-00	CEA-01	DOTE-00	OMB-01	STR-17	SIL-01	INRE-00
	FRB-03	OPM-01	JUSE-00	SP-02	C-01	E-01	T-01
	/040 R						

DRAFTED BY: EUR/NE:KLONGMYER:LP (203S)  
APPROVED BY: THE SECRETARY  
EUR/:RLRIDGWAY EUR/NE:EMHEAPHY  
C:NBURNS S/S-O:JCARRAGHER  
S/S:MLEVITSKY EB/TRA:JBAY  
EUR/SOV:ISILINS EUR/RPE:MTOKOLA  
-----100611 291901Z /44

P 291829Z MAR 89  
FM SECSTATE WASHDC  
TO AMEMBASSY DUBLIN PRIORITY  
INFO AMEMBASSY LONDON PRIORITY  
AMEMBASSY MOSCOW PRIORITY  
AMEMBASSY BRUSSELS PRIORITY

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C O N F I D E N T I A L STATE 097579

BRUSSELS FOR USEC

E.O. 12356: DECL: OADR  
TAGS: PREL, EI, EC, UR, EAIR, ECON, UK  
SUBJECT: SECRETARY'S MEETING WITH IRISH PRIME MINISTER

1. (C-ENTIRE TEXT).

SUMMARY

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2. THE PRIME MINISTER OF IRELAND, CHARLES HAUGHEY, ON  
MARCH 16 DISCUSSED, THE IRISH ECONOMY, IRELAND'S ROLE  
IN THE EC, EFFORTS TO PURSUE A DIALOGUE WITH NORTHERN  
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IRELAND UNIONISTS, SUPER ROYALTIES, PASSIVE  
INVESTMENTS, AND WEST COAST LANDING RIGHTS WITH  
SECRETARY BAKER. HAUGHEY SAID THAT AS PRESIDENT OF THE  
EC, IRELAND WOULD WORK FOR AMICABLE SOLUTIONS TO ANY

REVIEW AUTHORITY: Robert Homme, Senior Reviewer

UNCLASSIFIED U.S. Department of State Case No. F-2010-07900 Doc No. C17686381 Date: 09/04/2012  
U.S.- EC DIFFERENCES AND RESIST PROTECTIONISM. THE  
SECRETARY WELCOMED HAUGHEY'S REMARKS ON THE NEED TO  
OPPOSE TRADE BARRIERS. HE ALSO SAID THAT THE U.S.  
HOPED GORBACHEV WOULD BE SUCCESSFUL WITH HIS EFFORTS TO  
REFORM THE SOVIET ECONOMY AND POLITICAL SYSTEM BUT THAT  
THIS DEPENDED ON SOVIET ACTIONS AND NOT ON WHAT THE  
WEST MIGHT DO. HAUGHEY ENDORSED THE ANGLO-IRISH  
AGREEMENT AS "A PLUS", BUT THE INTERNATIONAL FUND FOR  
IRELAND WAS NOT MENTIONED. END SUMMARY

3. UNDER SECRETARY FOR POLITICAL AFFAIRS ROBERT  
KIMMITT, COUNSELOR ROBERT ZOELICK, ASSISTANT SECRETARY  
MARGARET TUTWILER, AMBASSADOR MARGARET HECKLER, AND  
DESK OFFICER KENNETH LONGMYER (NOTETAKER) ALSO  
PARTICIPATED IN THE MEETING. IRISH PARTICIPANTS WERE  
MFA SECRETARY NOEL DORR, SECRETARY TO THE PRIME  
MINISTER PADRAIC O. HUIGINN, AMBASSADOR PADRAIC  
MACKERNAN, AND POLITICAL COUNSELOR MARTIN BURKE.

#### U.S.-IRISH RELATIONS

4. THE PRIME MINISTER BEGAN HIS MEETING WITH THE  
SECRETARY BY PAYING TRIBUTE TO FRIENDLY AND STABLE  
U.S.-IRISH RELATIONS WHICH HE SAID WERE FREE OF ANY  
GREAT PROBLEMS.

#### THE IRISH ECONOMY

5. HAUGHEY REVIEWED HIS GOVERNMENT'S ECONOMIC  
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SUCCESSSES, REPORTING THAT INFLATION HAD BEEN REDUCED TO  
2 PERCENT AND INTEREST RATES TO 6 POINTS BELOW THOSE IN  
THE U.K. HE SAID THAT ANNUAL GROWTH HAD REACHED 3-3.5  
PERCENT AND THAT IRELAND HAD A SURPLUS IN ITS BALANCE  
OF PAYMENTS. HE REGRETTED THAT IRELAND'S ECONOMIC  
SUCCESSSES HAD NOT LED TO SUFFICIENT JOB CREATION.  
CONSEQUENTLY, IRELAND HAD AN UNEMPLOYMENT RATE OF 18  
PERCENT WHICH LED MANY YOUNG PEOPLE TO EMIGRATE. THE  
PRIME MINISTER ASKED FOR THE STATE DEPARTMENT'S  
INDULGENCE ON THE ISSUE OF ILLEGAL IRISH RESIDENTS IN  
THE U.S.

#### THE EC

6. SAYING THAT IRELAND HAD NOTHING TO GAIN FROM

UNCLASSIFIED U.S. Department of State Case No. F-2010-07900 Doc No. C17686381 Date: 09/04/2012

PROTECTIONISM, HAUGHEY PROMISED THAT IRELAND, WHICH WILL ASSUME ITS TURN AS EC PRESIDENT IN JANUARY 1990, WOULD RESIST ANY "FORTRESS OF EUROPE" MENTALITY AND WORK TO RESOLVE AMICABLY ANY DIFFICULTIES BETWEEN THE EC AND THE U.S. HAUGHEY SAID THAT THE EC DECISION TO CREATE A SINGLE MARKET COULD WORK TO THE ADVANTAGE OF U.S. FIRMS, SINCE ONCE U.S. FIRMS GOT INSIDE, THEY WOULD HAVE FULL ACCESS TO ALL EC MEMBER COUNTRIES.

7. THE SECRETARY RESPONDED THAT HE WAS PLEASED TO HEAR THE PRIME MINISTER'S VIEWS ON THE EC. HE SAID THAT THE U.S. WELCOMED THE EC DECISION TO ELIMINATE INTERNAL BARRIERS AND THAT WE HOPED THAT THE DECISION WOULD NOT STRENGTHEN PROTECTIONISM, WHICH HE CHARACTERIZED AS THE

GREATEST THREAT TO INTERNATIONAL TRADE. THE SECRETARY SAID THAT THE POLITICAL WILL TO RESIST PROTECTIONISM EXISTED IN THE U.S. BUT ONLY IF OTHER COUNTRIES WERE ALSO ABLE TO RESIST PROTECTIONIST PRESSURES. HE ADDED THAT THE U.S. WOULD WATCH CLOSELY TO SEE WHAT THE EC DOES.

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STATE 097579

8. OBSERVING THAT AGRICULTURAL SUBSIDIES WERE A MAJOR BARRIER TO INTERNATIONAL TRADE, THE SECRETARY INQUIRED ABOUT IRISH POLICIES IN THAT AREA. HAUGHEY REPLIED THAT IRISH AGRICULTURE, WHICH EMPLOYED 20 PERCENT OF THE LABOR FORCE, WAS HEAVILY SUBSIDIZED, AND ADDED THAT THE REDUCTION OF EC SUBSIDIES HAD CAUSED IRISH AGRICULTURAL PRODUCTION TO DROP BY 10 PERCENT.

NORTHERN IRELAND

-----,-----

9. HAUGHEY SAID THAT THERE WERE DIFFERENCES BETWEEN IRELAND AND THE UK ON WHAT THE ANGLO-IRISH ACCORD SHOULD ACHIEVE BUT THAT ON THE WHOLE THE AGREEMENT WAS "A PLUS". HE ADDED THAT HE HAD BEEN URGING UNIONIST LEADERS TO DISCUSS WITH HIM HOW THE DISAPPEARANCE OF INTERNAL EC BORDERS IN 1992 WOULD AFFECT BOTH PARTS OF IRELAND. HE SAID THAT THE UNIONISTS APPARENTLY LACKED THE CONFIDENCE TO RESPOND OPENLY AND POSITIVELY TO HIS OVERTURES.

SUPER ROYALTIES AND PASSIVE FOREIGN INVESTMENT COMPANIES

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UNCLASSIFIED U.S. Department of State Case No. F-2010-07900 Doc No. C17686381 Date: 09/04/2012

10. HAUGHEY SAID THAT U.S. INVESTMENT IN IRELAND PROVIDED EMPLOYMENT FOR 38,000 PEOPLE, ACCOUNTED FOR 18 PERCENT OF IRELAND'S INDUSTRIAL PRODUCTION, AND PROVIDED A 22 PERCENT RETURN. HE SAID THAT UNFORTUNATELY THE 1986 TAX REFORM ACT'S PROVISIONS ON SUPER ROYALTIES AND PASSIVE INVESTMENTS WORKED AGAINST KEEPING PROFITS IN IRELAND WHERE THEY COULD BE REINVESTED. HE SAID THAT IN CONSIDERING THIS ISSUE, U.S. OFFICIALS SHOULD TAKE INTO ACCOUNT AMERICA'S DOLLARS 1 BILLION TRADE SURPLUS WITH IRELAND.

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11. THE SECRETARY RESPONDED THAT HE FELT A "LITTLE GUILTY SINCE HE HAD SHEPHERDED THE TAX REFORM THROUGH CONGRESS." HE SAID THAT WE WOULD WORK WITH AMBASSADOR MACKERNAN ON THE ISSUE AND ADVISED HAUGHEY TO DISCUSS THE MATTER WITH TREASURY SECRETARY BRADY.

LANDING RIGHTS FOR AER LINGUS

12. HAUGHEY SAID THAT AFTER THE WAR, IRELAND CONCLUDED WITH THE U.S. A GENEROUS CIVIL AVIATION TREATY WHICH WAS WORKING TO IRELAND'S DISADVANTAGE NOW THAT IRELAND WANTED LANDING RIGHTS IN CALIFORNIA FOR AER LINGUS.

13. THE SECRETARY REPLIED THAT THE U.S. RESPONSE TO THE IRISH REQUEST WOULD HAVE TO WAIT UNTIL WE HAD CONCLUDED A REVIEW OF OUR AVIATION POLICY. HE PROMISED, HOWEVER, THAT THE U.S. WOULD REMEMBER IRELAND'S CONCERNS.

THE SOVIET UNION

14. THE SECRETARY SAID THAT DEVELOPMENTS IN THE SOVIET UNION WERE INTERESTING BUT THEIR OUTCOME WAS UNCERTAIN. HE SAID THAT THE U.S. BELIEVED THAT GORBACHEV MEANS WHAT HE SAYS BUT THERE WAS A SERIOUS QUESTION IF HE WOULD SUCCEED, SINCE OPPOSITION WAS GREATER THAN ANTICIPATED. NEVERTHELESS, THE CHANGES IN EASTERN EUROPE HAD BEEN GREAT, AND POLITICAL REFORMS HAD BEEN MORE SUCCESSFUL THAN ECONOMIC ONES. HE SAID THAT WHILE SOME AMERICANS BELIEVED THAT IT WAS IN THE U.S. INTEREST FOR GORBACHEV'S EFFORTS TO FAIL, THE BUSH ADMINISTRATION HOPED THAT GORBACHEV WOULD SUCCEED, BUT THAT WOULD DEPEND ON THE SOVIETS.

15. THE SECRETARY SAID THE U.S. WAS WATCHING SOVIET  
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INITIATIVES TOWARDS IRAN AND ELSEWHERE BUT WE WOULD  
RESERVE JUDGMENT UNTIL WE SAW SUBSTANTIVE RESULTS ON  
REGIONAL ISSUES. THE SOVIETS, WHO HAD NOT ABANDONED  
THE BREZHNEV DOCTRINE IN SOME AREAS, SHOULD RECOGNIZE  
ISRAEL'S RIGHT TO EXIST, WITHDRAW SUPPORT FROM  
PALESTINIAN TERRORIST GROUPS BASED IN SYRIA, AND END  
SOVIET ASSISTANCE TO NICARAGUA.

16. THE SECRETARY ALSO SAID THAT THE U.S. WELCOMED THE  
WARSAW PACT'S RECENT ARMS CONTROL PROPOSALS, WHICH HE  
DESCRIBED AS CLOSE TO NATO POSITIONS, AND THAT WE HOPED  
TO LET THE SOVIETS KNOW AT THE MAY MINISTERIAL IN  
MOSCOW WHEN THE U.S. WOULD BE READY TO RESUME  
NEGOTIATIONS.

17. AMBASSADOR HECKLER AFFIRMED THE CLOSE TIES BETWEEN  
IRELAND AND THE U.S. AND VOICED CONFIDENCE IN IRELAND'S  
ABILITY AND READINESS TO PLAY A POSITIVE ROLE IN THE  
RESOLUTION OF TROUBLESOME U.S.- EC ISSUES. BAKER

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PAGE 01 DUBLIN 00367 181652Z  
ACTION EUR-00

INFO LOG-00 ADS-00 INR-07 SS-00 H-01 NSCE-00 PA-01  
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FM AMEMBASSY DUBLIN  
TO SECSTATE WASHDC 1430

C O N F I D E N T I A L DUBLIN 00367

RELEASED IN FULL

E.O. 12356: DECL: OADR  
TAGS: OVIP (HAUGHEY, CHARLES J.), EI  
SUBJECT: HAUGHEY ST. PATRICK'S DAY VISIT TO U.S.

1. (C-ENTIRE TEXT).

2. WE WERE INFORMED TODAY BY A SOURCE IN THE PRIME MINISTER'S OFFICE THAT IRISH PRIME MINISTER HAUGHEY HAS DECIDED TO ACCEPT SPEAKER JIM WRIGHT'S INVITATION TO VISIT WASHINGTON ON ST. PATRICK'S DAY, MARCH 17, AND ATTEND THE SPEAKER'S ANNUAL FRIENDS OF IRELAND LUNCHEON THAT DAY. THE INVITATION WAS EXTENDED TO HAUGHEY LAST WEEK ON BEHALF OF THE SPEAKER BY VISITING CONGRESSMAN BRIAN DONNELLY WHO TOLD HAUGHEY THE SPEAKER WOULD BE INVITING PRESIDENT BUSH TO THE LUNCHEON AS WELL.

3. WE WERE ALSO TOLD THAT PADDY MCKIERNAN IS BEING INSTRUCTED TO SEEK AN OVAL OFFICE MEETING WITH THE PRESIDENT - PRESUMABLY TO PRESENT THE TRADITIONAL GIFT OF ST. PATRICK'S DAY SHAMROCKS - AND TO REQUEST A CALL ON SECRETARY BAKER.  
CURRAN

CONFIDENTIAL

REVIEW AUTHORITY: Robert Homme, Senior Reviewer

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PAGE 01 DUBLIN 00400 01 OF 03 201203Z  
ACTION H-03

INFO LOG-00 ADS-00 EUR-00 SS-00 DS-01 /004 W  
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FM AMEMBASSY DUBLIN  
TO SECSTATE WASHDC 1437  
INFO AMEMBASSY LONDON

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LONDON PLEASE PASS BELFAST

**DECONTROLLED**

E.O. 12356: N/A

TAGS: PREL, EFIN, EAID, CVIS, CMGT, EI  
SUBJECT: CODEL DONNELLY VISIT TO IRELAND

**RELEASED IN FULL**

REF: (A) DUBLIN 197, (B) DUBLIN 367

1. SUMMARY. DONNELLY EXTENDED AN INVITATION FROM SPEAKER WRIGHT TO HAUGHEY TO VISIT WASHINGTON ON ST. PATRICK'S DAY. IN TIMELY INTERVENTIONS, DONNELLY HIT HAUGHEY, LENIHAN AND OPPOSITION LEADERS HARD ON THE US-EC DISPUTE ON GROWTH PROMOTERS (REF A). HE MADE CONSIDERABLE IMPACT IN THE MEDIA WITH HIS CRITICISMS OF THE INTERNATIONAL FUND AND PROMISES TO SUPPORT IMPROVEMENTS IN UK FAIR EMPLOYMENT LEGISLATION. HE PROMISED CONTINUED EFFORTS TO ATTENUATE EFFECTS OF THE TAX REFORM ACT ON IRELAND. WHILE THERE WAS MUCH PUBLIC AND PRIVATE PRAISE FOR DONNELLY'S EFFORTS TO SECURE MORE VISAS FOR THE IRISH, HIS STERN WARNINGS AGAINST ILLEGAL IMMIGRATION TO THE US ALSO GOT THROUGH LOUD AND CLEAR. HE TOLD IRISH AUTHORITIES THERE IS LITTLE HOPE FOR AN AMNESTY BILL. DURING INTERNAL DISCUSSIONS AT THE EMBASSY, DONNELLY AND FOLEY STAFFER BRANDT PROMISED TO BE HELPFUL IF THE DEPARTMENT GOES FORWARD  
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WITH A SUPPLEMENTAL TO FUND NP-5 PROCESSING. END  
SUMMARY.

2. CONGRESSMAN BRIAN DONNELLY, CHAIRMAN OF THE

**REVIEW AUTHORITY: Robert Homme, Senior Reviewer**

UNCLASSIFIED U.S. Department of State Case No. F-2010-07900 Doc No. C17686383 Date: 09/04/2012

FRIENDS OF IRELAND IN THE HOUSE OF REPRESENTATIVES, VISITED IRELAND FROM JANUARY 6 - 19. HE WAS ACCOMPANIED BY WERNER BRANDT, STAFF ASSISTANT TO THE MAJORITY LEADER AND KEVIN PETERSON, ASSISTANT SERGEANT AT ARMS. AS USUAL, DONNELLY, AS CHAIRMAN OF THE FRIENDS OF IRELAND AND AUTHOR OF THE "DONNELLY" BILL WHICH HAS RECENTLY PROVIDED A VISA BONANZA TO THOUSANDS OF EAGER IRISH IMMIGRANTS, WAS ACCORDED RED CARPET TREATMENT BY THE GOVERNMENT AND PRESS. DONNELLY MET WITH PRIME MINISTER HAUGHEY, FOREIGN MINISTER LENIHAN, INDUSTRY MINISTER BURKE, THE LEADERS OF THE OPPOSITION, SCORES OF MEMBERS OF THE IRISH PARLIAMENT AND REPRESENTATIVES OF THE CATHOLIC HIERARCHY. HIGHLIGHTS OF THE DISCUSSIONS FOLLOW.

US - IRISH RELATIONS

3. ON BEHALF OF SPEAKER JIM WRIGHT, DONNELLY EXTENDED INVITATIONS TO HAUGHEY AND TO DAIL SPEAKER SEAN TREACY TO VISIT THE US LATER THIS YEAR. HAUGHEY'S ACCEPTANCE OF THE INVITATION IS REPORTED REF (B).

INTERNATIONAL FUND FOR IRELAND

4. IN HIS MEETINGS WITH HAUGHEY AND LENIHAN AND IN SEVERAL PRESS INTERVIEWS, DONNELLY RAISED CONCERNS ABOUT PROJECT ALLOCATIONS OF THE INTERNATIONAL FUND FOR LIMITED OFFICIAL USE

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PAGE 03 DUBLIN 00400 01 OF 03 201203Z

IRELAND AND WARNED OF A POSSIBLE EROSION OF SUPPORT IN THE US CONGRESS FOR FUTURE CONTRIBUTIONS TO THE FUND. OF SPECIFIC INTEREST DONNELLY SAID WERE A) AN ALLOCATION TO THE STRABANE BRANCH OF ALLIED IRISH BANKS FOR REFURBISHING ITS PREMISES (IP 1,500), B) APPROVAL OF IP 11,000 FOR A BETTING ESTABLISHMENT IN LIMAVADY, C) A GRANT OF MORE THAN IP 1 MILLION FOR A FISHERIES RESEARCH VESSEL FOR THE BRITISH GOVERNMENT, D) THE REJECTION OF A PROPOSED EDUCATIONAL PROJECT AT CONWAY MILLS IN WEST BELFAST, E) A GRANT TO A PARACHUTE CENTER, AND F) THE APPROVAL OF IP 200,000 FOR EXTENSION OF A VISITORS CENTER AT THE BUSHMILLS DISTILLERY IN COLERAINE.

5. DONNELLY ALSO URGED THAT GREATER PRIORITY BE GIVEN

UNCLASSIFIED U.S. Department of State Case No. F-2010-07900 Doc No. C17686383 Date: 09/04/2012  
TO DISADVANTAGED AREAS IN THE NORTH. HE CRITICIZED THE  
"SHOTGUN" APPROACH WHICH HE SAID HAD BEEN USED IN  
DISTRIBUTING FUND MONIES DURING THE FIRST TWO YEARS OF  
OPERATION. HE EXPRESSED SATISFACTION WHEN INFORMED BY  
HAUGHEY OF THE SEPT. 1988 DECISION BY THE BOARD OF THE  
FUND TO TARGET DISADVANTAGED AREAS IN NORTHERN IRELAND  
FOR THE MAJORITY OF NEW FUND ALLOCATIONS. (COMMENT:  
DEPT. OF FOREIGN AFFAIRS OFFICIALS DEALING WITH THE  
FUND HAVE ESTIMATED THAT WHEN ALLOCATION OF  
CONTRIBUTIONS FOR THE FIRST THREE YEARS IS COMPLETED,  
ABOUT 60 PERCENT OF THE MONEYS ALLOCATED IN NORTHERN  
IRELAND WILL HAVE GONE TO DISADVANTAGED AREAS. END  
COMMENT.) LENIHAN AGREED WITH MUCH OF DONNELLY'S  
CRITICISM OF THE FUND AND OF ITS DIRECTOR, CHARLES  
BRETT, BUT WARNED THAT TOO MUCH PUBLIC CRITICISM  
COULD BECOME A SELF-FULFILLING PROPHECY. ON SPECIFIC

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PAGE 01 DUBLIN 00400 02 OF 03 201204Z  
ACTION H-03

INFO LOG-00 ADS-00 EUR-00 SS-00 DS-01 /004 W  
-----247700 220728Z /25

R 191710Z JAN 89  
FM AMEMBASSY DUBLIN  
TO SECSTATE WASHDC 1438  
INFO AMEMBASSY LONDON

LIMITED OFFICIAL USE SECTION 02 OF 03 DUBLIN 00400



E.O. 12356: N/A

TAGS: PREL, EFIN, EAID, CVIS, CMGT, EI

SUBJECT: CODEL DONNELLY VISIT TO IRELAND

PROJECTS, LENIHAN WAFFLED ON THE CONWAY MILL PROPOSAL BY POINTING TO THE BRITISH VETO BUT NOTING THAT REJECTION OF THE PROJECT ALSO SERVED SDLP INTERESTS.

6. DESPITE HIS CRITICISM OF SPECIFIC PROJECTS, DONNELLY EXPRESSED CONTINUED SUPPORT FOR THE FUND AND ITS OBJECTIVES. AFTER HIS MEETING WITH FUND CHAIRMAN CHARLES BRETT, NEWS ARTICLES QUOTED DONNELLY AS SAYING THAT "...ON THE WHOLE, THE FUND HAS DONE A GREAT JOB...."

7. DONNELLY ALSO TOLD HIS IRISH INTERLOCUTORS THAT CONGRESSIONAL HEARINGS THIS YEAR ON THE FUND WERE INEVITABLE BUT THAT HE AND OTHER MEMBERS SYMPATHETIC TO THE FUND HAD RECEIVED A COMMITMENT FROM LEE HAMILTON THAT THE IFI WOULD ONLY BE DISCUSSED AS PART OF A BROADER LOOK AT THE ENTIRE ESF PROGRAM AND WOULD BE ALLOTTED VERY LITTLE TIME IN PUBLIC SESSION.

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FAIR EMPLOYMENT

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8. ON THE SUBJECT OF FAIR EMPLOYMENT LEGISLATION INTRODUCED IN THE U.K. PARLIAMENT, DONNELLY SAID THAT THE LEGISLATION WAS A STEP IN THE RIGHT DIRECTION. HOWEVER, HE SUPPORTED GOI AND SDLP CLAIMS THAT THE LEGISLATION SHOULD HAVE SPECIFIC GOALS AND A TIMETABLE, AND SHOULD MANDATE THE USE OF AFFIRMATIVE ACTION TO BRING ABOUT EQUAL EMPLOYMENT OPPORTUNITY IN NORTHERN IRELAND. HE MADE COMPARISONS BETWEEN THE SITUATION IN THE NORTH AND THE CIRCUMSTANCES WHICH PREVAILED IN THE U.S. PRIOR TO U.S. ADOPTION OF AFFIRMATIVE ACTION PROGRAMS AS A MEANS OF ACHIEVING EQUAL OPPORTUNITY. DONNELLY EXPRESSED HIS HOPE THAT THE PROPOSED BILL WOULD BE AMENDED IN PARLIAMENT TO CORRECT THE WEAKNESS OF THE LEGISLATION AS IT NOW STANDS.  
PFIC'S

-----  
9. AT IRISH REQUEST, DONNELLY AND PARTY MET WITH MINISTER OF INDUSTRY AND COMMERCE RAY BURKE WHO BRIEFED DONNELLY ON THE EFFECTS ON IRELAND OF THE PASSIVE FOREIGN INVESTMENT CORPORATION (PFIC) PROVISIONS OF THE 1986 TAX REFORM ACT. THE GOI PREDICTS THAT THE RESULT OF THE LEGISLATION WILL BE FOR U.S. SUBSIDIARIES TO REMIT A MUCH HIGHER PERCENTAGE OF THEIR PROFITS TO THE U.S. AND UNDERMINING GOI EFFORTS TO ENCOURAGE ADDITIONAL U.S. INVESTMENT IN IRELAND.

10. DONNELLY EXPLAINED HIS EFFORTS TO AMEND THE 1986 LEGISLATION TO EXCLUDE FROM THE DEFINITION OF A PFIC, U.S. SUBSIDIARIES LOCATED IN COUNTRIES, SUCH AS LIMITED OFFICIAL USE

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IRELAND, WITH WHICH THE U.S. HAS A TRADE SURPLUS. THE U.S. SURPLUS WITH IRELAND IN 1988, ABOUT USD1 BILLION, TRANSLATED INTO ABOUT 27,000 JOBS IN THE U.S. ACCORDING TO IRISH OFFICIALS. DONNELLY SAID THAT HE EXPECTED HIS BILL TO BE ATTACHED TO OTHER TAX LEGISLATION SOMETIME DURING THE SUMMER OR FALL OF THIS YEAR.

#### SUPER ROYALTIES

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11. BURKE ALSO EXPRESSED CONCERN OVER THE "SUPER ROYALTIES" PROVISIONS OF THE 1986 TAX REFORM ACT, BUT SAID THAT THE GOI IS STILL TRYING TO ASSESS THE EXTENT OF THE LEGISLATION'S IMPACT ON IRELAND. THE INDUSTRIAL DEVELOPMENT AUTHORITY (IDA) HAS ENGAGED MICHLONSULTANTS (ARTHUR ANDERSON IN WASHINGTON DC AND A BOSTON LAW FIRM) TO STUDY THE TREASURY DEPT. WHITE PAPER ON SUPER ROYALTIES IMPLEMENTATION. JOHN DULLY, BURKE'S NEW ASST. SECRETARY FOR TRADE, SAID THAT IN SOME CASES ROYALTIES PAID BY IRISH SUBSIDIARIES COULD INCREASE SEVERAL FOLD.

#### IMMIGRATION

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12. IMMIGRATION WAS THE PRINCIPAL FOCUS OF MEDIA COVERAGE AND MOST BUSINESS MEETINGS. FROM THE PRIME MINISTER ON DOWN, THE IRISH THANKED DONNELLY PROFUSELY FOR EXTENSION OF THE NP-5 PROGRAM. DONNELLY ESTIMATED AT BETWEEN 20,000 AND 24,000 THE NUMBER

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ACTION H-03

INFO LOG-00 ADS-00 EUR-00 SS-00 DS-01 /004 W  
-----250032 220741Z /25

R 191710Z JAN 89  
FM AMEMBASSY DUBLIN  
TO SECSTATE WASHDC 1439  
INFO AMEMBASSY LONDON

LIMITED OFFICIAL USE SECTION 03 OF 03 DUBLIN 00400

LONDON PLEASE PASS BELFAST

E.O. 12356: N/A  
TAGS: PREL, EFIN, EAID, CVIS, CMGT, EI  
SUBJECT: CODEL DONNELLY VISIT TO IRELAND

NEXT TWO FISCAL YEARS.

13. DONNELLY WAS PESSIMISTIC ON LONGER TERM  
IMMIGRATION REFORM. HE DID NOT BELIEVE THE CONGRESS  
WOULD BE INTERESTED IN TACKLING THE ISSUE HEAD-ON FOR A  
FEW MORE YEARS. ON THE OTHER HAND, HE WAS CONFIDENT  
THE BERMAN PROVISIONS OF HIS BILL WOULD BE REPEALED BY  
THE CONGRESS THIS YEAR.

UNCLASSIFIED U.S. Department of State Case No. F-2010-07900 Doc No. C17686383 Date: 09/04/2012  
14. DONNELLY WAS FREQUENTLY CONFRONTED BY THE MEDIA AND ASKED IN ALL HIS MEETINGS ABOUT AMNESTY FOR ILLEGAL IRISH CURRENTLY IN THE U.S. PUBLICLY AND PRIVATELY HIS RESPONSE WAS UNAMBIGUOUS - THERE IS NO POLITICAL EQUATION FOR AMNESTY AT THIS TIME. HE REITERATED PUBLICLY TIME AND AGAIN THE IMPORTANCE OF THE IRISH OBTAINING PROPER DOCUMENTATION BEFORE GOING TO THE U.S.

NP-5 FUNDING

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15. IN THE EMBASSY BRIEFING ON THE NP-5 PROGRAM, WE UNDERLINED TO DONNELLY THE DEPARTMENT'S DIFFICULTIES IN FUNDING THE PROGRAM OUT OF EXISTING FUNDS. WE TOLD DONNELLY THAT WHILE WE HAD SCRAPPED TOGETHER START-UP MONIES WHICH ARE ENABLING US TO BEGIN ISSUING VISAS THIS MONTH, THE DEPARTMENT PROBABLY DID NOT HAVE THE RESOURCES TO MEET THE LEGISLATIVE REQUIREMENT OF ISSUING 15,000 VISAS THIS FISCAL YEAR. WHILE WE SAID WE COULD NOT COMMENT ON THE OMB POSITION ON A SUPPLEMENTAL, WE TOLD DONNELLY THE DEPARTMENT WOULD PROBABLY BE PUSHING A SUPPLEMENTAL VERY STRONGLY.

16. DONNELLY AND BRANDT WERE VERY SYMPATHETIC. THEY SAID A PROVISION FOR MONEY FOR THE NP-5 PROGRAM IN A SUPPLEMENTAL WOULD SURELY BE APPROVED AND THAT, IF A DEPARTMENT SUPPLEMENTAL FAILED TO INCLUDE MONIES FOR NP-5, THEY WOULD BE TACKED ON.

17. THIS MESSAGE HAS NOT BEEN SEEN BY THE CODEL.  
CURRAN

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ACTION AGRE-00

INFO LOG-00 ADS-00 INR-05 EUR-00 CIAE-00 EB-00 DODE-00  
NEA-04 NSCE-00 NSAE-00 COME-00 L-03 AMAD-01 CTME-00  
TRSE-00 PM-10 OMB-01 STR-18 INRE-00 TST-02 USIE-00  
JUSE-00 DOEE-00 T-01 /045 W

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R 271420Z DEC 89  
FM AMEMBASSY DUBLIN  
TO SECSTATE WASHDC 3682  
INFO AMEMBASSY LONDON

UNCLAS DUBLIN 07734

RELEASED IN FULL

STATE PASS AGRICULTURE ELECTRONICALLY FOR DLP/FAS

E.O. 12356: N/A  
TAGS: EAGR, EI  
SUBJECT: IRISH CATTLE EXPORTERS ANNOUNCE LARGE SALE TO  
LIBYA

1. THE WATERFORD LIVESTOCK AND MEAT COMPANY HAVE  
ANNOUNCED A CATTLE EXPORT AGREEMENT WITH LIBYA  
ESTIMATED TO BE WORTH ABOUT IRISH POUNDS 70 MILLION,  
INCLUDING EC EXPORT REFUNDS (ONE IRISH POUND CURRENTLY  
EQUALS USD 1.51). THEY SAY THE DEAL FOLLOWS  
REPRESENTATIONS MADE ON THEIR BEHALF BY THE IRISH PRIME  
MINISTER, MR CHARLES HAUGHEY (WE HAVE SO FAR BEEN  
UNABLE TO CONFIRM DETAILS OF THIS WITH GOI). THE  
COMPANY SAYS THAT LIBYA WILL IMPORT A TOTAL OF 125,000  
CATTLE NEXT YEAR, OF WHICH IRELAND WILL SUPPLY ABOUT  
90,000 HEAD. THIS WOULD MEAN A SUBSTANTIAL INCREASE IN  
IRISH EXPORTS TO LIBYA COMPARED WITH RECENT YEARS.  
LAST YEAR THESE TOTALED ONLY 16,000 HEAD, AND FOR THE  
PERIOD JANUARY THRU SEPTEMBER THIS YEAR (THE LATEST FOR  
WHICH DATA IS AVAILABLE) SHIPMENTS WERE 23,000 HEAD.

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PAGE 02 DUBLIN 07734 271428Z

2. THE WATERFORD LIVESTOCK AND MEAT COMPANY'S  
CHAIRMAN, SEAMUS PURCELL HAS FOR MANY YEARS BEEN THE  
PRINCIPAL IRISH EXPORTER OF CATTLE TO LIBYA AND THE  
COMPANY, WHICH IS RELATIVELY NEW, IS BELIEVED TO BE A

REVIEW AUTHORITY: Robert Homme, Senior Reviewer

UNCLASSIFIED U.S. Department of State Case No. F-2010-07900 Doc No. C17686384 Date: 09/04/2012  
CONSORTIUM OF IRISH, LIBYAN AND OTHER INTERESTS. EL  
LUHUM, THE LIBYAN NATIONAL LIVESTOCK AND MEAT COMPANY,  
IS UNDERSTOOD TO USE THE WATERFORD COMPANY'S OFFICE AS  
ITS IRISH BASE.

2. THE PRESS STATEMENT SAYS THAT 70,000 CATTLE WILL BE  
SUPPLIED THROUGH THE WATERFORD COMPANY WITH A FURTHER  
20,000 HEAD FROM OTHER IRISH COMPANIES. IRISH BASED  
TRADERS INVOLVED REPORTEDLY INCLUDE MR ABU FATAH SHARIF  
(A BUSINESS ASSOCIATE OF PURCELL), PURCELL EXPORT,  
SALLYVIEW ESTATES (OWNED BY ITALIAN TRADER BAZERINI)  
AND HORGANS. NON IRISH SUPPLIERS REPORTEDLY INCLUDE AN  
AUSTRIAN TRADER, A LIBYAN-SYRIAN CONSORTIUM AND AN  
EGYPTIAN TRADER CALLED ZEDU. THE EXPORTERS ARE  
CURRENTLY PAYING IRISH FARMERS ABOUT IRISH POUNDS 64  
PER LONG HUNDREDWEIGHT, LIVWEIGHT, FOR CATTLE FOR THIS  
CONTRACT, BUT PRICES SHOULD RISE SEASONALLY IN THE  
SPRING.

3. INDUSTRY SOURCES ALSO TELL US THAT A CONTRACT TO  
SUPPLY 20,000 TONS OF BEEF TO LIBYA IS CURRENTLY BEING  
NEGOTIATED BY PURCELL.

MOORE

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PAGE 01 DUBLIN 07386 071612Z  
ACTION STR-18

INFO LOG-00 ADS-00 EUR-00 OIC-02 EB-00 IO-19 SSO-00  
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O 071607Z DEC 89  
FM AMEMBASSY DUBLIN  
TO SECSTATE WASHDC IMMEDIATE 3551  
INFO EC COLLECTIVE  
USMISSION GENEVA

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RELEASED IN FULL

BRUSSELS ALSO FOR USEC

E.O. 12356: N/A  
TAGS: ETRD, EI, EEC, USTR, SZ  
SUBJECT: VISIT OF USTR CARLA HILLS TO DUBLIN

DECONTROLLED

REF: (A) DUBLIN 7214, (B) STATE 378400  
(C) STONE/ANDERSON TELCONS

1. SUMMARY: AS DISCUSSED IN REF C, WE HAVE MODIFIED THE TENTATIVE SCHEDULE (REF A) FOR USTR HILLS' VISIT TO DUBLIN TO INCLUDE A MEETING WITH PRIME MINISTER HAUGHEY, AN EMBASSY BRIEFING, A MEETING WITH PRINT JOURNALISTS, AND A SMALL WORKING DINNER. FOREIGN MINISTER COLLINS AND AGRICULTURE MINISTER O'KENNEDY WILL NOT BE AVAILABLE FOR MEETINGS ON DECEMBER 13. REVISED SCHEDULE IS PROVIDED IN PARA 2 BELOW. END SUMMARY.

2. REVISED SCHEDULE FOR VISIT OF USTR HILLS TO DUBLIN, DECEMBER 13 AND 14:

DECEMBER 13  
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09:20 AM ARRIVE AT DUBLIN AIRPORT VIA BA #814--MET BY  
- AMBASSADOR RICHARD MOORE AND CONTROL OFFICER

REVIEW AUTHORITY: Robert Homme, Senior Reviewer

10:00 AM BRIEFING AT THE EMBASSY BY AMB MOORE; DEAN  
- CURRAN, DCM; CURTIS STONE, ECON; JOHN AVARD,  
- FCS; JOE JOHNSON, USIS; AND GEORGE DEMPSEY,  
- POL.

11:00 AM MEETING WITH PRINT JOURNALISTS AT THE EMBASSY.  
- INVITEES INCLUDE SIX SENIOR MEDIA WRITERS.

12:30 - WORKING LUNCHEON HOSTED BY DESMOND O'MALLEY,  
-3:00 PM MINISTER OF INDUSTRY AND COMMERCE AT THE  
- SHELBOURNE HOTEL. OTHER ATTENDEES ARE: JOHN  
- DONLON, SECRETARY OF INDUSTRY AND COMMERCE;  
- JOHN DULLY, ASST SECRETARY; TONY JOYCE,  
- PRINCIPAL OFFICER; ANNE TROY AND JOHN WALSH,  
- ASST PRINCIPAL OFFICERS; AMBASSADOR MOORE;  
- GARY EDSON (USTR); TORIE CLARKE (USTR);  
- DEAN CURRAN (EMBASSY) AND CURTIS STONE  
- (EMBASSY).

5:30 PM MEETING WITH PRIME MINISTER CHARLES HAUGHEY.

7:00 PM WORKING DINNER AT AMBASSADOR'S RESIDENCE.

DECEMBER 14

6:15 AM DEPART AMBASSADOR'S RESIDENCE FOR DUBLIN  
- AIRPORT

7:30 AM DEPART DUBLIN VIA EI 630  
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3. HOTEL RESERVATIONS FOR GARY EDSON AND TORIE CLARKE  
HAVE BEEN MADE AT JURY'S HOTEL, ACROSS THE STREET FROM  
THE EMBASSY. THE RATE IS IP 84 PER NIGHT (ABOUT  
USD 126) -

MOORE



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PAGE 01 BELFAS 00309 220934Z  
ACTION SCT-03

INFO	LOG-00	ADS-00	AID-00	INR-07	EUR-00	SS-00	CIAE-00
	EB-00	DODE-00	NSCE-00	NSAE-00	COME-00	SSO-00	L-03
	CTME-00	NRCE-00	TRSE-00	PM-10	PA-02	FAAE-00	CCO-00
	INRE-00	CA-02	CG-00	ACDA-12	A-00	USSS-00	USIE-00
	JUSE-00	FBIE-00	DOEE-00	M-01	DS-01	IMMC-01	OIS-01
	P-02	/045 W					

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R 220900Z NOV 89  
FM AMCONSUL BELFAST  
TO SECSTATE WASHDC 6307  
INFO AMEMBASSY LONDON  
AMEMBASSY DUBLIN  
AMCONSUL EDINBURGH

RELEASED IN FULL

UNCLAS BELFAST 0309

E.O. 12356: N/A  
TAGS: PINS, PTER, PREL, ASEC, UK, EI  
SUBJECT: SAFE HAVEN ROW CONTINUES IN WAKE OF PIRA ATTACKS

REF: BELFAST 0306

THE ISSUE OF SAFE HAVEN FOR TERRORISTS IN THE REPUBLIC OF IRELAND WAS REKINDLED NOV. 21ST BY REPORTS THAT THE MOTORCYCLE USED BY THE PIRA KILLERS IN THE TRIPLE MURDER OF SOLDIERS THE PREVIOUS WEEKEND (REFTTEL) WAS FOUND DUMPED IN A SMALL LAKE NEAR WARRENPOINT IN COUNTY DOWN. THE BIKE IS REPORTED TO HAVE HAD FALSE PLATES AND TO HAVE BEEN STOLEN FROM OUTSIDE A CHURCH IN DUNDALK IN THE REPUBLIC. THE REVELATION HAS REVIVED HMG CONCERNS THAT POOR SECURITY IN

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PAGE 02 BELFAS 00309 220934Z

THE REPUBLIC PERMITS THE PIRA TO MOUNT ATTACKS INTO NORTHERN IRELAND. ON THE 21ST, LOCAL PAPERS CARRIED A STORY ABOUT AN ENCOUNTER IN PARIS ON NOV. 18TH AT THE EUROPEAN LEADERS SUMMIT BETWEEN IRISH PREMIER CHARLES HAUGHEY AND PRIME

REVIEW AUTHORITY: Robert Homme, Senior Reviewer

UNCLASSIFIED U.S. Department of State Case No. F-2010-07900 Doc No. C17686388 Date: 09/04/2012  
MINISTER THATCHER. THATCHER IS REPORTED TO HAVE RAISED THE  
HACKLES OF DUBLIN POLITICIANS AFTER MAKING "A CASUAL REMARK"  
TO HAUGHEY ABOUT SAFE HAVENS FOR TERRORISTS. HAUGHEY  
REPORTEDLY RESPONDED THAT HE WAS NOT AWARE OF ANY SAFE  
HAVENS AND THAT THE WEEKEND INCIDENTS OCCURRED IN AREAS  
CONTROLLED BY BRITISH SECURITY FORCES.

ARCHARD

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ACTION EUR-00

INFO	LOG-00	ADS-00	INR-07	SS-00	CIAE-00	EB-00	DODE-00
	H-01	NSCE-00	NSAE-00	COME-00	SSO-00	HA-09	L-03
	LAB-04	TRSE-00	PM-10	PA-01	ED-04	DOTE-00	OMB-01
	SIL-01	HHS-04	INRE-00	SSC-01	AGRE-00	FRB-03	OES-09
	USSS-00	USIE-00	JUSE-00	FBIE-00	SP-02	OC-01	DOEE-00
	SNP-01	PRS-01	DS-01	P-02	T-01	/067 W	

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TO SECSTATE WASHDC IMMEDIATE 2509  
INFO EC COLLECTIVE

C O N F I D E N T I A L SECTION 01 OF 04 DUBLIN 04044

LONDON PLEASE POUCH BELFAST

E.O. 12356: DECL: OADR  
TAGS: PGOV, EI  
SUBJECT: THE NEW IRISH GOVERNMENT

RELEASED IN FULL

REF: DUBLIN 3965 (NOTAL)

1. (C--ENTIRE TEXT, EXCEPT PARA 3).

2. ON WEDNESDAY, 12 JULY, PRIME MINISTER HAUGHEY WAS RE-ELECTED PRIME MINISTER (REFTTEL) AND, FOLLOWING HIS FORMAL APPOINTMENT BY THE PRESIDENT, PRESENTED HIS CABINET LIST FOR APPROVAL BY THE IRISH PARLIAMENT. AT THE SAME TIME, THE FOUR-YEAR GOVERNMENT PROGRAM WORKED OUT WITH HIS NEW GOVERNMENT PARTNERS, THE PROGRESSIVE DEMOCRATS, WAS MADE PUBLIC. THE CONSENSUS VIEW IS THAT, IN REGARD TO BOTH THE CABINET AND THE PROGRAM, DESSIE O'MALLEY'S PD'S WON THE NEGOTIATING BATTLE OVER HAUGHEY'S FIANNA FAIL. BUT HAUGHEY MAY HAVE WON THE WAR.

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NEW CABINET

3. (U)

REVIEW AUTHORITY: Robert Homme, Senior Reviewer

PRIME MINISTER (TANAISTE)	BRIAN LENIHAN
- FOREIGN AFFAIRS	GERARD COLLINS
- FINANCE	ALBERT REYNOLDS
- THE MARINE	JOHN P. WILSON
- AGRICULTURE AND FOOD	MICHAEL O'KENNEDY
- INDUSTRY AND COMMERCE	DESMOND J. O'MALLEY
- LABOUR	BERTIE AHERN
- ENERGY	BOBBY MOLLOY
- SOCIAL WELFARE	MICHAEL WOODS
- JUSTICE AND	
- COMMUNICATIONS	RAY BURKE
- THE ENVIRONMENT	PADRAIG FLYNN
- HEALTH	RORY O'HANLON
- EDUCATION	MARY O'ROURKE
- TOURISM AND TRANSPORT	SEAMUS BRENNAN
-	

4. THERE IS, ACTUALLY, RELATIVELY LITTLE CHANGE IN THE CABINET MEMBERSHIP, UNDERLINING HAUGHEY'S OFT-REPEATED CONTENTION THAT HIS GOVERNMENT OF THE LAST TWO PLUS YEARS WAS AN EFFICIENT AND PRODUCTIVE GOVERNMENT. THERE IS ONLY ONE NEW FIANNA FAIL FACE IN THE CABINET AND THE BULK OF THOSE RETURNING KEEP THE SAME PORTFOLIOS. NEVERTHELESS, HAUGHEY DID TAKE ADVANTAGE OF THE FORCED CABINET SHUFFLE TO TAKE CARE OF SOME PROBLEMS. FIRST, BRIAN LENIHAN'S SHIFT FROM FOREIGN AFFAIRS TO THE LESS-ONEROUS DEFENCE JOB (HE REMAINS DEPUTY PRIME MINISTER) BOTH ENABLES HIM TO CONSERVE HIS ENERGY FOLLOWING HIS RECENT LIVER-  
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TRANSPLANT AND BRINGS ON LINE TO RESOLVE THE LONG-SIMMERING ARMY PAY DISPUTE LENIHAN'S CONSIDERABLE NEGOTIATING TALENTS. SIMILARLY, JOHN WILSON HAS BEEN SHIFTED FROM TOURISM TO THE DEPARTMENT OF THE MARINE TO FIND A SOLUTION TO THE FISHING LICENSE DISPUTE. FIANNA FAIL STRATEGISTS CONSIDER THE TWO, ESSENTIALLY LOCAL ISSUES, AS HAVING HAD A HIGHLY DAMAGING IMPACT ON THE PARTY'S FORTUNES IN THE ELECTIONS. THEIR INABILITY TO FIND SOLUTIONS EVIDENTLY WAS THE REASON FOR FORMER DEFENCE MINISTER MICHAEL NOONAN AND MARINE MINISTER BRENDAN DALY DISAPPEARING FROM THE CABINET ALTOGETHER.

5. AT FOREIGN AFFAIRS, LENIHAN IS REPLACED BY FORMER JUSTICE MINISTER GERARD COLLINS, CHOSEN EVIDENTLY NOT BECAUSE HE HAD BRIEFLY HELD THE POST BEFORE BUT BECAUSE,

UNCLASSIFIED U.S. Department of State Case No. F-2010-07900 Doc No. C17686390 Date: 09/04/2012  
AS JUSTICE MINISTER, HE HAD BEEN A REGULAR PARTICIPANT  
IN THE MEETINGS OF THE INTERGOVERNMENTAL CONFERENCE OF  
THE ANGLO-IRISH AGREEMENT. AT JUSTICE, COLLINS IS RE-  
PLACED BY INDUSTRY AND COMMERCE MINISTER RAY BURKE.

-  
6. THIS LAST MOVE FREES INDUSTRY AND COMMERCE FOR  
PROGRESSIVE DEMOCRAT LEADER, DESSIE O'MALLEY, WHO HELD  
THE POST FOUR TIMES PREVIOUSLY, INCLUDING TWICE IN A  
HAUGHEY-LED CABINET. THE OTHER PD SEAT GOES TO BOBBY  
MOLLOY AT ENERGY (REPLACING MICHAEL SMITH WHOSE  
DISAPPEARANCE FROM THE CABINET TABLE IS A SURPRISE).  
THE NEW FIANNA FAIL FACE IN THE CABINET IS SEAMUS  
BRENNAN PROMOTED FROM A JUNIOR MINISTERSHIP TO TAKE OVER  
AT TOURISM.

-  
7. THIS IS AN EXPERIENCED CABINET. ALL THE KEY MEMBERS  
(LENIHAN, COLLINS, O'MALLEY, MOLLOY, O'KENNEDY AND  
HAUGHEY HIMSELF) FIRST SAT AROUND A CABINET TABLE TOGETHER  
TWO DECADES AGO. THIS ALONE AUGURS WELL FOR A  
COOPERATIVE GOVERNMENT. CERTAINLY, THE LONG-STANDING

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	LAB-04	TRSE-00	PM-10	PA-01	ED-04	DOT E-00	OMB-01
	SIL-01	HHS-04	INRE-00	SSC-01	AGRE-00	FRB-03	OES-09
	USSH-00	USIE-00	JUSE-00	FBIE-00	SP-02	OC-01	DOEE-00
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LONDON PLEASE POUCH BELFAST

UNCLASSIFIED U.S. Department of State Case No. F-2010-07900 Doc No. C17686390 Date: 09/04/2012

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FREED FROM THE NEED TO CHALLENGE HAUGHEY FOR THE  
LEADERSHIP OF FIANNA FAIL, TRULY MELLOWED? OR WILL THE  
FIRST, SERIOUS CABINET DISAGREEMENT REVEAL THIS FIANNA  
FAIL-PD ALLIANCE TO HAVE BEEN A MISTAKE?

THE POLICY BARGAINS

8. IN HIS STATEMENT TO THE IRISH PARLIAMENT, HAUGHEY  
CLAIMED THAT HIS AGREEMENT ON A FOUR-YEAR PROGRAM WITH THE  
PROGRESSIVE DEMOCRATS "EXPANDS IN MANY USEFUL DIRECTIONS  
THE EXISTING PARAMETERS OF GOVERNMENT POLICY,"  
COMPLEMENTING FIANNA FAIL'S OWN NATIONAL RECOVERY  
PROGRAM. THIS IS LARGELY TRUE. BUT THERE ARE AREAS  
WHERE CONCESSIONS WERE CLEARLY MADE TO PD POLICY  
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POSITIONS WHICH SEEM TO RUB AGAINST THE GRAIN OF FIANNA  
FAIL TRADITION OR THE COMMITMENTS OF THE LAST GOVERNMENT.

9. THE MOST SIGNIFICANT IS THE ADOPTION OF AN EXPLICIT  
TARGET OF REDUCING THE STANDARD PERSONAL TAX RATE TO 25  
PERCENT AT THE END OF FOUR YEARS. FIANNA FAIL'S POSITION  
HAD BEEN TO PROMISE UNSPECIFIED TAX REDUCTIONS AS  
CONDITIONS PERMITTED. ON THE OTHER HAND, FIANNA FAIL'S  
COMMITMENT TO MAINTENANCE OF THE SEMI-STATE SECTOR  
PREVAILS OVER THE PD'S DESIRE TO MOVE TO PRIVATIZATION.  
THE TWO AGREEMENTS MAY NOT ONLY BE A NEGOTIATING BALANCE  
BUT MAY ALSO BE DESIGNED TO AVOID UPSETTING THE TRADE  
UNIONS WHICH THE NEW GOVERNMENT HOPES TO BRING ON BOARD  
A NEW NATIONAL RECOVERY PROGRAM. CERTAINLY, JOB CREATION  
IS PINPOINTED AS THE "MAJOR PRIORITY" OF THE NEW  
GOVERNMENT, WITH THE TARGETS BEING 35,000 NEW JOBS A YEAR  
BY 1993 AND THE ENDING OF INVOLUNTARY EMIGRATION. IN  
TRUTH, ECONOMIC AND FISCAL POLICY IS AN AREA WHERE THE  
DIFFERENCES BETWEEN THE PD'S AND THE FIANNA FAIL OF THE  
POST-1987 GENERAL ELECTION ERA ARE OFTEN MORE ONE OF  
TIMING THAN OF SUBSTANCE. AS THEIR AGREEMENT STRESSES,  
THE BOTTOM LINE CONTINUES TO BE FINANCIAL RETRENCHMENT  
TO BRING PUBLIC SPENDING UNDER SUSTAINABLE CONTROL:  
"ALL (GOVERNMENT) MEASURES ARE SUBJECT TO OVERALL  
FINANCIAL CONSTRAINTS. PUBLIC EXPENDITURE RESTRAINT WILL  
REMAIN ESSENTIAL FOR A LONG TIME TO COME." THIS IS A  
VICTORY THE PD'S WON SOME TWO YEARS AGO.

10. MORE TRANSPARENT SUCCESSES FOR THE PD NEGOTIATORS  
IN THE RECENT BARGAINING CAME IN THE AREA OF GOVERNMENTAL



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RECTITUDE. ON THE REDRAWING OF THE CONSTITUENCY  
BOUNDARIES, THE PD'S ACHIEVED NOT JUST A COMMITMENT TO  
DISCARD LAST YEAR'S ABORTIVE PLAN (WHICH THE SMALLER  
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PARTIES CONSIDERED A BLATANT FIANNA FAIL ATTEMPT TO  
GERRYMANDER AT THEIR EXPENSE), BUT THE SPECIFIC TERMS OF  
REFERENCE FOR A NEW CONSTITUENCY COMMISSION ENSURING  
THAT ONLY "MINIMUM CHANGE" WOULD BE MADE TO THE  
"TRADITIONAL PATTERN" OF CONSTITUENCIES. ON NATIONAL  
LOTTERY FUNDING, AN ALL-PARTY WORKING GROUP WILL TAKE  
ALLOCATION OUT OF THE HANDS OF THE GOVERNMENT. AND  
THERE WILL BE NEW LEGISLATION ON TELEPHONE TAPPING  
(HARKING BACK TO THE SCANDALS OF AN EARLIER HAUGHEY  
REGIME).

11. THE MOST SIGNIFICANT POLICY AREA WHERE FIANNA FAIL  
HELD FIRM WAS THAT OF NORTHERN IRELAND- THE PD'S HAD  
BEEN THE MOST VOCAL IN ACCUSING THE HAUGHEY GOVERNMENT  
OF A LACKLUSTRE APPROACH TO THE ANGLO-IRISH AGREEMENT,  
OF FAILING TO SEIZE A HISTORIC OPPORTUNITY TO PRESS FOR  
A POLITICAL SOLUTION IN THE NORTH, AND, SPECIFICALLY,  
OF NOT BEING COMMITTED TO DEVOLUTION. DEVOLUTION WAS,  
AFTER ALL, THE VERY ISSUE OVER WHICH O'MALLEY HAD BROKEN  
WITH FIANNA FAIL. ALL INDICATIONS  
WERE THAT THE PD NEGOTIATORS WOULD PRESS HARD ON THIS  
ISSUE; INDEED, OVER THE WEEKEND, THERE WERE REPORTS THAT  
IT REMAINED ONE OF THE FEW REMAINING STUMBLING-BLOCKS TO  
REACHING FINAL AGREEMENT. IN THE EVENT, THE TWO BRIEF  
PARAGRAPHS ON NORTHERN IRELAND IN THE GOVERNMENT PROGRAM  
DO NOT EVEN MENTION DEVOLUTION. RATHER, THEY ENDORSE  
THE FIANNA FAIL GOVERNMENT'S STRATEGY OF BEAVERING AWAY  
AT PRACTICAL AREAS WHERE PROGRESS CAN BE ACHIEVED UNDER  
THE AGREEMENT, PARTICULARLY IN THE ADMINISTRATION OF  
JUSTICE AS IT AFFECTS THE NATIONALIST COMMUNITY IN THE  
NORTH. ACCORDING TO SENIOR DFA SOURCES, THIS

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LONDON PLEASE POUCH BELFAST

ENDORSEMENT OF THE FIANNA FAIL APPROACH AND THE APPOINTMENT OF COLLINS TO THE FOREIGN MINISTRY INDICATE NO CHANGE IN THE IRISH APPROACH TO THE AGREEMENT.

## WINNERS AND LOSERS

12. THE HEADLINE ANALYSIS OF THIS RESOLUTION TO THE INCONCLUSIVE ELECTION RESULTS OF 15 JUNE IS THAT THE PD'S WON. SUB-HEADLINES SUGGEST THAT THE FIANNA FAIL LOSS MAY, IN FACT, HAVE BEEN EVEN MORE SIGNIFICANT. BY ENTERING A COALITION FOR THE FIRST-EVER TIME, FIANNA FAIL HAS ACKNOWLEDGED THAT IT IS NOW A PARTY LIKE ANY OTHER. AS ONE COMMENTATOR PUT IT- "FIANNA FAIL IS NO LONGER A MOVEMENT BUT A PARTY." MOST WELCOMED THIS AS A FURTHER STEP IN BRINGING IRISH POLITICS INTO LINE WITH MODERN EUROPEAN PRACTICE. BUT, BY ALL ACCOUNTS, THERE WAS FIERCE RESISTANCE TO COALITION AT FIANNA FAIL GRASSROOTS LEVEL, WITH SEVERAL LOCAL COMMITTEES CHARGING THEIR PARLIAMENTARY DEPUTIES WITH SPEAKING OUT AGAINST THE

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MOVE IN DUBLIN. THIS WAS REFLECTED AT LEADERSHIP LEVEL BY THE STANDARD LINE TAKEN BY FIANNA FAIL MINISTERS THAT ADHERENCE TO SINGLE-PARTY RULE WAS A "CORE VALUE" OF THE PARTY.

13. WHY, THEN DID HAUGHEY CONCEDE? THE BOTTOM LINE WOULD SEEM CLEARLY TO BE HAUGHEY'S GUT DESIRE TO HOLD ONTO POWER RUNNING UP AGAINST THE CLEAR EVIDENCE OF THE OPINION POLLS THAT THE ELECTORATE JUST WOULD NOT STAND FOR ANOTHER ELECTION- RELEASED AT A CRITICAL MOMENT WHEN THE FIANNA FAIL-PD NEGOTIATIONS SEEMED STALLED, THE POLLS INDICATED THAT, IF HAUGHEY CHOSE TO GO TO THE COUNTRY AGAIN, HE WOULD LOSE EVEN MORE SEATS. ON THE OTHER HAND, THE ELECTORATE IN GENERAL FAVORED A FIANNA FAIL COALITION WITH EITHER FINE GAEIL OR THE PD'S OR BOTH. THOUGH A BITTER PILL FOR HAUGHEY TO SWALLOW, IT WAS MADE EASIER BY THE DEBATE WITHIN THE FIANNA FAIL PARLIAMENTARY PARTY. FROM OUR CONVERSATIONS, IT IS CLEAR THAT, AT THE PARTY LEVEL, THERE WERE A NUMBER OF REINFORCING STRANDS OF ARGUMENT. FIRST, HAUGHEY HAD MANY DEPUTIES ARGUING THAT TIMES HAD CHANGED AND THAT IT WAS THE MARK OF A LEADER TO HELP HIS FOLLOWERS TO COME TO TERMS WITH CHANGING REALITIES. A COALITION, IN SHORT, WAS IN THE "NATIONAL INTEREST." SECOND, THEY ALSO ARGUED THAT WHAT LOCAL RESISTANCE THERE WAS WAS DUE TO PERSONALITIES AND CENTERED IN AREAS WHERE THE PD LEADERS WERE STILL VIEWED LOCALLY AS TRAITORS TO FIANNA FAIL. FINALLY, THERE WERE MANY WHO FELT THAT A COALITION WITH THE PD'S WAS NO MORE THAN WELCOMING THE PRODIGAL CHILDREN BACK HOME--NOT REALLY A COALITION AT ALL, BUT MUCH MORE LIKE THE ALLIANCE BETWEEN LEADERS OF RIVAL WINGS OF THE PARTY THAT FIANNA FAIL WAS SO USED TO. IN THIS VIEW, THE PD'S WILL HAVE BEEN ABSORBED BACK IN FIANNA FAIL LONG BEFORE THE FOUR-YEAR AGREEMENT RUNS

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ITS COURSE.

14. IF TRUE, WAS THE VICTORY, THEN, ONE FOR THE PROGRESSIVE DEMOCRATS AS A PARTY, OR A PERSONAL VICTORY FOR DESSIE O'MALLEY? CERTAINLY, WHILE THE AGREED PROGRAM CARRIES THE CLEAR HALLMARKS OF PD POLICY, IT ALSO

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SERVES, BY ITS VERY NATURE AS AN AGREED PROGRAM, TO BLUR WHAT HAD BEEN CLEAR LINES OF DIFFERENCE BETWEEN FIANNA FAIL AND PD PHILOSOPHY. IT COULD MORE ACCURATELY BE DESCRIBED AS A FIANNA FAIL GOVERNMENT PROGRAM MASTER-MINDED BY DESSIE O'MALLEY. HOW LONG WILL O'MALLEY AND MALLOY BE ABLE TO PROJECT A DISTINCTIVE PD STAMP ONTO COLLECTIVE CABINET DECISIONS? ADDITIONALLY, WITH O'MALLEY AND MOLLOY NOW SITTING WITH THEIR FRONT-BENCH COLLEAGUES, THE FOUR REMAINING PD BACKBENCHERS (TO BE REDUCED TO THREE WHEN HARNEY RECEIVES HER ANTICIPATED JUNIOR MINISTERSHIP AND PERHAPS, EVEN, TO TWO IF WYSE IS ELECTED DEPUTY SPEAKER), STUCK IN THE FAR REACHES OF THE BACK ROW, LOOK FORLORN, INDEED. THOUGH THE BARGAINING ALSO PRODUCED SOME DIRECT PARTY BENEFITS (STATE FUNDING FOR PARTY HEADQUARTERS, PARLIAMENTARY COMMITTEE MEMBERSHIP), THE PD'S SIMPLY LACK THE MEMBERS. WITHOUT A BACKBENCH HINTERLAND, HOW LONG CAN THE LEADERSHIP REMAIN VIABLE?

15. BUT THE MOST TRANSPARENT LOSERS ON WEDNESDAY WERE THE PARTIES OF THE LEFT. BOTH LABOUR AND THE WORKERS' PARTY HAD ADOPTED A POLICY OF, ESSENTIALLY, OPTING OUT OF THE GOVERNMENT-FORMATION PROCESS. BOTH ARGUED THAT IT WAS UP TO "THE PARTIES OF THE RIGHT" TO SEE TO IT.

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C O N F I D E N T I A L SECTION 04 OF 04 DUBLIN 04044

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BOTH WERE HOPING THAT A GRAND COALITION OF FIANNA FAIL, A FINE GAEIL, AND THE PD'S WOULD BE FORMED, ENABLING THE LEFT PARTIES TO CLEARLY EMERGE AS THE VOICE OF OPPOSITION. WITH SUCH A GRAND COALITION COMMITTED TO CONTINUING FISCAL RETRENCHMENT, THE LEFT SAW AN ELECTORAL FEAST IN STORE ON PRECISELY THE SPENDING ISSUES (HEALTH SERVICES, UNEMPLOYMENT, EMIGRATION) WHICH SERVED THEM SO WELL IN THE RECENT ELECTIONS. A LEFT-RIGHT DIVIDE ON THE IRISH POLITICAL LANDSCAPE BECKONED THEM. BUT BLOCKING THAT ENTICING VISION, AFTER WEDNESDAY'S EVENTS, IS THE SOLID BLOC OF 55 FINE GAEIL SEATS, BACK IN THEIR TRADITIONAL ROLE OF THE MAJOR OPPOSITION TO A FIANNA FAIL GOVERNMENT. INDEED, FINE GAEIL LEADER ALAN DUKES DEVOTED A GOOD PORTION OF HIS STATEMENT ON THE NEW GOVERNMENT TO A SCORNFUL DISMISSAL OF THE LEFT'S PRETENSIONS--"POLITICAL IMPOTENCE AND ANALYTICAL STERILITY."

16. BUT WHERE FINE GAEIL WILL LEAD THE OPPOSITION ISN'T CONFIDENTIAL

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SO CLEAR EITHER. DUKES HAS ALREADY RULED OUT "OPPOSITION FOR OPPOSITION'S SAKE," TERMING THAT A FIANNA FAIL METHOD. SPECIFICALLY, FINE GAEIL WILL CONTINUE TO SUPPORT RESPONSIBLE ECONOMIC AND FINANCIAL MEASURES PUT FORTH BY THE GOVERNMENT. SOURCES IN DUKES' OFFICE HAVE SPOKEN TO US OF A "SOCIAL DEMOCRATIC" OPPOSITION. THE IDEA HERE IS THAT FINE GAEIL WILL STAMP OUT ITS OPPOSITION CREDENTIALS PRIMARILY ON SOCIAL ISSUES, SUCH AS FAMILY LAW AND EMIGRANT AID (ENVIRONMENT HAS BEEN LARGELY CO-OPTED BY THE FIANNA FAIL-PD PACT WHICH

UNCLASSIFIED U.S. Department of State Case No. F-2010-07900 Doc No. C17686390 Date: 09/04/2012  
ENVISAGES A NEW ENVIRONMENTAL PROTECTION OFFICE HEADED  
BY PD JUNIOR MINISTER MARY HARNEY). BUT SOCIAL  
DEMOCRACY HAS NOT YET WON THE SOUL OF FINE GAEI,  
PARTICULARLY OUTSIDE DUBLIN WHERE THE LOCAL NOTABLES OF  
SMALL TOWNS STILL SUP REGULARLY WITH THE PARISH PASTOR.

A HAUGHEY COUP, AFTER ALL?

-----  
17. IN THE END, IT WOULD SEEM, AFTER ALL, THAT HAUGHEY,  
THE GREAT SURVIVOR OF IRISH POLITICS, HAS ONCE AGAIN  
FASHIONED A VICTORY FROM DEFEAT. IN WELCOMING BACK HIS  
LONG-TIME POLITICAL ENEMIES, HE PROJECTS MAGNANIMITY.  
IN ENTERING A COALITION, HE HAS PUT NATIONAL INTERESTS  
ABOVE SECTARIAN PARTY CONCERNS. HE STILL HAS FINE GAEI  
IN HIS POCKET ON THE ESSENTIAL ECONOMIC AND FINANCIAL  
ISSUES. HE HAS BLUNTED THE VOICE OF THE LEFT. AND HE  
HAS FOUR YEARS (INCLUDING THE EC PRESIDENCY FOR THE FIRST  
HALF OF NEXT YEAR) TO STAMP HIS FINAL MARK ON IRISH  
HISTORY AND ARRANGE A STATESMANLIKE EXIT FROM THE  
POLITICAL SCENE.

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C O N F I D E N T I A L DUBLIN 04213

LONDON PLEASE PASS BELFAST

**RELEASED IN FULL**

E.O. 12356: DECL: OADR  
TAGS: ASEC, PTER, CASC, UK, EI  
SUBJECT: PIRA BOMBINGS OF NORTHERN IRELAND RAILROADS;  
- POSSIBLE TRAVEL ADVISORY

REF: (A) BELFAST 0172, (B) BELFAST 0173

1. (C-ENTIRE TEXT).

2. NEWLY APPOINTED IRISH FOREIGN MINISTER GERRY COLLINS TOOK ME ASIDE AT HIS INITIAL MEETING WITH THE DIPLOMATIC CORPS JULY 19 TO CONVEY A MESSAGE FROM PRIME MINISTER HAUGHEY ABOUT THE POSSIBILITY OF A TRAVEL ADVISORY RELATED TO CURRENT PIRA BOMBINGS OF NORTHERN IRELAND RAILROADS. COLLINS SAID THE GOI HAD HAD WORD FROM ITS EMBASSY IN WASHINGTON THAT THE DEPARTMENT WAS CONSIDERING ISSUING A TRAVEL ADVISORY OR WARNING TO AMERICAN CITIZENS TRAVELING TO NORTHERN IRELAND. HE ARGUED THAT THE SITUATION DID NOT MERIT SUCH DRASTIC ACTION AND URGED,  
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IN THE STRONGEST TERMS, THAT WE NOT ISSUE AN ADVISORY.  
HE SAID AN ADVISORY WOULD HAVE THREE NEGATIVE EFFECTS:

-- IT WOULD GRANT THE PIRA A MAJOR PROPAGANDA VICTORY;

**REVIEW AUTHORITY: Robert Homme, Senior Reviewer**

-- IT WOULD ADVERSELY AFFECT TOURISM NORTH AND SOUTH;  
AND

-- IT WOULD HAVE A LONG-TERM NEGATIVE IMPACT ON  
INVESTMENT IN NORTHERN IRELAND WHICH IS CRUCIAL TO  
DRY UP PIRA'S RECRUITING POOL AMONG THE UNEMPLOYED.

3. I PROMISED COLLINS I WOULD RELAY HIS VIEWS TO  
WASHINGTON AND THAT I WOULD KEEP HIM INFORMED OF OUR  
DELIBERATIONS.

4. EARLIER, DFA OFFICIALS HAD RAISED THE ISSUE WITH  
THE DCM IN SIMILAR TERMS. THE IRISH BELIEVE PIRA'S  
PRINCIPAL OBJECTIVE IN DISRUPTING THE RAIL LINE IS TO  
DRAW THE BRITISH ARMY INTO PATROLING THE LINE IN RURAL  
ARMAGH WHERE THEY WOULD BE VULNERABLE TO AMBUSH.  
ALREADY ONE BOMB ALONG THE LINE HAS BEEN DETONATED AS  
AN ARMY PATROL PASSED.

5. ACCORDING TO DFA, THERE HAVE BEEN APPROXIMATELY 50  
DISRUPTIONS OF THE LINE SINCE THE DECEMBER 16 EXPLOSION  
WHICH BEGAN THE PIRA CAMPAIGN. THERE HAVE BEEN QUITE A  
NUMBER OF WARNING CALLS, ALL OF WHICH RESULT IN STOPPING  
THE TRAINS UNTIL THE TRACK CAN BE CHECKED. A FEW BOMBS  
HAVE BEEN DEFUSED. THERE HAVE BEEN A NUMBER OF HOAXES.  
OF THE 18 ACTUAL EXPLOSIONS, NOT ONE HAS BEEN DETONATED  
UNDER OR NEAR A TRAIN AND IN EVERY CASE OF AN EXPLOSION  
SO FAR, PIRA HAS GIVEN THE RAIL AUTHORITIES AMPLE  
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WARNING TO STOP TRAINS AND AVOID LOSS OF INNOCENT  
PASSENGER LIVES.

6. COMMENT: FROM OUR PERSPECTIVE, THE SITUATION WOULD  
NOT YET SEEM TO WARRANT A TRAVEL ADVISORY OR OTHER PUBLIC  
WARNING TO THE TRAVELING PUBLIC. IN FACT, WE TEND TO  
AGREE WITH THE IRISH THAT UNDER THE CIRCUMSTANCES, AN  
ADVISORY WOULD BE A SUBSTANTIAL PROPAGANDA VICTORY FOR  
THE PIRA. END COMMENT.

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C O N F I D E N T I A L SECTION 01 OF 02 DUBLIN 04506

LONDON PLEASE PASS BELFAST

E.O. 12356: DECL: OADR  
TAGS: PREL, PGOV, PINR, EI  
SUBJECT: IRELAND'S NEW FOREIGN MINISTER

REF: DUBLIN 4044

1. (C-ENTIRE TEXT).

2. THE MOST SIGNIFICANT CHANGE IN THE IRISH CABINET OCCASIONED BY THE FORMATION OF THE NEW GOVERNMENT (REFTEL) WAS THE REPLACEMENT OF BRIAN LENIHAN AS FOREIGN MINISTER BY GERRY COLLINS, THE FORMER JUSTICE MINISTER. THOUGH NECESSITATED BY THE NEED TO SAFEGUARD LENIHAN'S FRAIL HEALTH FOLLOWING HIS RECENT LIVER TRANSPLANT, THE PROMOTION OF THE VETERAN COLLINS ALSO SEEMED DESIGNED TO UNDERLINE THE MESSAGE THAT THERE WOULD BE NO/NO CHANGES IN IRISH FOREIGN POLICY.

BACKGROUND

Classification Extended on : 09/04/2012 ~ Class: SECRET ~ Authority: DSCG 11-1 ~ ☐ Declassify on: 07-27-2014

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3. COLLINS, AGED 50, FIRST SERVED AS A JUNIOR MINISTER IN 1969 JUST TWO YEARS AFTER FIRST BEING ELECTED TO THE IRISH PARLIAMENT IN SUCCESSION TO HIS FATHER WHO HAD HELD THE SEAT FOR TWO DECADES. HE WAS PROMOTED TO THE

REVIEW AUTHORITY: Robert Homme, Senior Reviewer

UNCLASSIFIED U.S. Department of State Case No. F-2010-07900 Doc No. C17686392 Date: 09/04/2012  
CABINET IN 1970 AND HAS SAT IN EVERY FIANNA FAIL CABINET SINCE, SERVING TWICE AS MINISTER FOR JUSTICE, 1977-81 AND 1987-89. HE ALSO SERVED AS MINISTER FOR FOREIGN AFFAIRS IN THE SHORT-LIVED HAUGHEY GOVERNMENT IN 1982.

4. FROM HIS EARLIEST DAYS IN GOVERNMENT, COLLINS WAS WIDELY REGARDED AS ONE OF THE MOST TALENTED, POLITICALLY [REDACTED] OF HIS GENERATION OF FIANNA FAIL POLITICIANS. IN 1970, IN RETURN FOR HIS FIRST CABINET POST, HE BACKED THEN PRIME MINISTER JACK LYNCH IN THE POLITICAL CRISIS PRECIPITATED BY LYNCH'S DISMISSAL FROM THE CABINET OF CHARLES HAUGHEY AND NEIL BLANEY (UNTIL THEN, COLLINS' POLITICAL MENTOR) OVER ARMS SMUGGLING CHARGES. IN 1982, COLLINS BRIEFLY CHALLENGED HAUGHEY FOR THE LEADERSHIP OF FIANNA FAIL BUT WITHDREW BEFORE THE PARLIAMENTARY PARTY VOTE. IN BOTH CASES, COLLINS' TOUGHNESS AND TALENT (NOT TO SPEAK OF HIS WELL-OILED LOCAL POLITICAL MACHINE) ENSURED THAT HIS WORKING RELATIONSHIP WITH HAUGHEY WOULD REMAIN CORRECT. HOWEVER, DESPITE THEIR LONG YEARS TOGETHER IN CABINET, THERE IS NO EVIDENCE OF THE SORT OF PERSONAL AFFECTION WHICH HAS LONG EXISTED BETWEEN HAUGHEY AND BRIAN LENIHAN. COLLINS REMAINS A CONTENDER TO SUCCEED HAUGHEY SHOULD THE PRIME MINISTER DECIDE TO STEP DOWN WITHIN THE FOUR-YEAR TERM OF THE PRESENT GOVERNMENT, THOUGH THE CONSENSUS VIEW IS THAT FINANCE MINISTER ALBERT REYNOLDS WOULD HAVE THE EDGE.

POLICY VIEWS  
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5. A COMMONPLACE REMARK IS THAT THE IRISH FOREIGN MINISTER HAS A ONE-ITEM AGENDA - NORTHERN IRELAND. IN COLLINS' CASE, LARGELY DUE UNDOUBTEDLY TO HIS LONG SERVICE AS JUSTICE MINISTER, THE ONLY FOREIGN AFFAIRS AREA WHERE HE HAS MADE PUBLIC COMMENTS HAS, INDEED, BEEN THAT OF NORTHERN IRELAND. IN THE PAST, HE DESCRIBED BRITAIN'S PRESENCE IN NORTHERN IRELAND AS AN "OCCUPATION." MORE RECENTLY, HE REACTED TO THE DECISION OF THE BRITISH ATTORNEY GENERAL NOT TO PROCEED WITH PROSECUTION IN THE ALLEGED "SHOOT-TO-KILL" CASES FOR "REASONS OF NATIONAL INTEREST," THOUGH THERE WAS SUFFICIENT EVIDENCE OF OBSTRUCTION OF JUSTICE TO WARRANT PROSECUTION, BY DESCRIBING THE UK ATTORNEY

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6. BOTH REMARKS WERE INDICATIVE OF COLLINS' [REDACTED]  
[REDACTED] HE IS, REPUTEDLY, A HARD MAN TO WORK FOR.  
HE IS, ALSO, HOWEVER, ASTUTE AND A PROFESSIONAL. HE HAS  
WORKED TO MEND HIS FENCES WITH HIS BRITISH COUNTERPARTS;  
AND, AS A REGULAR PARTICIPANT IN THE INTERGOVERNMENTAL  
CONFERENCE OF THE ANGLO-IRISH AGREEMENT, HE HAS  
CONTRIBUTED SIGNIFICANTLY TO HEIGHTENED CROSS-BORDER  
SECURITY COOPERATION WITH THE BRITISH. INDEED, THE  
BRITISH TELL US (DUBLIN 2417) THAT, IN THEIR VIEW,  
ANGLO-IRISH SECURITY COOPERATION IS IN ITS BEST EVER  
CONDITION. COLLINS HAS ALSO FULLY BACKED THE HAUGHEY  
GOVERNMENT'S DETERMINATION TO PRESS AHEAD WITH  
EXTRADITION OF IRA SUSPECTS TO THE NORTH, DESPITE THE  
OFTEN-VIOLENT GROUNDSWELL OF OPPOSITION TO THIS AMONG  
FIANNA FAIL RANK-AND-FILE. THE EXPECTATION IS THAT  
COLLINS WILL SEEK TO DEVELOP WITH THE NEW NORTHERN

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IRELAND SECRETARY, PETER BROOKE, THE SAME EXCELLENT WORKING RELATIONSHIP ENJOYED BY THEIR PREDECESSORS, BRIAN LENIHAN AND TOM KING. HOWEVER, WHILE LENIHAN AND KING SPOKE THE SAME LANGUAGE (AND CRACKED JOKES AT THE END OF THE WORKING DAY OVER A COUPLE OF LARGE WHISKEYS), THE PERSONALITIES OF THE TWO NEW MEN SEEM QUITE DIFFERENT. IT REMAINS TO BE SEEN WHETHER CONTACT WILL BE MADE OR SPARKS WILL FLY WHEN BROOKE'S OXBRIDGE MANNERISMS RUN UP AGAINST COLLINS' BLUFF IRISHNESS.

7. ON OTHER FOREIGN POLICY ISSUES - CENTRAL AMERICA, LIBYA, DISARMAMENT, THE ARAB/ISRAELI CONFLICT - COLLINS IS EXPECTED TO CAREFULLY FOLLOW THE MEASURED PATH OF HIS PREDECESSOR, ISSUING RHETORICAL EXHORTATIONS ON SUCH AS DISARMAMENT AND HEWING TO THE EC CONSENSUS ON SUCH AS LIBYA OR NICARAGUA.  
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C O N F I D E N T I A L SECTION 01 OF 02 DUBLIN 03762

E.O. 12356: DECL: OADR  
TAGS: PGOV, EI  
SUBJECT: THE IRISH ELECTIONS: STILL NO NEW GOVERNMENT

REF: DUBLIN 3581

1. (C--ENTIRE TEXT.)

2. THE NEW IRISH PARLIAMENT FORMALLY CONVENED  
YESTERDAY, THURSDAY, 29 JUNE, IN AN ATMOSPHERE OF HIGH  
DRAMA. WITH PRIME MINISTER HAUGHEY FACING DEFEAT IN HIS  
BID FOR RE-ELECTION, IT WAS CLEAR THAT THE NEW POWER  
RELATIONSHIPS IN THE PARLIAMENT HAD NOT YET COALESCED.  
THE RESULT WAS A ROLLER-COASTER RIDE OF A DAY, FROM  
SURPRISE TO THE FOREGONE TO A MINI-CONSTITUTIONAL CRISIS.

RE-ELECTION OF THE SPEAKER

3. AS THE FIRST ITEM OF BUSINESS, IT WAS WIDELY  
ANTICIPATED THAT THE OPPOSITION PARTIES WOULD UNITE AND  
USE THEIR MAJORITY TO ELECT THE FINE GAEIL CANDIDATE IN  
PLACE OF THE OUTGOING SPEAKER WHO WAS RENOMINATED BY  
FIANNA FAIL. CLASHES, OFTEN QUITE BITTER, BETWEEN THE  
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SPEAKER AND OPPOSITION PARTY DEPUTIES HAD BEEN A  
FREQUENT, OFTEN DAILY, OCCURRENCE IN THE LAST  
PARLIAMENT. HE HAD BEEN WIDELY ACCUSED OF HEWING TO THE  
GOVERNMENT'S LINE ON ALL PARLIAMENTARY DISPUTES. BUT

REVIEW AUTHORITY: Robert Homme, Senior Reviewer

4. RE-ELECTING THE SPEAKER WAS CONSIDERED VITAL FOR HAUGHEY. HE HAD BEEN ELECTED PRIME MINISTER IN MARCH 1987 ON THE SPEAKER'S CASTING VOTE AND COULD WELL NEED THAT VOTE AGAIN. BUT BEING ABLE TO STRIKE A DEAL WITH THE HARD-LEFT WORKERS' PARTY, AND IN EVIDENTLY TOTAL SECRECY (NO-ONE SEEMS YET TO KNOW THE ACTUAL TERMS OF THE DEAL), IS THE SORT OF POLITICAL MASTER-STROKE THAT SHOWS HAUGHEY HASN'T LOST HIS SKILLS.

DEFEAT FOR PRIME MINISTER  
-----

5. BUT HIS RE-ELECTION AS PRIME MINISTER ON THE FIRST DAY OF THE NEW PARLIAMENT WAS FOREDOOMED. WITH 77 SEATS, HAUGHEY NEEDED SIX VOTES FOR A BARE MAJORITY. IN THE FORTNIGHT SINCE THE ELECTIONS ON 15 JUNE, HE HAD BEEN CONDUCTING TALKS WITH THE OPPOSITION PARTIES. THE LEFTIST LABOUR AND WORKERS' PARTIES ANNOUNCED THEIR OPPOSITION. THE MAJOR OPPOSITION PARTY, FINE GAEIL, TABLED STRONG DEMANDS OF EQUAL CABINET SEATS AND A ROTATING PRIME MINISTERSHIP WITH HAUGHEY HOLDING THE OFFICE FOR TWO YEARS AND THE FINE GAEIL LEADER ALAN DUKES SUCCEEDING FOR TWO YEARS. THE DEMANDS WERE REJECTED BY HAUGHEY AS OUTRAGEOUS. INDEED, MOST POLITICAL COMMENTATORS FELT THEY WERE DESIGNED TO BE REJECTED WITH FINE GAEIL DETERMINED NOT TO RE-LIVE THEIR EXPERIENCE  
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OF THE LAST TWO PLUS YEARS WHERE THEIR POLICY OF SUPPORT FOR THE GOVERNMENT'S FISCAL AND ECONOMIC POLICIES HAD NOT MET WITH RECIPROCITY ON THE PART OF THE GOVERNMENT. THIS TIME, FINE GAEIL WAS DETERMINED EITHER TO HAVE A PIECE OF AUTHORITY OR TO GO INTO OUTRIGHT OPPOSITION.

6. THIS LEFT THE PROGRESSIVE DEMOCRATS WITH THEIR SIX SEATS. THEY HAD ALREADY ANNOUNCED THAT THEY WOULD FULFILL THEIR ELECTION-PACT AGREEMENT TO VOTE FOR DUKES FOR PRIME MINISTER ON THE FIRST VOTE. IT WAS ALSO KNOWN THAT THEY WERE INTERNALLY SPLIT OVER WHETHER OR NOT THEY WOULD EVENTUALLY SUPPORT HAUGHEY. ALL SIX HAD LEFT FIANNA FAIL BECAUSE OF THEIR OPPOSITION TO THE HAUGHEY LEADERSHIP OF THE PARTY. THREE ARE KNOWN TO STILL FEEL A DEEP SENSE OF PERSONAL BITTERNESS TOWARDS HAUGHEY, AND

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THEY HAVE BEEN PUBLICLY PROPOSING THAT HAUGHEY SHOULD  
STEP ASIDE AND ALLOW ANOTHER FIANNA FAIL LEADER TO STAND  
FOR PRIME MINISTER. THEIR HARD-LINE STANCE RECEIVED A  
SMALL JOLT, HOWEVER, IN THE VOTE ON HAUGHEY'S NOMINATION,  
WHERE, THOUGH HE LOST AS EXPECTED, HE DID PICK UP THE  
VOTE OF ONE OF THE INDEPENDENTS. WITH SIX INDEPENDENTS  
OF VARYING POLITICAL PERSUASION, A FEW ARRANGED  
ABSTENTIONS COULD LEAVE HAUGHEY NEEDING ONLY HALF OF THE  
PD'S. HIS STROKE WITH THE WORKERS' PARTY ON THE RE-  
ELECTION OF THE SPEAKER SHOWED THAT HAUGHEY STILL HAS  
CARDS TO PLAY.

7. COMING FACE-TO-FACE WITH THE NEW REALITIES IN THE  
PARLIAMENT MAY ALSO SERVE TO SOFTEN THE PD'S. HAVING  
DROPPED FROM 14 SEATS TO SIX, MOVING THEM BELOW THE  
NUMBER REQUIRED FOR PARLIAMENTARY GROUP STATUS, YESTERDAY  
SAW THE PD'S FORCED TO MOVE FROM THEIR FRONT-BENCH  
SEATS TO THE VERY BACK AND WATCH THE WORKERS' PARTY MOVE

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INTO THEIR FORMER PLACES. THEY WERE VISIBLY DEFLATED  
THROUGHOUT YESTERDAY'S SESSION.

PERSONAL HUMILIATION

8. FOR THE OPPOSITION PARTIES, PARTICULARLY FINE GAEL  
AND LABOUR, YESTERDAY WAS ALSO THE OCCASION TO BRING  
HOME TO HAUGHEY THE HARD FACT THAT HE HAD LOST THE  
ELECTION. CONSEQUENTLY, WHEN HAUGHEY MOVED THE  
ADJOURNMENT AFTER THE PRIME MINISTERIAL VOTING, THE  
OPPOSITION PARTIES INSISTED THAT THE IRISH CONSTITUTION  
REQUIRED HAUGHEY, HAVING LOST THE SUPPORT OF A MAJORITY  
OF PARLIAMENT, TO RESIGN. A CURIOUS SCENARIO THEN  
PLAYED OUT--WITH HAUGHEY FIRST RESISTING THIS  
INTERPRETATION, THEN RECESSING THE SITTING FOR TWO HOURS,  
AND THEN RETURNING TO PLACIDLY ANNOUNCE THAT HE WOULD BE  
SHORTLY ON HIS WAY TO TENDER HIS RESIGNATION TO THE  
PRESIDENT. IN EFFECT, THE OTHER PARTIES WERE ATTEMPTING  
TO PUNISH WHAT THEY SEE AS FIANNA FAIL ARROGANCE.  
DESPITE ACTUALLY LOSING SEATS IN THE ELECTION, HAUGHEY  
AND FIANNA FAIL WERE STILL ACTING AS THOUGH THEY HAD THE  
RIGHT TO FORM A SINGLE-PARTY GOVERNMENT. THE OPPOSITION  
BACKBENCHERS WERE LOUDLY GLEEFUL IN THE PARLIAMENT  
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CORRIDORS AT HAVING FORCED HAUGHEY INTO RESIGNATION, IF  
ONLY A PRO FORMA AND BRIEF ONE.

9. THIS WILL HAVE NO PRACTICAL EFFECT. HAUGHEY AND  
HIS GOVERNMENT STAY ON AS CARETAKERS. TALKS AMONG THE  
PARTIES WILL CONTINUE WITH THE FOCUS ON THE PD'S AND HOW  
HIGH A PRICE THEY'LL BE SETTING. HOWEVER, AS IT SEEMS  
INCONCEIVABLE THAT THE OTHER PARTIES COULD UNITE IN  
SUPPORT OF ONE OF THEIR OWN FOR PRIME MINISTER, GIVEN  
THEIR WIDELY DISPARATE POLITICAL POLICIES AND AGENDAS,  
AND AS THERE IS NO SIGN OF ANY REVOLT BREWING WITHIN  
FIANNA FAIL RANKS, HAUGHEY IS NOT WITHOUT HIS OWN  
LEVERAGE. WITH ALL PARTIES AGREEING THAT NO-ONE WANTS  
ANOTHER ELECTION, THE STARK CHOICE--HAUGHEY OR AN  
ELECTION--LEAVES EVERYONE ASSUMING THAT HAUGHEY WILL  
EVENTUALLY FORM A MINORITY GOVERNMENT YET ONCE AGAIN.

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E.O. 12356: N/A  
TAGS: PGOV, EI  
SUBJECT: THE IRISH GENERAL ELECTIONS: HAUGHEY FALLS  
SHORT

REF: DUBLIN 3424

1. AFTER THE FIRST TWENTY-FOUR HOURS OF THE COUNT AND WITH A SIXTH OF THE SEATS STILL UNDECIDED OR SUBJECT TO RECOUNT, A NUMBER OF RESULTS HAVE EMERGED. FIRST, PRIME MINISTER HAUGHEY NOT ONLY FAILED TO ACHIEVE HIS MAJORITY BUT WILL ACTUALLY SEE HIS FIANNA FAIL PARTY RETURN WITH A NET LOSS. SECOND, AS WIDELY ANTICIPATED, THE PROGRESSIVE DEMOCRATS HAVE BEEN DECIMATED THIRD, THE SHIFT TO THE LEFT WHICH WAS THE BIG DEVELOPMENT OF THE THREE-WEEK CAMPAIGN PRODUCED NOT ONLY GAINS FOR BOTH THE LABOUR PARTY AND THE WORKERS' PARTY BUT ALSO THE ELECTION OF A GREEN.

2. THE PROJECTED RETURNS ARE:

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-	--FIANNA FAIL:	77 (81 IN THE 87 ELECTIONS)
-	--FINE GAEL:	55 (51)
-	--LABOUR:	15 (12)
-	--PROGRESSIVE	

REVIEW AUTHORITY: Robert Homme, Senior Reviewer

- DEMOCRATS 6 (14)  
- --WORKERS'  
- PARTY 7 (4)  
- --INDEPENDENTS: 6 (4)  
-

3. PRIME MINISTER HAUGHEY HAS ANNOUNCED THAT HE WILL BE STANDING FOR RE-ELECTION AS PRIME MINISTER WHEN THE NEW DAIL CONVENES IN TWO WEEKS TIME. HE IS DECLINING TO EXPAND ON THAT FLAT STATEMENT, AND OTHER FIANNA FAIL LEADERS ARE KEEPING THEIR OWN COUNSEL IN PUBLIC. BOTH FINE GAEIL AND LABOUR HAVE ANNOUNCED THAT THEY WOULD OPPOSE HAUGHEY. DES O'MALLEY, LEADER OF THE PROGRESSIVE DEMOCRATS, HAS NOT COMMITTED HIMSELF EXCEPT TO NOTE THAT THE PD'S COULD, IRONICALLY, BE IN A STRONGER POSITION WITH 6 SEATS THAN THEY WERE WITH 14, SINCE 77 FIANNA FAIL AND 6 PD EQUAL 83, PRECISELY A WORKING MAJORITY IN A PARLIAMENT OF 166 SEATS WHERE THE SPEAKER DOES NOT VOTE EXCEPT IN CASE OF A TIE.

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TO SECSTATE WASHDC 6149  
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E.O. 12356: N/A  
TAGS: PREL, PHUM, PGOV, UK, EI  
SUBJECT: REVIEW OF WORKINGS OF ANGLO-IRISH AGREEMENT COMPLETED.

1. SUMMARY

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ON MAY 24, THE CONCLUSIONS OF THE REVIEW OF THE WORKINGS OF THE ANGLO-IRISH AGREEMENT'S (AIA) INTERGOVERNMENTAL CONFERENCE WERE PUBLISHED. THE RELEASE OF THE REVIEW WAS ACCOMPANIED BY A JOINT BRITISH AND IRISH GOVERNMENT STATEMENT REAFFIRMING BOTH GOVERNMENT'S FULL COMMITMENT TO ALL OF THE AIA'S PROVISIONS. THE REVIEW, WHICH WAS REQUIRED BY ARTICLE 11 OF THE AIA, STATED NO FUNDAMENTAL CHANGE WAS NEEDED IN THE AIA. THE TWO SIDES PLEDGED, HOWEVER, THAT THE INTERGOVERNMENTAL CONFERENCE WOULD

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FURTHER DEVELOP AND ENHANCE THE AIA BY HOLDING 10 MEETINGS PER YEAR, BROADENING THE MEETINGS' AGENDA TO INCLUDE ECONOMIC AND HEALTH ISSUES, AND MONITORING SYSTEMATICALLY COMPLAINTS AGAINST THE SECURITY FORCES. CERTAIN MEASURES ADOPTED BY THE BRITISH

REVIEW AUTHORITY: Robert Homme, Senior Reviewer

UNCLASSIFIED U.S. Department of State Case No. F-2010-07900 Doc No. C17686395 Date: 09/04/2012  
GOVERNMENT SUCH AS THE ROYAL ULSTER CONSTABULARY CODE OF CONDUCT WERE PRAISED, BUT THE REVIEW ADMITTED "WORK REMAINS TO BE DONE" TO INCREASE CONFIDENCE IN THE SECURITY FORCES. THE REVIEW REVEALED BASIC DIFFERENCES REMAIN ON THE ISSUES OF ONE-JUDGE DIPLOCK COURTS, WHICH THE IRISH DEMAND BE REPLACED BY THREE-JUDGE COURTS, AND EXTRADITION, WHICH WILL "CONTINUE TO BE DISCUSSED."

2. THE TWO SIDES REITERATED THEIR COMMITMENT TO DEVOLUTION AND CROSS-BORDER SECURITY COOPERATION. THE WORK OF THE INTERNATIONAL FUND FOR IRELAND WAS PRAISED, ESPECIALLY ITS PRESENT EMPHASIS ON DISADVANTAGED AREAS. IN A GESTURE TO UNIONISTS, THE REVIEW SAID THE GOVERNMENTS WOULD BE "READY IN PRINCIPLE" TO RESPOND IF IT APPEARED THAT "THE OBJECTIVES OF THE AGREEMENT COULD MORE EFFECTIVELY BE SERVED BY CHANGES IN THE SCOPE AND NATURE OF THE WORKING OF THE CONFERENCE." UNIONIST LEADERS RESPONDED BY HEAPING SCORN ON THE AIA AND THE REVIEW, WHILE SOCIAL DEMOCRATIC AND LABOR PARTY (SDLP) LEADER JOHN HUME PRAISED THE AIA'S PROGRESS. ALLIANCE PARTY CHIEF JOHN ALDERDICE LAMENTED THE REVIEW HAD PAID "SO LITTLE ATTENTION TO THE ATTAINMENT OF DEVOLUTION." END SUMMARY.

3. BRITISH - IRISH GOVERNMENTS REAFFIRM COMMITMENT TO AIA  
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THE 27TH MEETING OF THE ANGLO-IRISH INTERGOVERNMENTAL CONFERENCE, HELD IN BELFAST ON MAY 24, CONCLUDED WITH THE RELEASE OF THE FINDINGS OF A REVIEW OF THE WORKINGS OF THE AIA'S INTERGOVERNMENTAL CONFERENCE. ARTICLE 11 OF THE AIA HAD REQUIRED THE REVIEW. A JOINT STATEMENT ISSUED AFTER THE MEETING SAID THE REVIEW HAD "EXAMINED THE ACHIEVEMENTS OF THE CONFERENCE IN TERMS OF STATED OBJECTIVES" OF THE AIA AND "HAD CONSIDERED WHETHER ANY CHANGES IN THE SCOPE AND NATURE OF THE CONFERENCE'S ACTIVITIES WERE DESIREABLE." THE STATEMENT CONTINUED "HAVING CONDUCTED THE REVIEW, THE TWO GOVERNMENTS REAFFIRM THEIR FULL COMMITMENT TO ALL OF THE PROVISIONS OF THE AGREEMENT." THE BRITISH GOVERNMENT WAS REPRESENTED AT THE MEETING BY NORTHERN IRELAND SECRETARY OF STATE TOM KING AND MINISTER OF STATE IAN STEWART, AND THE IRISH GOVERNMENT BY JUSTICE MINISTER GERARD COLLINS AND INDUSTRY AND COMMERCE MINISTER RAY BURKE.

4. CHANGES TO ENHANCE PROCESS  
-----

WHILE STATING THAT THE AIA NEEDED "NO FUNDAMENTAL CHANGE AT PRESENT," THE REVIEW OUTLINED THE FOLLOWING STEPS WHICH WILL BE TAKEN "TO DEVELOP AND ENHANCE THE AGREEMENT."

-- THERE WILL BE A REGULAR SCHEDULE OF 10 INTERGOVERNMENTAL CONFERENCE MEETINGS A YEAR. THIS "SHOULD GIVE BOTH SIDES AN OPPORTUNITY TO CONSIDER FORTHCOMING DEVELOPMENTS ON A SYSTEMATIC BASIS, MAKING IT MORE LIKELY PROBLEMS CAN BE ANTICIPATED AND RESOLVED, AND REDUCING THE RISK OF MISUNDERSTANDING OR CONFRONTATION."

-- MORE MINISTERS FROM EACH SIDE WILL BE BROUGHT INTO THE MEETINGS TO DEAL WITH A GREATER RANGE OF ISSUES, INCLUDING TRANSPORT, TOURISM, COMMUNICATIONS, INDUSTRY, AGRICULTURE, ENERGY, AND HEALTH.

-- THERE WILL BE A SYSTEMATIC MONITORING OF THE NATURE, PATTERN AND HANDLING OF COMPLAINTS AGAINST THE SECURITY FORCES.

-- THERE WILL BE FULLER PUBLIC INFORMATION ON THE DISCUSSIONS  
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OF THE CONFERENCE.

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5. CONFIDENCE IN SECURITY FORCES AND SYSTEM OF JUSTICE

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THE REVIEW EMPHASIZED THE IMPORTANCE BOTH SIDES ATTACHED TO  
CONFIDENCE IN THE SECURITY FORCES AND THE ADMINISTRATION OF  
JUSTICE. WHILE NEW MEASURES SUCH AS THE ROYAL ULSTER

UNCLASSIFIED U.S. Department of State Case No. F-2010-07900 Doc No. C17686395 Date: 09/04/2012  
CONSTABULARY'S CODE OF CONDUCT WERE PRAISED, IT WAS ADMITTED  
"WORK REMAINS TO DONE," AND THE CONFERENCE WAS COMMITTED TO  
REVIEW PROGRESS IN THIS AREA ON A REGULAR BASIS. A NOTE OF  
DISCORD WAS SOUNDED BY THE IRISH REITERATION OF THEIR DEMAND  
THAT THREE-JUDGE COURTS REPLACE THE PRESENT ONE-JUDGE DIPLOCK  
SYSTEM. THE BRITISH SAID THEY "WERE NOT YET PERSUADED OF THE  
MERITS OF THIS PROPOSAL." EXTRADITION WAS ANOTHER AREA OF  
DISAGREEMENT. THE REVIEW DOCUMENT SAID "THERE HAD BEEN  
EXTENSIVE DISCUSSION OF THESE MATTERS," AND THE TWO GOVERNMENTS  
WILL CONTINUE "THEIR EXAMINATION OF THESE MATTERS."

## 6. DEVOLUTION

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THE REVIEW STATED IT CONTINUED "TO BE THE BRITISH GOVERNMENT'S  
POLICY, SUPPORTED BY THE IRISH GOVERNMENT, TO ENCOURAGE PROGRESS  
TOWARDS THE DEVOLUTION OF RESPONSIBILITY FOR CERTAIN POWERS TO  
ELECTED REPRESENTATIVES IN NORTHERN IRELAND AS SET OUT IN  
ARTICLE FOUR OF THE AGREEMENT."

## 7. RIGHTS AND IDENTITIES OF THE TWO TRADITIONS

IN THE REVIEW, THE IRISH GOVERNMENT SAID IT WELCOMED A NUMBER OF  
POSITIVE MEASURES INTRODUCED BY THE BRITISH GOVERNMENT TO  
"ACCOMMODATE THE RIGHTS AND IDENTITIES OF THE TWO TRADITIONS IN  
NORTHERN IRELAND, TO PROTECT HUMAN RIGHTS AND PREVENT  
DISCRIMINATION." THESE INCLUDED THE REPEAL OF THE FLAGS AND  
EMBLEMS ACT AND THE ENACTMENT OF PUBLIC ORDER (NI) ORDER 1987  
WHICH ENHANCED THE POWERS OF THE POLICE TO CONTROL POTENTIALLY  
PROVOCATIVE MARCHES. THE REVIEW ADDED THAT THE PROPOSED FAIR  
EMPLOYMENT LEGISLATION HAD BEEN THE SUBJECT OF DETAILED  
DISCUSSION IN THE CONFERENCE MEETINGS. THE IRISH GOVERNMENT  
STATED IT "WELCOMED THE LAUNCHING BY THE BRITISH OF A PROGRAM OF  
ACTION TO ADDRESS THE SOCIAL AND ECONOMIC PROBLEMS IN THE MOST  
DISADVANTAGED AREAS OF BELFAST AND OTHER DEPRIVED AREAS."

## 8. SECURITY COOPERATION

THE TWO SIDES PLEDGED TO CONTINUE CLOSE COOPERATION AGAINST  
TERRORISM AND TO REVIEW REGULARLY PROGRESS IN CROSS-BORDER  
SECURITY.



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THE GOVERNMENTS EXPRESSED "THEIR APPRECIATION OF THE GENEROSITY OF THE DONORS TO THE INTERNATIONAL FUND FOR IRELAND," AND SAID THEY "WILL CONTINUE TO GIVE EVERY SUPPORT TO THE WORK OF THE FUND AND THE EMPHASIS IT IS NOW PLACING ON IMPROVING THE POSITION IN THE MOST DISADVANTAGED AREAS." THE REVIEW STATED THAT THE FUND HAD COMMITTED OVER 50 MILLION POUNDS TO PROJECTS IN NORTHERN IRELAND AND THE BORDER COUNTIES OF THE SOUTH AND HAS BEEN INSTRUMENTAL IN CREATING A SIGNIFICANT NUMBER OF NEW JOBS.

10. INTERPARLIAMENTARY BODY  
-----

THE REVIEW WELCOMED "PROGRESS MADE TOWARDS ESTABLISHMENT OF A BRITISH-IRISH INTERPARLIAMENTARY BODY."

11. GESTURE TO UNIONISTS  
-----

IN A GESTURE TO UNIONISTS, THE REVIEW'S CONCLUDING PARAGRAPH SAID THE GOVERNMENTS WOULD BE "READY IN PRINCIPLE" TO RESPOND IF IT APPEARED THAT "THE OBJECTIVES OF THE AGREEMENT COULD BE MORE EFFECTIVELY SERVED BY CHANGES IN THE SCOPE AND NATURE OF THE WORKING OF THE CONFERENCE." THE UNIONISTS REFUSED TO PARTICIPATE IN THE REVIEW PROCESS, AND KING SAID THIS PROVISION OF THE REVIEW WOULD MAKE IT POSSIBLE TO ACCOMMODATE ANY UNIONIST PROPOSALS IF THEY ABANDONED THEIR BOYCOTT. HE ADMITTED, HOWEVER, THAT A CHANGE BY THE UNIONIST PARTIES WAS UNLIKELY IN THE NEAR FUTURE. IN A DUBLIN PRESS CONFERENCE, IRISH PRIME MINISTER CHARLES HAUGHEY SAID BOTH GOVERNMENTS WERE PREPARED TO TALK TO THE UNIONISTS, BUT NOT AT THE PRICE OF THE AIA'S SUSPENSION.

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12. N. IRELAND POLITICIANS PRAISE AND SLAM AIA AND REVIEW

-----  
SDLP LEADER JOHN HUME DESCRIBED THE AIA'S PROGRESS AS  
"IMPRESSIVE, IMPORTANT, AND SIGNIFICANT." ALLIANCE PARTY LEADER  
JOHN ALDERDICE EXPRESSED DISAPPOINTMENT THAT THE REVIEW "GAVE SO  
LITTLE ATTENTION TO THE ATTAINMENT OF DEVOLUTION." UNIONIST  
LEADERS PROTESTED THAT THE REVIEW SLAMMED THE DOOR ON THE  
POSSIBILITY OF ROUND-TABLE INTER-PARTY TALKS. DEMOCRATIC  
UNIONIST PARTY LEADER IAN PAISLEY SAID "IT IS NOT A REVIEW WE  
WANT. WE WANT THE AIA'S REMOVAL." PAISLEY CHARGED THE  
"PROGRESS OF THE AIA HAS BEEN A PROGRESS TO THE GRAVEYARD, THE  
HOSPITAL, BROKEN HOMES, BROKEN HEARTS, AND BROKEN BODIES. YET  
YOU CONTINUE TO PURSUE THE ROAD WHICH FAVORS THE BOMBER, THE  
MURDERER AND THE MEN OF VIOLENCE." JIM NICHOLSON, ULSTER  
UNIONIST PARTY CANDIDATE FOR THE EUROPEAN PARLIAMENT CLAIMED  
"THE WORTH OF THE AGREEMENT CAN BE JUDGED BY THE ANSWER TO ONLY  
ONE QUESTION - HAVE THE TWO GOVERNMENTS AGREED TO EXTRADITE FR.  
PATRICK RYAN?" (NOTE: RYAN IS ALLEGED TO HAVE PARTICIPATED IN  
TERRORIST ACTIVITIES. HE WAS ARRESTED IN BELGIUM, AND THE  
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PAGE 02 BELFAS 00133 03 OF 03 020928Z

BELGIAN AUTHORITIES SHIPPED HIM TO IRELAND RATHER THAN EXTRADITE  
HIM TO THE UK. THE IRISH HAVE NOT HONORED A BRITISH EXTRADITION  
REQUEST.)

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ACTION EUR-00

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R 141438Z JUN 89  
FM AMEMBASSY DUBLIN  
TO SECSTATE WASHDC 2307  
INFO EC COLLECTIVE

C O N F I D E N T I A L DUBLIN 03424

LONDON PLEASE POUCH BELFAST

RELEASED IN FULL

E.O. 12356: DECL: OADR  
TAGS: PREL, PGOV, EC, EI  
SUBJECT: THE IRISH ELECTION AND THE EURO-ELECTIONS

REF: DUBLIN 3354

1. (C--ENTIRE TEXT.)

2. PRIME MINISTER HAUGHEY'S DECISION TO CALL AN EARLY ELECTION FOR THE NATIONAL PARLIAMENT TO BE HELD ON THE DATE (15 JUNE) ALREADY SET FOR THE IRISH EURO-ELECTIONS HAS RESULTED IN THE EURO-ELECTIONS VIRTUALLY DISAPPEARING FROM SIGHT. THE MAJOR SIGNIFICANCE THE EURO-ELECTIONS SEEM TO HOLD FOR IRISH POLITICAL PUNDITS IS THEIR POSSIBLE DISTORTING EFFECT ON THE NATIONAL ELECTIONS.

COMPETENCY THE ISSUE

3. IN TRUTH, THE EURO-ELECTIONS ALWAYS PROMISED TO BE LACKING IN SIGNIFICANCE. THERE IS NO DISCERNIBLE  
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PAGE 02 DUBLIN 03424 141505Z

DIFFERENCE AMONG THE MAJOR PARTIES IN THEIR ATTITUDES TOWARDS THE EC (ALL WANT TO WORK IT FOR THE FULLEST BENEFITS POSSIBLE), AND ALL WENT LARGELY FOR "NAME" CANDIDATES (EITHER SITTING MEP'S OR OTHER HIGH-PROFILE

REVIEW AUTHORITY: Robert Homme, Senior Reviewer

UNCLASSIFIED U.S. Department of State Case No. F-2010-07900 Doc No. C17686396 Date: 09/04/2012  
POLITICIANS). CONSEQUENTLY, IN THEIR CAMPAIGN LITERATURE, THE VARIOUS CANDIDATES ARE SIMPLY CLAIMING THAT THEY COULD DO THE JOB BETTER--AS THE PROGRESSIVE DEMOCRATS POSTER PUTS IT, "PUT REAL TALENT IN EUROPE."

4. A CLAIM TO COMPETENCY ALSO CONTINUES AS PRIME MINISTER HAUGHEY'S PITCH TO THE ELECTORATE IN HIS SEARCH FOR A MAJORITY: "IF WE GET THE OPPORTUNITY, WITH A REASONABLE WORKING MAJORITY, TO IMPLEMENT OUR NATIONAL DEVELOPMENT PLAN, WE WILL BE A WELL MANAGED, SUCCESSFUL COUNTRY." HOWEVER, THE LAST ELECTION POLLING, RELEASED THIS MORNING, WEDNESDAY, INDICATES THAT THE ELECTORATE HAS NOT BEEN CONVINCED BY HAUGHEY'S CLAIM THAT HIS GOVERNMENT COULD NOT SUCCESSFULLY CONTINUE ITS ECONOMIC REFORMS WITHOUT A MAJORITY.

5. WHILE FIANNA FAIL HAS STABILIZED AT 44 PER CENT, IT IS NOT PICKING UP ANY OF THE UNDECIDEDS WHO ARE OPTING FOR THE OPPOSITION PARTIES. OR PUT IN ANOTHER WAY, WHILE COMMITTED FIANNA FAIL SUPPORTERS ARE STICKING WITH THE PARTY, HAUGHEY HAS FAILED TO RECRUIT ANY NEW VOTERS. IRONICALLY, 44 PER CENT IS THE IDENTICAL SHARE OF THE VOTE WHICH FIANNA FAIL RECEIVED IN THE LAST ELECTIONS-- FURTHER SUPPORT FOR THE GENERAL CONSENSUS THAT HAUGHEY WILL ONCE AGAIN FALL JUST SHORT OF A MAJORITY. IN ANTICIPATION OF SUCH A RESULT, BOTH FINE GAEIL AND THE PROGRESSIVE DEMOCRATS ARE SAID TO BE CONSIDERING ABSTAINING ON THE PARLIAMENTARY VOTE FOR PRIME MINISTER. THIS WOULD PERMIT HAUGHEY TO FORM A MINORITY GOVERNMENT  
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WITHOUT HAVING TO CUT DEALS WITH THE SMALL LEFT PARTIES WHO WOULD HOLD THE BALANCE OF POWER.

HECKLER

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ACTION EUR-00

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FM AMEMBASSY DUBLIN

TO SECSTATE WASHDC PRIORITY 2220

INFO EC COLLECTIVE

C O N F I D E N T I A L SECTION 01 OF 02 DUBLIN 03284

E.O. 12356: DECL: OADR

TAGS: PGOV, EI

SUBJECT: IRISH GENERAL ELECTION SET FOR 15 JUNE

RELEASED IN FULL

REF: DUBLIN 2686

1. (C--ENTIRE TEXT.)

2. YESTERDAY EVENING, THURSDAY, PRIME MINISTER HAUGHEY ANNOUNCED IN THE IRISH PARLIAMENT THAT A GENERAL ELECTION WOULD BE HELD 15 JUNE, THE DATE ALREADY SET FOR THE EUROPEAN PARLIAMENT ELECTIONS. HE THEN DEPARTED FOR THE PRESIDENTIAL RESIDENCE TO OBTAIN THE FORMAL DISSOLUTION OF THE PARLIAMENT- THE ANNOUNCEMENT ENDED THREE WEEKS OF SPECULATION SPARKED OFF BY THE PRIME MINISTER'S SHARP REACTION TO A GOVERNMENT DEFEAT IN THE PARLIAMENT ON A PRIVATE MEMBER'S BILL (REFTEL).

3. AT THE TIME OF THAT VOTE, THE TENSION IN THE HOUSE WAS NEARLY PALPABLE WITH MOST DEPUTIES CONVINCED THAT THE PRIME MINISTER WOULD ANNOUNCE THE DISSOLUTION OF THE PARLIAMENT IMMEDIATELY FOLLOWING THE ANTICIPATED GOVERNMENT DEFEAT. IN THE EVENT, HAUGHEY CHOSE TO DELAY  
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THE FORMAL ANNOUNCEMENT UNTIL THE LAST DAY TO PERMIT A MINIMUM THREE-WEEK CAMPAIGN, AND CHOSE IN THE MEANWHILE TO REFUSE TO EITHER CONFIRM OR DENY HIS INTENTION. THE CONSEQUENT MOOD SHIFTS IN POLITICAL CIRCLES WERE

REVIEW AUTHORITY: Robert Homme, Senior Reviewer



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FRENETIC, SENIOR POLITICAL FIGURES CHANGING THEIR VIEWS  
ON THE LIKELIHOOD OR NOT OF A SNAP ELECTION NEARLY DAILY.  
IN THE LAST THREE DAYS, HOWEVER, A GENERAL CERTITUDE SET  
IN THAT THE PRIME MINISTER HAD, INDEED, DECIDED TO GO TO  
THE COUNTRY, AND THE MOOD IN THE PARLIAMENT YESTERDAY  
WAS ALMOST FRIVOLOUS.

-----  
CONSTITUTIONAL CHALLENGE  
-----

4. THE DISSOLUTION ALSO OCCURRED UNDER THE SHADOW OF  
SOME CONSTITUTIONAL UNCERTAINTIES. AN INJUNCTION  
PREVENTING THE DISSOLUTION HAD BEEN SOUGHT BY A EURO-  
MP CANDIDATE ON THE GROUNDS THAT THE CONSTITUENCY  
BOUNDARIES HAD NOT BEEN RE-DRAWN TO REFLECT POPULATION  
SHIFTS AS MANDATED BY THE CONSTITUTION AND, HENCE, ANY  
ELECTION HELD ON THE BASIS OF THE PRESENT BOUNDARIES  
WOULD BE UNCONSTITUTIONAL AND ILLEGAL. THE INJUNCTION  
WAS REFUSED AS INTERFERING WITH THE CONSTITUTIONAL  
PREROGATIVE OF A PRIME MINISTER TO DECIDE THE  
DISSOLUTION OF PARLIAMENT BUT IN AN OBITER DICTUM THE  
THE HIGH COURT JUSTICE ACKNOWLEDGED THAT THE PARLIAMENT  
WAS, INDEED, IN BREACH OF ITS CONSTITUTIONAL OBLIGATION  
TO REVISE THE CONSTITUENCIES. SPECULATION IS NOW RIFE  
THAT THE LOSERS IN THE CONCERNED CONSTITUENCIES (THOSE  
SHOWN BY THE LAST CENSUS TO BE UNDERREPRESENTED) WILL  
GO TO COURT TO OVERTURN THE RESULTS.

5. AS WE HAVE REPORTED (88 DUBLIN 4252), THE REDRAWING  
OF THE CONSTITUENCIES HAS BECOME A POLITICAL HOT POTATO.  
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THE TERMS OF REFERENCE SET BY THE GOVERNMENT LAST FALL  
PRODUCED A PLAN WHICH WOULD HAVE REDUCED THE NUMBER OF  
5-SEAT CONSTITUENCIES FROM FIFTEEN TO FIVE (OUT OF A  
TOTAL OF 41, THE REST BEING 4 AND 3-SEATERS). THE  
SMALLER PARTIES CHARGED THAT THIS BLATANTLY FAVORED THE  
LARGER PARTIES AT THEIR EXPENSE. THE ELECTORAL  
ARITHMETIC INVOLVED IS INTRICATE AND NOT PARTICULARLY  
CONCLUSIVE BUT IT HAS BEEN A LONG-HELD DESIRE OF FIANNA  
FAIL, THE CURRENT GOVERNING PARTY, TO REDUCE THE NUMBER  
OF LARGE CONSTITUENCIES. DRAWING THEIR SUPPORT, AS NO  
OTHER IRISH POLITICAL PARTY DOES, FROM ALL SECTORS OF  
IRISH SOCIETY, FIANNA FAIL WOULD PREFER A CHANGE TO EVEN  
SINGLE-SEAT CONSTITUENCIES. HOWEVER, FACED BY A UNITED  
OPPOSITION, THE GOVERNMENT WAS OBLIGED TO WITHDRAW THEIR  
PROPOSAL FROM PARLIAMENT. THE OPPOSITION ARE NOW

FIRST STEPS  
-----

6. THE CAMPAIGNS WILL BE FORMALLY LAUNCHED TODAY, FRIDAY, AND THE INDIVIDUAL CONSTITUENCY CONVENTIONS TO FORMALLY NOMINATE CANDIDATES WILL BE HELD OVER THE WEEKEND. ON MONDAY, THE DOOR-TO-DOOR AND CHURCHGATE CANVASSING BEGINS. JUDGING FROM EARLY COMMENTS, THE MAIN THEMES WILL BE, ON THE PART OF FIANNA FAIL, THE NEED FOR A MAJORITY TO ENSURE EFFECTIVE IMPLEMENTATION OF THE NATIONAL ECONOMIC RECOVERY PROGRAM, WHILE THE OPPOSITION PARTIES WILL ACCUSE HAUGHEY OF IRRESPONSIBLY DISSOLVING A COOPERATIVE AND PRODUCTIVE PARLIAMENT IN HIS "LUST FOR POWER." THE OPPOSITION WILL ALSO HAMMER HARD ON THE CUT-HACKS IN HEALTH SERVICES. A MORE DETAILED ANALYSIS OF PROSPECTS FOLLOWS.

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TO AMEMBASSY ROME IMMEDIATE

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S E C R E T STATE 168832

FOR ASST. SEC. RIDGWAY OR DEP. ASST. SEC. THOMAS ONLY

E.O. 12356: DECL:OADR  
TAGS: PREL  
SUBJECT: OFFICIAL-INFORMAL: EUR DAILY ACTIVITIES REPORT,  
MAY 26, 1989.

BEGIN EUR/CAN:

DECONTROLLED

(C) ACID RAIN: "A TOUCH MORE REALISTIC?"

EMBASSY OTTAWA SO REPORTS WORKING LEVEL FOREIGN  
MINISTRY REACTIONS TO THE DEMARCE YOU APPROVED ON  
TUESDAY. OUR SCIENCE COUNSELOR'S COUNTERPART SAID  
THAT IF WE COME THROUGH WITH TEN MILLION TONS OF  
REDUCTIONS NEAR THE BORDER, EVERYTHING ELSE IS  
NEGOTIABLE. HE ALSO ACCEPTED WITHOUT OBJECTION OUR  
OFFER TO BRIEF (NOT CONSULT) ON THE EPA PROPOSAL JUST  
BEFORE THE PRESIDENT SENDS IT TO CONGRESS, AND OUR  
STRESS ON PRELIMINARY DISCUSSIONS, NOT NEGOTIATIONS,  
THEREAFTER. HOWEVER, HE WARNED THAT MULRONEY WILL  
CONTINUE TO TALK ABOUT "NEGOTIATIONS" BECAUSE HE HAS  
SECRET

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INVESTED MUCH POLITICAL CAPITAL IN HIS COOPERATIVE  
APPROACH. AMBASSADOR NILES ALSO SPOKE TO AMBASSADOR  
BURNIEY (WHO WAS IN OTTAWA MAY 22-24). YOUR LETTER TO  
BURNIEY WAS DELIVERED TO THE CANADIAN EMBASSY TODAY,  
WITH THE SAME MESSAGE. (KEETON)

(U) TORIES DROP SIX POINTS IN POLLS DUE TO AUSTERITY

REVIEW AUTHORITY: Robert Homme, Senior Reviewer

SUPPORT FOR THE TORIES DROPPED SIX POINTS, FROM 38 TO 32 PERCENT, IN THE LATEST GALLUP POLL, CONDUCTED MAY 17-20. LIBERAL SUPPORT ROSE THREE POINTS TO 40 PERCENT AND NDP SUPPORT ROSE FROM 23 TO 25 PERCENT. THE FALL IN TORY POPULARITY IS CLEARLY ATTRIBUTABLE TO THE AUSTERITY BUDGET INTRODUCED IN PARLIAMENT IN LATE APRIL. SIXTY-SEVEN PERCENT OF THOSE SURVEYED SAID THAT THE BUDGET, WHICH CALLS FOR BOTH TAX INCREASES AND CUTS IN SOCIAL PROGRAMS, WILL HURT THEM FINANCIALLY. (COOK)

END EUR/CAN.

1. POST MANAGEMENT OPERATIONS:

ONE-ROOM SCHOOL HOUSE FOR LENINGRAD  
-----

THE BOARD OF THE MOSCOW ANGLO AMERICAN SCHOOL AGREED THIS WEEK TO REOPEN A BRANCH SCHOOL IN LENINGRAD. IF ALL GOES WELL, THE SCHOOL WILL OPEN IN THE FALL WITH FIVE TO SIX STUDENTS IN A CLASS ROOM IN CONSUL GENERAL MILES' RESIDENCE. ENROLLMENT IN THE FIRST YEAR WILL BE VERY LIMITED, CONSISTING PRIMARILY OF 5-6 CONGEN DEPENDENTS AND  
SECRET

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PERHAPS ONE OR TWO DEPENDENTS OF OTHER WESTERN DIPLOMATS. WE EXPECT THE SCHOOL TO CREATE ITS OWN DEMAND, SINCE EXISTENCE OF THE SCHOOL WILL ENABLE EMPLOYEES WITH CHILDREN TO BID ON POSITIONS IN THE CONSULATE. IF THE BOARD AGREES, THE FIRST TEACHER WILL BE DEBORAH MILTON, THE SPOUSE OF A PAE CARPENTER SELECTED FOR LENINGRAD. MRS. MILTON IS CURRENTLY A KINDERGARTEN TEACHER IN FLORIDA. (BUSH)

CYPRUS - NOB/RESIDENCE PROJECT STATUS  
-----

WE HAVE INFORMAL WORD THAT THE PROJECT MAY WELL FALL BEHIND ITS COMPLETION DATE, BY AS MUCH AS SIX MONTHS. FINAL MOVE-IN IS CURRENTLY SCHEDULED FOR SEPTEMBER 1991. MUCH OF THE ANTICIPATED DELAY STEMS FROM SLOW RESOLUTION OF A TRANSIT SECURITY POLICY AMONG DS, FBO AND L. THE POLICY IS NOW CLOSE TO FINALIZATION, BUT HAS TAKEN LONGER TO RESOLVE THAN ORIGINALLY THOUGHT. (HOLTE)

NEW FSN WORKSHOP IN WARSAW

AFTER SEARCHING FOR EIGHT MONTHS AND INSPECTING 36 SITES, EMBASSY WARSAW HAS IDENTIFIED A PROPERTY WHICH IS SUITABLE TO USE AS A MAINTENANCE AND REPAIR WORKSHOP FOR ITS SKILLED FSN'S AND A PARKING AREA FOR MOTORPOOL VEHICLES. WE HOPE TO COMPLETE THE RELOCATION OF THESE OPERATIONS FROM THE CHANCERY BASEMENT BY THE END OF THIS FISCAL YEAR. THE RELOCATION WILL BRING THE EMBASSY MUCH CLOSER TO FULL COMPLIANCE WITH DS STANDARDS FOR ESTABLISHMENT OF A CORE CHANCERY. (JAWORSKI)

ROME - TEMPEST PERSONAL COMPUTERS/CIHS

ELEVEN TEMPEST PERSONAL COMPUTERS (FOR CLASSIFIED  
SECRET

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DOCUMENTS) WERE INSTALLED AND USER TRAINING COMPLETED BY MID-MAY AT EMBASSY ROME. FURTHER GOOD NEWS: FBO HAS JUST SIGNED A CONTRACT TO UPGRADE THE ELECTRICAL POWER SYSTEM AND DESIGN THE EXTENDED GENERATOR ROOM AT THE EMBASSY. THIS IS THE FIRST STEP TOWARD EVENTUAL INSTALLATION OF CIHS IN ROME. ONCE THE ELECTRICAL POWER AND GENERATOR ROOM UPGRADE REACHES 30 PERCENT COMPLETION, THE PCC RENOVATION WORK CAN CONTINUE. (HOLTE)

## 2. PERSONNEL OPERATIONS:

B6

BEGIN EUR/NE:

(U) SWEDISH LABOR SUPPORTS STATUS QUO ON SHIP VISITS  
-----

DURING FOREIGN MINISTER ANDERSSON'S VISIT LAST WEEK WE  
SECRET

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LEARNED THAT THE CENTRAL LABOR ORGANIZATION WHICH HE  
CHAIRS PLANNED A VOTE ON SHIP VISIT POLICY FOR MAY  
25. ANDERSSON EXPECTED TO RESIGN THE CHAIRMANSHIP IF

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HE LOST THE VOTE--I.E., IF THE MEMBERSHIP VOTED A  
CHANGE. HIS JOB IS SAFE. THE VOTE SUPPORTED THE  
PRESENT SHIP VISIT POLICY BY A "SUBSTANTIAL" MARGIN  
ACCORDING TO THE SWEDISH DCM. (BOUTIN)

(U) IRISH PRIME MINISTER CALLS FOR GENERAL ELECTION  
-----

HIS POPULARITY NOW RUNNING AT AN ALL-TIME HIGH, IRISH  
PRIME MINISTER CHARLES HAUGHEY CALLED THURSDAY FOR A  
GENERAL ELECTION FOR JUNE 15, THE SAME DAY AS THE  
EUROPEAN PARLIAMENTARY ELECTIONS. ALAN DUKES, LEADER  
OF THE FINE GAEIL PARTY, SAID THAT THE ELECTION IS  
TOTALLY UNNECESSARY BECAUSE THEY ARE ALREADY IN  
CONSENSUS WITH HAUGHEY'S GET-TOUGH ATTITUDE ABOUT THE  
ECONOMY. (PASTERNAK)

(U) ACCORDING TO AN IRISH EMBASSY REPRESENTATIVE,  
FOREIGN MINISTER LENIHAN IS MAKING AN EXCELLENT  
RECOVERY FROM HIS LIVER TRANSPLANT. (LONGMYER)

(U) DUTCH UNVEIL NEW ENVIRONMENT PLAN  
-----

ON THURSDAY THE DUTCH GOVERNMENT UNVEILED A NEW  
LONG-TERM ENVIRONMENT PROGRAM DESCRIBED AS ITS MOST  
COMPREHENSIVE PROGRAM TO DATE. THE PLAN, WHICH CALLS  
FOR A DOUBLING OF ENVIRONMENTAL SPENDING TO ABOUT 8.2  
BILLION DOLLARS BY 1994, IS INTENDED TO CLEAN UP AT  
LEAST 70 PERCENT OF CURRENT POLLUTION BY THE YEAR  
SECRET

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2010. THE NEW PROGRAM LISTS GUIDELINES FOR COMBATTING  
AIR, WATER AND SOIL POLLUTION, REDUCING ENERGY USE AND  
WASTE DISPOSAL, AND INCREASING PUBLIC TRANSPORT OVER  
THE NEXT 20 YEARS. IRONICALLY, FINANCING FOR A SMALL  
PART OF THE NEW PROGRAM RESULTED IN THE COLLAPSE OF  
PRIME MINISTER RUUD LUBBERS CENTER-RIGHT GOVERNMENT ON  
MAY 2. HOWEVER, BECAUSE MEASURES TO PRESERVE THE  
ENVIRONMENT ARE NOT OPPOSED BY ANY OF THE MAJOR

PARTIES, THE CARETAKER GOVERNMENT DECIDED TO PRESENT  
THE PLAN IN ORDER TO SEEK PARLIAMENTARY APPROVAL  
BEFORE THE UPCOMING SEPTEMBER ELECTIONS. (PASTERNAK)

(C) USG SCIENTIST TO CRUISE ON SOVIET SUBMERSIBLE  
-----

WE RECEIVED A MESSAGE FROM THE U.S. GEOLOGICAL SURVEY

UNCLASSIFIED U.S. Department of State Case No. F-2010-07900 Doc No. C17686398 Date: 09/04/2012  
SEEKING PERMISSION FOR ONE OF ITS SCIENTISTS TO GO ON  
A COOPERATIVE DIVE ON THE SOVIET MIR SUBMERSIBLES.  
AFTER CHECKING WITH THE VARIOUS USG AGENCIES  
INTERESTED IN THE SOVIET SUBMERSIBLES (AND CHECKING  
WITH JIM WILKINSON) WE GAVE APPROVAL. THE APPROPRIATE  
AGENCY WILL CONTACT THE SCIENTIST TO EXPRESS USG  
CONCERNS REGARDING THESE BOATS. (PEACOCK)

END EUR/NE.

BEGIN RPE:

(C) THATCHER'S BATTLES WITH DELORS COULD RILE  
MADRID SUMMIT.

-----  
AS DIANA SMITH NOTED IN HER RECENT MEMO, MAGGIE'S  
PERSISTENT ANTI-BRUSSELS AND ANTI-DELORS RHETORIC IS  
EMBARRASSING SOME MPS AND MANY EUROPEAN PARLIAMENTARY  
CANDIDATES (AS THE ELECTION CAMPAIGN BEGINS) IN HER  
OWN PARTY. EMBASSY LONDON SUGGESTS THAT HER  
SECRET

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INCREASING IMPATIENCE MAY BE BASED ON THE RECENT  
SHIFT OF THE 1992 AGENDA FROM PURELY FREE TRADE  
ISSUES TO A DISCUSSION OF UNPALATABLE SOCIAL AND  
MONETARY PROPOSALS, HER CONVICTION THAT SHE WAS  
SNOOKERED INTO SIGNING THE EUROPEAN SINGLE ACT IN  
1986 (RELINQUISHING THE VETO), AND A GROWING  
UNEASINESS ABOUT GERMANY'S ROLE IN THE COMMUNITY JUST  
AS KOHL IS DISTRACTED BY COALITION PROBLEMS. WE  
LEAVE TO OTHERS WHETHER SHE IS SOWING THE SEEDS OF  
HER OWN EVENTUAL POLITICAL DEMISE (AS A FEW SUGGEST),  
BUT SHE IS CLEARLY PREPARING TO PLAY THE SPOILER AT  
THE JUNE 26-27 EC SUMMIT IN SPAIN. IN HER BATTLE  
AGAINST THE EC "SOCIALIST SUPER STATE" AND WITH HER  
GROWING TENDENCY TO SEE EVERY EC PROPOSAL AS A TEST  
OF BRITISH SOVEREIGNTY, THATCHER HAS ALREADY  
ANNOUNCED SHE WILL OPPOSE THE SOCIAL CHARTER IN  
MADRID AS A "SOCIALIST CHARTER" AND REITERATED HMG'S  
OPPOSITION TO EC PROPOSALS FOR A COMMON CURRENCY AND  
A CENTRAL BANK, ALL DELORS-INITIATED PROJECTS.  
(GARLAND)

END RPE

BEGIN EUR/SE

5/26/89

(C) PAPOULIAS PRESSES ON PAPANDREOU-BUSH.



-----  
GEORGE PAPOULIAS CALLED ME TODAY TO SEE IF WE HAD ANY WORD  
ON PAPANDREOU'S REQUEST FOR A BILATERAL WITH THE  
PRESIDENT. WHEN I SAID WE HAD NOT, HE SUGGESTED EVEN A  
BRIEF MEETING OR A PHOTO OP WITH THE PRESIDENT WOULD BE  
FINE (A PICTURE IS WORTH A 1,000 WORDS). THE ATHENS PRESS  
IS ALREADY REPORTING THAT PAPANDREOU WILL MEET (SIC) WITH  
SECRET

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THE PRESIDENT. WE CONTINUE TO BELIEVE, AS WE RECOMMENDED  
TO THE NSC/S, THAT THERE SHOULD BE NO MEETING, PHOTO OP OR  
OTHERWISE. (FRIEDMAN)

(C) INITIAL TURKISH/GREEK PRESS REACTION TO HFAC 7:10  
ACTION

-----  
THE TURKISH PRESS IS ENTHUSIASTICALLY WELCOMING THE HFAC  
DECISION ON 7:10. THE NEWS SO FAR HAS RECEIVED  
STRAIGHTFORWARD AND MODEST COVERAGE IN THE GREEK PRESS.  
THE GOVERNMENT IS SEEKING TO CLAIM THAT THE DECISION  
REPRESENTS A VICTORY OF SORTS FOR GREECE. OUR CONCLUSION  
IS THAT THUS FAR THE PRESS TREATMENT CONFIRMS OUR EARLIER  
JUDGMENT THAT PAPANDREOU COULD NOT SUCCEED IN MAKING AN  
ELECTORAL ISSUE OUT OF THIS. (JEFFREY)

END EUR/SE

BEGIN EUR/SOV:  
-----

(U) ATTORNEY GENERAL TO DELAY TRIP TO USSR:

AT A MEETING TODAY AT JUSTICE, THE ATTORNEY GENERAL AND  
HIS STAFF AGREED THAT IT WOULD BE WISER TO POSTPONE HIS  
TRIP TO THE SOVIET UNION UNTIL LATER IN THE YEAR. AMONG  
THE FACTORS BEHIND THE DECISION NOT TO OPT FOR THE LAST  
WEEK IN JULY WERE THE FACTS THAT JULY AND AUGUST ARE  
VACATION PERIODS, THE FACT THAT MOSCOW UNIVERSITY'S LAW  
FACULTY -- WHERE THORNBURGH WOULD LIKE TO SPEAK -- WILL  
BE OUT OF SESSION, AND THE LIKELIHOOD THAT THE SOVIETS  
WILL STILL BE WORKING OUT THEIR NEW CONSTITUTIONAL  
ARRANGEMENTS. THE RECENTLY-REPORTED FACT THAT THE  
CONGRESS OF PEOPLE'S DEPUTIES HAS NOMINATED A NEW  
CHAIRMAN OF THE SUPREME COURT AND PROCURATOR GENERAL WAS  
ALSO A CONSIDERATION. (EVANS)

SECRET

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(S) INDICTMENT OF MUSCOVITE SCHEDULED FOR TUESDAY:

WE GAVE L/LEI OUR OK TODAY ON THE DEPARTMENT OF JUSTICE'S PLANNED INDICTMENT NEXT TUESDAY OF SOVIET CITIZEN, ILYA P. BUTAKOV -- A KNOWN GRU OFFICER AND VICE PRESIDENT OF SUDOIMPORT, THE SHIPPING IMPORT-EXPORT FIRM -- FOR HIS ROLE IN THE ILLEGAL EXPORT OF U.S. SONAR EQUIPMENT. BUTAKOV'S NAME WILL BE PLACED IN THE VISA LOOK-OUT SYSTEM, BUT UNLESS HE ENTERS THE U.S., THE INDICTMENT WILL HAVE LITTLE OR NO PRACTICAL EFFECT. WE WOULD NOT PURSUE EXTRADITION FROM THE USSR, AND EVEN A THIRD-COUNTRY EXTRADITION EFFORT IS UNLIKELY SINCE MOST NATIONS ARE UNWILLING TO COOPERATE WITH US ON EXTRADITION FOR EXPORT CONTROL VIOLATIONS. (NULAND)

(LOU) POSSIBLE MEDICAL AID TO MOLDAVIAN:

VOA'S ROMANIAN SERVICE RECEIVED A REQUEST FROM LISTENERS IN SOVIET MOLDAVIA FOR MEDICAL ASSISTANCE TO A RECENTLY-ELECTED MOLDAVIAN MEMBER OF THE CONGRESS OF PEOPLE'S DEPUTIES WHO HAD SUSTAINED A SERIOUS HEAD INJURY. THE DEPUTY, DUMITRU MATKOVSKY, HAS BEEN IN A COMA SINCE A SERIOUS TRAFFIC ACCIDENT ON MAY 17. WE PUT VOA IN TOUCH WITH SEVERAL VOLUNTEER ORGANIZATIONS THAT MIGHT BE WILLING TO SEND A NEUROSURGEON TO KISHINEV TO ASSIST IN HIS TREATMENT. VOA IS FOLLOWING UP AND IS SEEKING TO LEARN SPECIFICS ABOUT MATKOVSKY'S MEDICAL CONDITION AT THE REQUEST OF ONE OF THE VOLUNTEER ORGANIZATIONS. (STEPHENSON)  
END EUR/SOV

BEGIN EUR/WE  
SECRET

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(C) PORTUGAL: VISIT OF PRESIDENT SOARES

THE PORTUGUESE EMBASSY INFORMED US TODAY THAT PRESIDENT SOARES WILL TRAVEL TO RHODE ISLAND AND MASSACHUSETTS TO DEDICATE A MONUMENT AND TO VISIT LOCAL PORTUGUESE-AMERICAN COMMUNITIES, JUNE 25-26. HE ALSO WISHES TO VISIT WASHINGTON ON JUNE 27 IF HE CAN SEE PRESIDENT BUSH. WITHOUT COMMENTING ON THE ODDS OF ARRANGING A PRESIDENTIAL CALL AT THIS DATE, WE TOLD THE PORTUGUESE EMBASSY WE WOULD LOOK INTO IT. ADRIAN BASORA ON THE NSC STAFF INDICATED THAT THE PRESIDENT'S SCHEDULE WILL NOT PERMIT AN OFFICIAL VISIT BY SOARES IN THAT TIMEFRAME, BUT IF THE DEPARTMENT BELIEVES THAT IT IS

UNCLASSIFIED U.S. Department of State Case No. F-2010-07900 Doc No. C17686398 Date: 09/04/2012  
IMPORTANT ENOUGH, WE COULD ARGUE FOR A BRIEF INFORMAL  
CALL. BASORA RATED CHANCES OF SUCCESS AS SMALL, BUT NOT  
IMPOSSIBLE. HE ALSO INDICATED THAT A SOARES STOP-BY  
COULD UNDERCUT OUR GETTING AN INVITATION FOR PRIME  
MINISTER CAVACO SILVA. IN VIEW OF THE IMPORTANCE WE  
ATTACH TO A VISIT BY CAVACO SILVA AND THE FACT THAT  
SOARES ALREADY SAW THE PRESIDENT AT TOKYO, WE QUESTION  
THE VALUE OF SPENDING MUCH POLITICAL CAPITAL TO SEEK A  
SOARES VISIT AT THIS TIME. WE WILL PREPARE A MEMORANDUM  
ON THE APPOINTMENT REQUEST, BUT RECOMMENDING AGAINST  
GRANTING IT. (CASWELL)

(C) PORTUGAL: VISIT OF DEPUTY FOREIGN MINISTER

DEPUTY FOREIGN MINISTER DURAO BARROSO WILL VISIT THE  
DEPARTMENT, JUNE 19-20 FOR CONSULTATIONS ON AFRICAN  
ISSUES WITH ASSISTANT SECRETARY COHEN AT THE LATTER'S  
INVITATION. HE HAS ALSO INDICATED INTEREST IN MEETING  
DEPUTY SECRETARY EAGLEBURGER. DURAO BARROSO IS AN  
INFLUENTIAL FIGURE WHO IS CLOSE TO PRIME MINISTER CAVACO  
SILVA AND AS DEPUTY MINISTER HAS IMPORTANT POLICY INPUT  
ON BILATERAL, NATO, AS WELL AS KEY AFRICAN ISSUES FOR THE  
SECRET

PAGE 12 STATE 168832

GOP. WE WILL COORDINATE AN APPOINTMENT REQUEST WITH AF,  
BUT WE ALSO BELIEVE A MEETING IN EUR WOULD BE  
WORTHWHILE. RECOMMEND THAT CHARLEY THOMAS CONSIDER  
RECEIVING DURAO BARROSO ON JUNE 20.

AGREE: DISAGREE:

END EUR/WE EAGLEBURGER

SECRET

<< END OF DOCUMENT >>

CONFIDENTIAL

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ACTION EUR-00

INFO	LOG-00	ADS-00	INR-07	SS-00	CIAE-00	DODE-00	H-01
	MSC-01	NSCE-00	NSAE-00	HA-09	L-03	TRSE-00	PM-10
	PA-01	OMB-01	INRE-00	USIE-00	SP-02	SNP-01	C-01
	PRS-01	P-02	T-01	/041 W			
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R 021337Z MAY 89  
FM AMEMBASSY DUBLIN  
TO SECSTATE WASHDC 2053  
INFO EC COLLECTIVE

C O N F I D E N T I A L SECTION 01 OF 02 DUBLIN 02686

LONDON PLEASE POUCH BELFAST

E.O. 12356: DECL: OADR  
TAGS: PGOV, EI  
SUBJECT: THE IRISH POLITICAL SCENE: A SNAP ELECTION  
AFTER ALL?

REF: DUBLIN 1517

RELEASED IN FULL

1. (C--ENTIRE TEXT.)

2. AFTER MONTHS OF DOWNPLAYING THE IDEA OF A SNAP ELECTION, DESPITE FIANNA FAIL'S CONSISTENTLY HIGH POLL STANDINGS, GOVERNING PARTY CIRCLES HAVE BEGUN TO TALK AS THOUGH PRIME MINISTER HAUGHEY COULD WELL GO TO THE COUNTRY SOONER RATHER THAN LATER, WITH A LIKELY DATE BEING THE 15 JUNE EURO-ELECTIONS. THE IMMEDIATE CAUSE OF THIS RENEWED SPECULATION WAS THE GOVERNMENT'S DEFEAT LAST WEDNESDAY IN THE IRISH PARLIAMENT ON A LABOUR PARTY PROPOSAL ON AID TO HEMOPHILIACS INFECTED WITH THE HIV VIRUS.

SIXTH DEFEAT IN TWO YEARS  
CONFIDENTIAL

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3. THE DEFEAT ON THE HEMOPHILIAC-AID VOTE WAS EXPECTED, AND ALL OUR SOURCES BEFOREHAND, INCLUDING THE GOVERNMENT'S CHIEF WHIP, INDICATED THAT THE GOVERNMENT

REVIEW AUTHORITY: Robert Homme, Senior Reviewer

WOULD SIMPLY DISREGARD THE VOTE AS IT HAD DONE WITH FIVE PREVIOUS PRIVATE MEMBERS' BILLS. CERTAINLY THE PROPOSAL HAD NO BINDING FINANCIAL IMPLICATIONS, BUT WAS MORE IN THE NATURE OF A MORAL EXHORTATION, PUTTING THE CASE THAT THE GOVERNMENT, WHILE IT MAY NOT BE LEGALLY BOUND TO MAKE AN EXCEPTION, WAS MORALLY OBLIGATED TO ASSIST HEMOPHILIACS INFECTED WITH THE HIV VIRUS FROM GOVERNMENT BLOOD STOCKS. HOWEVER, THE PRIME MINISTER, ON ARRIVING BACK IN DUBLIN FROM A STATE VISIT TO JAPAN, INSTRUCTED HIS CHIEF WHIP TO INFORM THE OPPOSITION THAT DEFEAT COULD MEAN AN ELECTION. REPORTEDLY, HAUGHEY VIEWED THE UNITED OPPOSITION NOT AS VOTING FOR THE MERITS OF THE PROPOSAL BUT IN ORDER TO EMBARRASS THE GOVERNMENT.

4. A FLURRY OF CABINET MEETINGS AND INTER-WHIP CONTACTS SO RACHETED UP THE TENSION THAT SOME DEPUTIES EXPECTED THE PRIME MINISTER TO ANNOUNCE AN ELECTION IMMEDIATELY FOLLOWING THE VOTE. IN THE EVENT, HAUGHEY WAITED FOR THE FOLLOWING DAY TO ANNOUNCE NO ELECTION BUT THAT HE WOULD BE KEEPING THE QUESTION UNDER CONSTANT REVIEW. HE KEY-POINTED THE ESSENTIALITY OF MAINTAINING PUBLIC CONFIDENCE IN THE GOVERNMENT. HE WOULD NOT, HE STRESSED, PUT UP WITH CONTINUING ATTACKS ON THE GOVERNMENT'S AUTHORITY OR ABILITY TO DO BUSINESS.

5. ONE THEORY HOLDS THAT HAUGHEY NEVER INTENDED AN ELECTION BUT WAS JUST FLEXING HIS MUSCLES, SEIZING ON THE OCCASION AS AN OPPORTUNITY TO RE-SEIZE THE INITIATIVE AFTER WEEKS OF OPPOSITION ATTACKS ON THE AGRICULTURE

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MINISTER (AND THROUGH HIM ON HAUGHEY HIMSELF), ACCUSING THE GOVERNMENT OF EITHER CONFLICT-OF-INTEREST OR INCOMPETENCE. BEGINNING WITH THE CLOSING OF A SUGAR FACTORY, THE AFFAIR HAS EXPANDED INTO THE POTENTIALLY MORE-EMBARRASSING ISSUE OF WIDESPREAD FRAUD IN THE BEEF-EXPORT BUSINESS AND THE WHOLE QUESTION OF FIANNA FAIL'S LONG-STANDING COZY RELATIONSHIP WITH BIG BUSINESS. THUS FAR, THE PRIME MINISTER HAS KEPT THE LID ON THE POTENTIAL SCANDAL BY TREATING THE ACCUSATIONS WITH NEAR CONTEMPT.

6. ANOTHER THEORY WOULD HAVE IT THAT HAUGHEY LOST HIS NERVE, IN SUDDEN RECOGNITION THAT IN FOUR ELECTIONS AS FIANNA FAIL LEADER HE HAS NEVER WON AN OVERALL MAJORITY. INDEED, ONE ILL-TIMED DECISION FOR AN EARLY ELECTION LOST HIM THE TWENTY-SEAT MAJORITY HE HAD

UNCLASSIFIED U.S. Department of State Case No. F-2010-07900 Doc No. C17686399 Date: 09/04/2012  
INHERITED FROM HIS PREDECESSOR. MOST POLITICAL PUNDITS  
LAY THIS DISMAL ELECTORAL RECORD TO THE "HAUGHEY FACTOR"  
--THE WIDELY-HELD PUBLIC PERCEPTION OF HAUGHEY AS A  
POLITICAL OPPORTUNIST WITHOUT FIRM GUIDING PRINCIPLES.  
AS WE HAVE REPORTED, HAUGHEY'S STATESMANLIKE PERFORMANCE  
OVER THE TWO YEARS OF HIS CURRENT GOVERNMENT HAS LARGELY  
DISPELLED THIS OLD IMAGE. BUT HIS HARD-WON NEW IMAGE  
WOULD SIMPLY DISSOLVE IF HE WERE PERCEIVED AS GOING TO  
THE COUNTRY ON A FRIVOLOUS OR BASICALLY MEANINGLESS  
ISSUE. A COROLLARY THEORY ADDS THAT HAUGHEY REALIZED  
THAT FIGHTING AN ELECTION OVER AID TO HEMOPHILIACS  
WOULD HAND THE OPPOSITION ALL THE MORAL HIGH GROUND.

7. A FINAL THEORY (CURRENTLY IN THE ASCENDANT) HAS  
HAUGHEY FIRMLY DECIDED FOR AN ELECTION BUT DELIBERATELY  
CALCULATING THE OPPORTUNE SET OF CIRCUMSTANCES. THE  
FIRST CONSIDERATION IS THE NEED, FIRST, TO PASS THE  
FINANCE BILL ON 17 MAY, WITHOUT WHICH THE GOVERNMENT'S

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ACTION EUR-00

INFO	LOG-00	ADS-00	INR-07	SS-00	CIAE-00	DODE-00	H-01
	MSC-01	NSCE-00	NSAE-00	HA-09	L-03	TRSE-00	PM-10
	PA-01	OMB-01	INRE-00	USIE-00	SP-02	SNP-01	C-01
	PRS-01	P-02	T-01	/041 W			

-----141554 021410Z /48

R 021337Z MAY 89  
FM AMEMBASSY DUBLIN  
TO SECSTATE WASHDC 2054  
INFO EC COLLECTIVE

LONDON PLEASE POUCH BELFAST

E.O. 12356: DECL: OADR

TAGS: PGOV, EI

SUBJECT: THE IRISH POLITICAL SCENE: A SNAP ELECTION

ECONOMIC RECOVERY PROGRAM WOULD BE DERAILED. THE SECOND, AND CRUCIAL, NEED IS TO FIND A DEFENSIBLE CAUSE FOR DISSOLUTION. THE ARGUMENTS ARE THAT HAUGHEY NEEDS TO BE ABLE TO ARGUE CONVINCINGLY THAT THE OPPOSITION IS WILLFULLY UNDERMINING HIS GOVERNMENT'S EFFORTS TO SET RIGHT THE NATION'S ECONOMY.

UNDERMINING? OR POLITICS-AS-USUAL?

8. AT FIRST GLANCE, IT WOULD SEEM HARD FOR HAUGHEY TO MAKE SUCH A CASE. WHILE WEDNESDAY'S VOTE WAS THE GOVERNMENT'S SIXTH DEFEAT, ALL HAVE COME ON ESSENTIALLY MARGINAL ISSUES. GIVEN THE MAIN OPPOSITION PARTY'S PLEDGE TO SUPPORT RESPONSIBLE GOVERNMENT FISCAL AND ECONOMIC POLICIES (THE "TALLAGHT STRATEGY"), A REFUSAL BY HAUGHEY TO ALLOW THE OPPOSITION ANY RIGHT TO OPPOSE THE GOVERNMENT AT ALL WOULD BE SEEN AS RIDICULOUS.  
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CONFIDENTIAL

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9. ON THE OTHER HAND, THERE ARE TOUGH TIMES AHEAD. BOTH INTEREST RATES AND GASOLINE PRICES ARE SET TO RISE IN THE NEXT TWO WEEKS. ALL PARTIES ACKNOWLEDGE THAT MANY TOUGH DECISIONS ON PUBLIC SPENDING REMAIN TO BE MADE. HAUGHEY CAN ARGUE, WITH JUSTIFICATION, THAT SUCH DECISIONS CANNOT BE MADE IN A STATE OF POLITICAL INSTABILITY. OF MORE IMMEDIATE CONCERN, PERHAPS, IS THE EFFECT OF RISING RATES AND PRICES ON FIANNA FAIL'S OWN STANDING IN THE POLLS. SOME MINISTERS ARE KNOWN TO BE ARGUING THAT THE FIANNA FAIL GOVERNMENT HAS RIDDEN FISCAL AUSTERITY AS HIGH IN PUBLIC APPROBATION AS IT CAN TAKE THEM. ONLY AN IMAGE OF ONGOING COMPETENCY, OF GETTING THE JOB DONE, WILL KEEP THEM THERE, AND CONTINUING PARLIAMENTARY DEFEATS, EVEN ON MARGINAL ISSUES, WILL INEVITABLY SO AFFECT THE PUBLIC'S PERCEPTION OF THE GOVERNMENT'S COMPETENCE AS TO BRING FIANNA FAIL DOWN IN THE POLLS.

10. IRISH ATTORNEY GENERAL JOHN MURRAY DINED WITH AMBASSADOR HECKLER THE NIGHT OF HAUGHEY'S RETURN. THREE TIMES HE WAS CALLED TO THE PHONE BY THE PRIME MINISTER'S OFFICE TO DISCUSS THE POSSIBILITY OF GOING TO THE COUNTRY. MURRAY TOLD THE AMBASSADOR THERE IS AN OVERWHELMING SENTIMENT IN THE CABINET TO GO TO THE POLLS QUICKLY. BUT, THERE IS A RECOGNITION THE HAEMOPHILIA ISSUE IS NOT A GOOD BASIS TO DISSOLVE THE ASSEMBLY. MURRAY BELIEVES HAUGHEY WILL CALL A SNAP ELECTION WITHIN THE NEXT FEW WEEKS.

11. COMMENT: WITH POLLS MORE FAVORABLE TO FIANNA FAIL THAN IN YEARS, WITH HAUGHEY'S PERSONAL STATURE AT AN  
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HISTORIC HIGH AFTER HIS "TRIUMPHS" WITH GORBACHEV AND THE JAPANESE AND WITH THE OPPOSITION STILL IN DISARRAY AND WITHOUT DECISIVE LEADERSHIP, THE TEMPTATION TO GO TO THE COUNTRY IS GREAT. IF HAUGHEY DECIDES TO GO, THE MOST LIKELY DATE IS JUNE 15 TO CORRESPOND WITH THE EUROPEAN ELECTIONS. END COMMENT.  
HECKLER



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PAGE 01 DUBLIN 02698 021721Z  
ACTION NODS-00

INFO LOG-00 ADS-00 /000 W  
-----153400 021722Z /44

O 021723Z MAY 89  
FM AMEMBASSY DUBLIN  
TO SECSTATE WASHDC IMMEDIATE 2060

C O N F I D E N T I A L DUBLIN 02698

DECAPTIONED

NODIS

FOR THE SECRETARY FROM AMBASSADOR HECKLER

E.O. 12356: DECL: OADR  
TAGS: NATO, EEC, PREL, GE  
SUBJECT: CONCERNS ABOUT GERMANY

RELEASED IN FULL

1. (C-ENTIRE TEXT).

2. I KNOW HOW MUCH KOHL'S DECISION ON SNF IS ON YOUR MIND AND I WANTED TO SHARE WITH YOU SOME COMMENTS ON GERMANY BY PETER SUTHERLAND, IRISH EC COMMISSIONER UNTIL JANUARY 1 OF THIS YEAR AND UNIVERSALLY REGARDED AS ONE OF THE PRIOR COMMISSION'S BRIGHT LIGHTS.

3. DURING THE COURSE OF A WIDE-RANGING DISCUSSION ON US-EC RELATIONS AT MY RESIDENCE MAY 2, PETER KEPT COMING BACK TO HIS PREOCCUPATIONS ABOUT GERMANY. PREOCCUPATIONS PETER MAINTAINED WERE SHARED BY SOME MEMBERS OF THE CURRENT EC COMMISSION. PETER FEARS THAT CURRENT TENSIONS BETWEEN BONN AND LONDON, AND TO A LESSER EXTENT WASHINGTON, ON SNF COULD VERY WELL SPILL OVER INTO THE ECONOMIC RELATIONSHIP. IN PETER'S VIEW, THE GERMANS HAVE BEEN PLAYING A KEY ROLE IN KEEPING FRENCH, ITALIAN AND OTHERS' CONFIDENTIAL

CONFIDENTIAL

PAGE 02 DUBLIN 02698 021721Z

PROTECTIONIST TENDENCIES UNDER CONTROL. THIS HAS BEEN CRUCIAL TO BOTH THE URUGUAY ROUND AND EC MOVEMENT TOWARDS A SINGLE MARKET. A SERIOUS RIFT WITH LONDON AND WASHINGTON ON ALLIANCE ISSUES COULD

REVIEW AUTHORITY: Robert Homme, Senior Reviewer

UNCLASSIFIED U.S. Department of State Case No. F-2010-07900 Doc No. C17686400 Date: 09/04/2012  
PUSH THE GERMANS INTO THE HANDS OF THE  
PROTECTIONISTS. ANOTHER KEY FACTOR, ACCORDING TO  
PETER AND OTHERS WITH WHOM I HAVE SPOKEN, IS  
THATCHER'S PERSISTENT PERSONAL UNPOPULARITY WITH HER  
EC PARTNERS AND THE RISK WE FACE IN THE CURRENT  
CRISIS OF BECOMING TOO IDENTIFIED WITH HER  
STRIDENCY.

4. FOR MY PART HERE IN IRELAND, SOMEWHAT REMOVED  
FROM THE NATO DEBATE, IT SEEMS INCUMBENT ON US TO  
SHORE UP THE FLANK ON THE TRADE SIDE BY TAKING PAINS  
TO KEEP THE TWO DEBATES TOTALLY SEPARATE.

5. ON ANOTHER SUBJECT, YOUR MESSAGE TO TAOISEACH  
CHARLES J. HAUGHEY IN WASHINGTON MADE A STRONG  
IMPRESSION AND HE HAS QUOTED YOU OFTEN WITH  
ADMIRATION SINCE HIS RETURN.  
HECKLER

CONFIDENTIAL

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SECRET

PAGE 01 STATE 101365  
ORIGIN NODS-00

INFO LOG-00 ADS-00 /000 R

DRAFTED BY: EUR/NE:KLONGMYER/SOV:AWOLF (0318S)

APPROVED BY: D:LEAGLEBURGER

EUR:RLRIDGWAY

EUR/NE:EMHEAPHY

ARA/CEN:PROMERO S/S:RWMUELLER

EUR/SOV:SPIFER

NSCS:GPHUGHES S/S-O:JCARRAGHER

P:BBURTON (SUBS)

S/S-S:

S/P:PCLAPP (SUBS)

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O P 010507Z APR 89 ZFF6

FM SECSTATE WASHDC

TO AMEMBASSY DUBLIN NIACT IMMEDIATE

INFO AMEMBASSY MOSCOW PRIORITY

S E C R E T STATE 101365

RELEASED IN FULL

DECAPTIONED

NODIS

E.O. 12356: DECL: OADR

TAGS: PREL, UR, XK, EI

SUBJECT: LETTER FROM PRESIDENT BUSH TO PRIME MINISTER  
HAUGHEY ON SOVIET POLICY TOWARD CENTRAL AMERICA

1. SECRET - ENTIRE TEXT.

2. EMBASSY SHOULD DELIVER TEXT OF THE FOLLOIING LETTER  
FROM PRESIDENT BUSH TO PRIME MINISTER HAUGHEY AS SOON  
AS POSSIBLE. THERE WILL BE NO SIGNED ORIGINAL.

3. BEGIN TEXT:

DEAR PRIME MINISTER HAUGHEY,

I KNOW THAT YOU HAVE FOLLOWED OUR SUCCESSFUL EFFORTS TO  
DEVELOP A BIPARTISAN CONSENSUS BEHIND U.S. POLICY  
TOWARD CENTRAL AMERICA. JIM BAKER WILL BE WRITING TO  
SECRET

SECRET

PAGE 02 STATE 101365

BRIAN LENIHAN SHORTLY WITH MORE DETAILS ON THE  
SUBJECT. I WANTED TO TAKE THIS OPPORTUNITY, HOWEVER,  
TO LET YOU KNOW THAT I HAVE SENT MIKHAIL GORBACHEV A  
LETTER ON THE EVE OF HIS DEPARTURE FOR HAVANA OUTLINING

REVIEW AUTHORITY: Robert Homme, Senior Reviewer

IN PARTICULAR, I UNDERScoreD THE DIFFICUTIES WE HAVE RECONCILING THE LANGUAGE OF SOVIET "NEW THINKING" WITH CONTINUING HIGH LEVELS OF SOVIET AND CUBAN ASSISTANCE TO NICARAGUA. AS YOU KNOW, THERE IS NO CONCEIVABLE MILITARY THREAT THAT JUSTIFIES THAT ASSISTANCE (WHICH LAST YEAR TOTALED ALMOST ONE BILLION DOLLARS). I NOTED FURTHER THAT THIS ASSISTANCE IS ALMOST CERTAIN TO BE USED TO UNDERCUT DIPLOMATIC EFFORTS, AS EVIDENCED BY NICARAGUAN AND CUBAN USE OF SOVIET AID TO SUPPORT VIOLENT DESTABILIZATION OF THE DEMOCRATICALLY ELECTED GOVERNMENT OF EL SALVADOR. I ALSO LEFT NO DOUBT THAT SOVIET ACTIONS IN THE REGION WILL NECESSARILY AFFECT THE PROSPECTS FOR U.S.-SOVIET RELATIONS. THE LEADERSHIP OF BOTH HOUSES OF CONGRESS FROM BOTH PARTIES AGREE WITH ME ON THIS.

IN CONCLUSION, I EXPRESSED MY HOPE THAT, DURING HIS VISIT TO CUBA, CHAIRMAN GORBACHEV WOULD REFLEC SERIOUSLY ON THE OPPORTUNITY NOW BEFORE US TO PURSUE PEACEFUL SOLUTIONS IN CENTRAL AMERICA. MOREOVER, AN INITIATIVE BY THE SOVIET UNION AND CUBA TO SHUT OFF THE ASSISTANCE PIPELINE FEEDING ARMED CONFLICT IN THE REGION WOULD PAY LARGE DIVIDENDS IN AMERICAN GOODWILL AND WOULD SUGGEST THAT SOVIET "NEW THINKING" WAS TO BE TAKEN SERIOUSLY. AS JIM BAKER TOLD YOU DURING YOUR RECENT VISIT TO WASHINGTON, WE WILL JUDGE THE SOVIET  
SECRET

SECRET

PAGE 03            STATE   101365

UNION'S REGIONAL INITIATIVES BY THEIR RESULTS WHICH SHOULD INCLUDE ENDING MILITARY ASSISTANCE TO NICARAGUA.

GIVEN IRELAND'S INTEREST IN PROMOTING DEMOCRACY IN CENTRAL AMERICA, I HOPE THAT WHEN YOU SEE GENERAL SECRETARY GORBACHEV AT SHANNON YOU WILL URGE HIM TO SUPPORT DIPLOMATIC EFFORTS TO BRING PEACE TO THE REGION BY STOPPING THE SHIPMENT OF WEAPONS TO THE REGION.

THANK YOU FOR DROPPING BY TO SEE ME ON ST. PATRICK'S DAY. I ENJOYED YOUR VISIT VERY MUCH AND LOOK FORWARD TO OTHER SUCH PLEASANT OCCASIONS.

SINCERELY YOURS,

UNCLASSIFIED U.S. Department of State Case No. F-2010-07900 Doc No. C17686402 Date: 09/04/2012  
GEORGE BUSH  
END TEXT. BAKER

SECRET

NNNN

CONFIDENTIAL

PAGE 01 DUBLIN 02055 041300Z  
ACTION SS-00

INFO LOG-00 ADS-00 SSO-00 /000 W  
-----115573 041302Z /38

O 041257Z APR 89  
FM AMEMBASSY DUBLIN  
TO SECSTATE WASHDC IMMEDIATE 1884  
INFO AMEMBASSY MOSCOW

C O N F I D E N T I A L DUBLIN 02055

EXDIS DECAPTIONED

E.O. 12356: DECL: OADR  
TAGS: PREL, EI, UR, XK  
SUBJECT: IRISH PRIME MINISTER RAISES CENTRAL AMERICA WITH  
GORBACHEV

REF: (A) STATE 101365, (B) DUBLIN 2011, (C) STATE 94212

1. (C--ENTIRE TEXT.)

RELEASED IN FULL

2. IN RESPONSE TO OUR DEMARCHE (REF B), THE  
AMBASSADOR'S EFFORTS AND THE PRESIDENT'S LETTER (REF A),  
IRISH PRIME MINISTER HAUGHEY BRIEFLY RAISED CENTRAL  
AMERICA WITH GORBACHEV DURING THE LATTER'S TWO-HOUR  
STOPOVER AT SHANNON AIRPORT APRIL 2. HAUGHEY RAISED THE  
ISSUE DURING THE LEADERS' TEN MINUTE TETE-A-TETE WITH  
ONLY INTERPRETERS PRESENT.

3. ACCORDING TO DFA POLITICAL DIRECTOR MURPHY AND A  
SENIOR SOURCE IN THE PRIME MINISTER'S OFFICE WHO WERE  
BRIEFED BY HAUGHEY AFTER THE MEETING, HAUGHEY TOLD  
GORBACHEV HE WAS VERY PLEASED AT THE POSITIVE  
DEVELOPMENTS AND FAVORABLE DIRECTION IN U.S.-SOVIET  
RELATIONS AND HE HOPED THAT DEVELOPMENTS IN CENTRAL  
AMERICA WOULD NOT PUT ANY OBSTACLES IN THE WAY OF EVEN  
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 DUBLIN 02055 041300Z

MORE IMPROVEMENT IN U.S.-SOVIET RELATIONS. ACCORDING TO  
BOTH SOURCES, GORBACHEV SIMPLY NOTED THE POINT AND THEN  
BEGAN TO COMMENT ON HIS RELATIONS WITH WASHINGTON. HE  
HAD HAD GOOD RELATIONS WITH PRESIDENT REAGAN, GORBACHEV

REVIEW AUTHORITY: Robert Homme, Senior Reviewer

UNCLASSIFIED U.S. Department of State Case No. F-2010-07900 Doc No. C17686403 Date: 09/04/2012  
SAID, AND HOPED GOOD RELATIONS WOULD CONTINUE WITH  
PRESIDENT BUSH. HOWEVER, GORBACHEV ADDED, HE FEARED THE  
PRESIDENT WAS COMING UNDER INFLUENCE FROM THE RIGHT WING.

4. BOTH OUR SOURCES UNDERLINED THAT THE TETE A TETE WAS  
VERY SHORT, ALL COMMENTS HAD TO BE INTERPRETED AND OTHER  
ISSUES (SEPTTEL) WERE DISCUSSED. NONETHELESS, HAUGHEY  
BELIEVES HE HAS ACCOMMODATED THE PRESIDENT'S REQUEST AND  
HAS WRITTEN HIM AN ACCOUNT OF THE EXCHANGE (SEPTTEL).  
HECKLER

CONFIDENTIAL

NNNN

CONFIDENTIAL

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ACTION EUR-00

INFO	LOG-00	ADS-00	INR-07	SS-00	OIC-02	CIAE-00	H-01
	MSC-01	IO-19	NEA-06	NSCE-00	ARA-00	NSAE-00	SSO-00
	HA-09	L-03	TRSE-00	PM-10	PA-01	OMB-01	INRE-00
	USIE-00	SP-02	SNP-01	C-01	PRS-01	P-02	T-01
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O 041850Z APR 89  
FM AMEMBASSY DUBLIN  
TO SECSTATE WASHDC IMMEDIATE 1891  
INFO AMEMBASSY MOSCOW  
EC COLLECTIVE  
USINT HAVANA  
DIA WASHDC

C O N F I D E N T I A L SECTION 01 OF 03 DUBLIN 02072

E.O. 12356: DECL: OADR  
TAGS: PREL, EEWT, UN, EEC, EI, UR, US  
SUBJECT: SOVIET-IRISH SUMMIT

RELEASED IN FULL

1. (C--ENTIRE TEXT.)

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SUMMARY  
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2. ONE HOUR OF TALKS BETWEEN GORBACHEV AND HAUGHEY DURING A STOPOVER AT SHANNON AIRPORT APRIL 2 CONSTITUTES THE FIRST EVER SOVIET-IRISH SUMMIT. THE SOVIETS HANDLED THE EVENT SKILLFULLY; GORBOMANIA HAS SWEEPED THE COUNTRY. SUBSTANTIVELY, LITTLE WAS ACCOMPLISHED, BUT GROWING SOVIET-IRISH ECONOMIC TIES HAVE BEEN GIVEN A BOOST WITH GORBACHEV'S INVITATION FOR HIGH-POWERED IRISH MINISTERIAL DELEGATION TO VISIT MOSCOW LATER THIS YEAR TO EXPLORE A RANGE OF ECONOMIC DEALS. IN THE TALKS, GORBACHEV ACCUSED WASHINGTON OF PROCRASTINATING ON START,  
CONFIDENTIAL

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COMPLAINED ABOUT NATO MODERNIZATION, AND PROMOTED HIS IDEA OF A COMMON EUROPEAN HOME AND HIS HOPES FOR DEVELOPMENT OF TRADE BETWEEN THE EC AND CMEA. HAUGHEY INDICATED SOME SIMILARITIES IN IRISH AND SOVIET

REVIEW AUTHORITY: Robert Homme, Senior Reviewer



UNCLASSIFIED U.S. Department of State Case No. F-2010-07900 Doc No. C17686404 Date: 09/04/2012  
DISARMAMENT POSITIONS, BUT REFUSED TO BE DRAWN INTO THE  
MODERNIZATION DEBATE. HE AGREED WITH THE ATLANTIC TO THE  
URALS FORMULA AND THE NEED FOR MORE EAST-WEST TRADE, AND  
URGED SOVIET SUPPORT FOR UNIFIL. HE BRIEFED GORBACHEV ON  
NORTHERN IRELAND AND GORBACHEV SAID HE WOULD CONTINUE TO  
DISCUSS NORTHERN IRELAND WITH MRS. THATCHER.

HAUGHEY AND THE IRISH ARE DELIGHTED WITH THE VISIT, AND  
HAVE, ONCE AGAIN, OFFERED IRELAND FOR A U.S.-SOVIET  
SUMMIT. END SUMMARY.

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FIRST EVER IRISH SOVIET SUMMIT  
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3. THE FIRST IRISH-SOVIET SUMMIT TOOK PLACE APRIL 2  
DURING A TWO-HOUR STOPOVER AT SHANNON AIRPORT BY GENERAL  
SECRETARY GORBACHEV ON HIS WAY TO CUBA. WITH LIVE  
TELEVISION COVERAGE FROM ARRIVAL TO POST-DEPARTURE  
INTERVIEWS, THERE WASN'T A COMMENT TO BE HEARD THAT  
WASN'T POSITIVE. EVEN THE ELDERLY PASTOR OF THE LOCAL  
PARISH FOUND IT IMPOSSIBLE TO RECALL THE DAYS WHEN THE  
SIGHT OF THE RED FLAG FLYING ON IRISH SOIL WOULD HAVE  
GIVEN THE HIERARCHY APOPLEXY. AS THE IRISH TIMES SUB-  
HEADLINE MONDAY READ, "AND NOT AN ANTI-COMMUNIST BLEAT  
OUT OF ANYONE."

THE REPORTING, BOTH TELEVISION AND PRESS, WAS LARGELY  
ATMOSPHERIC. REPORTERS WERE PARTICULARLY PLEASED BY  
GORBACHEV'S OPENING REMARK THAT HIS VISIT WAS "NOT A  
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STOPOVER BUT A MILESTONE." THE UPSHOT WAS A SOLID  
VICTORY FOR THE GORBACHEV CHARM OFFENSIVE AS THE IRISH  
LET THEMSELVES BE CONVINCED THAT THEY HAVE A ROLE TO PLAY  
IN THE DEMOCRATIC EVOLUTION OF THE SOVIET UNION. AMIDST  
THE FANFARE, PROTOCOL AND MOB SCENES OF A RAISA GORBACHEV  
VISIT TO A LOCAL OPEN-AIR MUSEUM, GORBACHEV AND PRIME  
MINISTER HAUGHEY HAD ABOUT ONE HOUR OF TALKS (INCLUDING  
INTERPRETATION). GORBACHEV WAS ACCOMPANIED BY FORMIN  
SHEVARDNADZE, DEP PRIME MIN KAMENTSEV AND POLITBUREAU  
MEMBER YAKOVLEV. HAUGHEY WAS ACCOMPANIED BY FORMIN  
LENIHAN, FINANCE MIN REYNOLDS, TRANSPORT MIN WILSON AND  
THREE SENIOR OFFICIALS. THE FOLLOWING ACCOUNT OF THE  
TALKS IS BASED ON A READ-OUT BY DFA POLITICAL DIRECTOR  
MURPHY TO AMBASSADOR AND DCM, A BRIEFING BY A SENIOR  
SOURCE IN THE PRIME MINISTER'S OFFICE, AND THE

-----  
ARMS CONTROL  
-----

4. GORBACHEV SAID HE WAS "WORRIED" ABOUT THE DELAY IN  
RELAUNCHING THE START TALKS AND BEGINNING TO THINK THE  
DELAY HAD LESS TO DO WITH COMPLETING REVIEWS THAN WITH  
"PROCRASTINATION" IN WASHINGTON. SIMILARLY, HE WAS  
IMPATIENT WITH WESTERN TALK ABOUT MODERNIZATION AND ITS  
EFFECT ON CONVENTIONAL DISARMAMENT AND ASKED FOR IRISH  
VIEWS. HAUGHEY REFERRED TO SIMILARITIES IN THE IRISH  
AND SOVIET POSITIONS ON DISARMAMENT ISSUES AS REFLECTED  
IN GORBACHEV'S UNGA SPEECH. HOWEVER, HE REFUSED TO BE  
DRAWN INTO THE MODERNIZATION DEBATE BEYOND SAYING THE  
IRISH WOULD CONTINUE THEIR GENERAL POLICY OF URGING A  
QUICKENED PACE OF DISARMAMENT TO THE LOWEST POSSIBLE  
LEVEL.

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INFO	LOG-00	ADS-00	INR-07	SS-00	OIC-02	CIAE-00	H-01
	IO-19	NEA-06	NSCE-00	ARA-00	NSAE-00	SSO-00	HA-09
	L-03	TRSE-00	PM-10	PA-01	OMB-01	INRE-00	USIE-00
	SP-02	SNP-01	C-01	PRS-01	P-02	T-01	/067 W

-----133447 041904Z /47 45

O 041850Z APR 89  
FM AMEMBASSY DUBLIN  
TO SECSTATE WASHDC IMMEDIATE 1892  
INFO AMEMBASSY MOSCOW  
EC COLLECTIVE

C O N F I D E N T I A L SECTION 02 OF 03 DUBLIN 02072

-----  
EUROPE  
-----

5. GORBACHEV BEGAN BY INSISTING THE SOVIETS THOUGHT OF THEMSELVES AS STRONGLY EUROPEAN. HAUGHEY SAID HE BELIEVED EUROPE SHOULD BE DEFINED FROM THE ATLANTIC TO THE URALS. GORBACHEV AGREED AND ADDED THAT HENRY KISSINGER BELIEVES EUROPE SHOULD BE DEFINED FROM WASHINGTON TO THE BORDERS OF THE SOVIET UNION. HE REJECTED THIS BUT INSISTED, AS HE DID SUBSEQUENTLY IN A BRIEF PRESS CONFERENCE, THAT THE "EUROPEAN PROCESS" COULD NOT BE SUCCESSFUL WITHOUT THE UNITED STATES AND CANADA. "WITHOUT REALISM, THERE COULD BE NO EUROPEAN HOME, ONLY A RUBBISH HEAP." THE PROCESS MUST BEGIN FROM RECOGNITION OF THE EXISTENCE OF THE EC ON ONE SIDE AND THE CMEA ON THE OTHER AND NATO ON ONE SIDE, THE WARSAW PACT ON THE OTHER. THE SOVIET UNION ADMITS ITS MISTAKE AND NOW RECOGNIZES THE EC; THE USSR WANTS EXPANDED COOPERATION, INCLUDING FINANCIAL AND MONETARY. AS PERESTROIKA WILL BRING GREATER PROSPERITY TO THE USSR, MORE OPEN TRADING RELATIONS BETWEEN EAST  
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AND WEST WILL BENEFIT BOTH SIDES. HAUGHEY AGREED THAT MORE TRADE WITH EASTERN EUROPE IS DESIRABLE. IRELAND DOES NOT FAVOR A FORTRESS EUROPE.

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MIDDLE EAST  
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6. GORBACHEV SAID HE BELIEVES THE MIDDLE EAST IS A SIGNIFICANT FLASHPOINT IN INTERNATIONAL RELATIONS WHICH DEMANDS GREATER INTERNATIONAL COOPERATION. HE SAID HE FAVORS A POLITICAL SOLUTION BASED ON NEGOTIATIONS BETWEEN ARAB COUNTRIES AND ISRAEL, THE SECURITY OF ALL COUNTRIES IN THE REGION, THE RETURN OF THE TERRITORIES AND THE RECOGNITION THAT THE PLIGHT OF THE PALESTINIANS IS THE MAIN PROBLEM. THE US. CANNOT PUSH THEM OUT OF THE ISSUE. THE U.S. APPROACH OF "SEPARATE DEALS" CANNOT WORK. HAUGHEY SAID HE COULD AGREE WITH MUCH OF WHAT GORBACHEV HAD SAID AND THAT HE AGREED ON THE NEED FOR AN INTERNATIONAL CONFERENCE. HE NOTED IRELAND'S

UNCLASSIFIED U.S. Department of State Case No. F-2010-07900 Doc No. C17686404 Date: 09/04/2012  
PARTICIPATION IN UNIFIL AND WELCOMED A NEW SOVIET  
ATTITUDE TO THE U.N. HAUGHEY SAID THE UNIFIL CONTINGENT  
WAS UNDER PRESSURE FROM THE IDF AND ISRAELI BACKED  
MILITIA AND URGED SOVIET SUPPORT FOR UNIFIL. GORBACHEV  
DID NOT RESPOND SUBSTANTIVELY.

-----  
NORTHERN IRELAND  
-----

7. WHEN HAUGHEY RAISED NORTHERN IRELAND, GORBACHEV SAID  
IT WAS A SUBJECT HE HAD OFTEN DISCUSSED WITH MRS.  
THATCHER AND THAT IF HAUGHEY WANTED, HE WOULD RAISE IT  
WITH HER AGAIN ON HIS RETURN FROM CUBA. HAUGHEY SAID  
NORTHERN IRELAND IS HIS GOVERNMENT'S PRINCIPAL CONCERN.  
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IT HAS A MAJOR IMPACT ON THE IRISH DOMESTIC SCENE AND  
CREATES PERPETUAL TROUBLE IN ANGLO-IRISH RELATIONS. THE  
1985 ANGLO-IRISH AGREEMENT HAD ACHIEVED SOME RESULTS,  
BUT NOT ENOUGH. IRISH UNITY REMAINS AN ASPIRATION.  
HAUGHEY THANKED GORBACHEV FOR SOVIET INTEREST IN THE  
BIRMINGHAM 6 AND GUILDFORD 4 CASES WHERE HE FEARED A  
CONTINUING MISCARRIAGE OF JUSTICE. AT THE PRESS  
CONFERENCE, GORBACHEV DEFTLY AVOIDED POLITICAL  
DIFFICULTIES BY CONFINING HIS REMARKS TO THE "HUMAN  
DIMENSION" OF THE NORTHERN IRELAND PROBLEM. THIS HAS LED  
THE IRISH TO BELIEVE GORBACHEV WILL RAISE SOME NORTHERN  
IRELAND ISSUES WITH THATCHER AND, IN AN UNUSUAL GESTURE  
(FOR HIM), HAUGHEY HAS CALLED THATCHER TO BRIEF HER ON  
THE MEETING.

-----  
INTERNAL SOVIET DEVELOPMENTS  
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8. HAUGHEY EXPRESSED UNDERSTANDING AND SUPPORT FOR  
PERESTROIKA AND ASKED FOR A PROGRESS REPORT. GORBACHEV  
SAID PERESTROIKA IS AT A CRUCIAL STAGE--EVERYTHING IS  
SET IN MOTION. THE PEOPLE SUPPORT PERESTROIKA BUT ARE  
CRITICAL OF ITS WEAKNESSES AND SLOW PACE. WHAT IS  
HAPPENING IS NOT A REVOLUTION FROM ABOVE BUT MOVEMENT  
FROM BELOW--A BALANCE NEEDS TO BE FOUND. IN REFERRING TO  
THE ELECTIONS, GORBACHEV SAID THE MESSAGE IS THAT THE  
PEOPLE WANT MORE ACTION.

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ACTION EUR-00

INFO	LOG-00	ADS-00	INR-07	SS-00	OIC-02	CIAE-00	H-01
	IO-19	NEA-06	NSCE-00	ARA-00	NSAE-00	SSO-00	HA-09
	L-03	TRSE-00	PM-10	PA-01	OMB-01	INRE-00	USIE-00
	SP-02	SNP-01	C-01	PRS-01	P-02	T-01	/067 W
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O 041850Z APR 89  
FM AMEMBASSY DUBLIN  
TO SECSTATE WASHDC IMMEDIATE 1893  
INFO AMEMBASSY MOSCOW  
EC COLLECTIVE  
USINT HAVANA  
DIA WASHDC

C O N F I D E N T I A L SECTION 03 OF 03 DUBLIN 02072

-----  
BILATERAL RELATIONS  
-----

9. HAUGHEY RAISED THE ISSUE OF EXPANDED BILATERAL  
ECONOMIC COOPERATION AND CITED THREE POSSIBLE AREAS  
FOR DISCUSSION:

--A BARTER DEAL WHEREBY INCREASED SOVIET OIL EXPORTS TO  
IRELAND WOULD BE OFFSET BY SOVIET IMPORTS OF IRISH  
FOODSTUFFS;

--EXPANDED COOPERATION BETWEEN AEROFLOT AND THE IRISH  
AIRPORT AUTHORITY (AER RIANTA) ; AND

--SHIP REPAIR FACILITIES AND FISHERIES.

GORBACHEV SAID DEPUTY PRIME MINISTER KAMENTSEV HAD  
SPECIFIC IDEAS AND PROPOSALS ON ECONOMIC COOPERATION AND  
(PRESUMABLY WITH HIS EYE ON THE ALREADY DELAYED  
DEPARTURE FOR HAVANA) SUGGESTED THE IRISH SEND A  
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MINISTERIAL DELEGATION TO MOSCOW TO MEET WITH KAMENTSEV  
TO DISCUSS THE PROPOSALS. (N.B., IRISH PLAN TO SEND A  
TEAM LED BY FOREIGN MINISTER LENIHAN, FINANCE MINISTER  
REYNOLDS AND TRANSPORT MINISTER WILSON TO MOSCOW IN  
SEPTEMBER OR OCTOBER).

-

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COMMENT

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10. THE IRISH ARE DELIGHTED WITH THE VISIT. HAUGHEY'S  
ADVISORS TELL US HE IS ELATED. ONE CALLED THE VISIT THE  
IDEAL "SOFT FOCUS PHOTO OP." THE SOVIETS CAN ALSO TAKE  
SATISFACTION. A TWO-HOUR STOPOVER HAS GENERATED MORE  
POSITIVE PUBLICITY FOR THE SOVIET UNION HERE THAN IN THE  
ENTIRE HISTORY OF THE STATE. THE SOVIETS PLAYED IT  
SKILLFULLY AND SUBTLY UNDERLINING, WITHOUT EVER  
MENTIONING THE WORD, THE BENEFITS TO IRELAND OF  
NEUTRALITY.

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PAGE C1 STATE 107822  
ORIGIN EUR-00

INFO	LOG-00	ADS-00	INR-07	SS-00	CIAE-00	DODE-00	NSCE-00
	NSAE-00	SSO-00	PM-10	INRE-00	A-00	SP-02	C-01
	P-02	/022 R					

DRAFTED BY: TEXT RECEIVED FROM WHITE HOUSE/EUR/NE:KLONGMYER  
APPROVED BY: EUR:MJWILKINSON

EUR:MJWILKINSON	EUR/NE:VGRAY
EUR/NE:EMHEAPHY	S/S-C:MWYATT
S/S-O:SMANN	S/S:JSROY

DESIRED DISTRIBUTION  
ALSO SSC

-----350225 070545Z /22

O 070527Z APR 89  
FM SECSTATE WASHDC  
TO AMEMBASSY DUBLIN IMMEDIATE

RELEASED IN FULL

UNCLAS STATE 107822

E.O. 12356: N/A  
TAGS: EI, OPDC  
SUBJECT: PRESIDENTIAL MESSAGE FOR PRIME MINISTER  
(S/S 8907371)

1. PLEASE DELIVER THE FOLLOWING MESSAGE FROM THE  
PRESIDENT TO PRIME MINISTER HAUGHEY AT THE EARLIEST  
APPROPRIATE OPPORTUNITY.

BEGIN TEXT:

DEARMR. PRIME MINISTER:

I WAS DELIGHTED TO GREET YOU AND YOUR COLLEAGUES DURING  
YOUR VISIT TO THE WHITE HOUSE ON ST. PATRICK'S DAY.  
IT'S ALWAYS A GENUINE PLEASURE TO WELCOME FRIENDS ON  
THIS HAPPY OCCASION.

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I VALUED OUR MEETING ON SUBSTANTIVE ISSUES AFFECTING  
THE WELFARE OF OUR TWO COUNTRIES, AND I LOOK FORWARD TO  
CONTINUING OUR CLOSE WORKING RELATIONSHIP.

REVIEW AUTHORITY: Robert Homme, Senior Reviewer

UNCLASSIFIED U.S. Department of State Case No. F-2010-07900 Doc No. C17686405 Date: 09/04/2012  
THANK YOU VERY MUCH FOR THE MAGNIFICENT WATERFORD  
CRYSTA BOWL FILLED WITH SHAMROCKS. I'M TRULY GRATEFUL  
FOR THIS WARM GESTURE OF IRISH-AMERICAN GOODWILL.

BARBARA ASKS THAT I CONVEY HER SPECIAL THANKS FOR THE  
BEAUTIFUL IRISH LINENS. SHE DEEPLY APPRECIATES YOUR  
KIND GESTURE.

WITH OUR BEST WISHES,

SINCERELY,  
GEORGE BUSH

HIS EXCELLENCY  
CHARLES HAUGHEY  
PRIME MINISTER OF IRELAND  
DUBLIN

END TEXT.

THE SIGNED ORIGINAL WILL FOLLOW. BAKER

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PAGE 01 STATE 112702  
ORIGIN EUR-00

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DRAFTED BY: EUR/NE:KLONGMYER (0429S)

APPROVED BY: EUR:MJWILKINSON

EUR/NE:VSGRAY

EUR/SOV:ISILINS

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FM SECSTATE WASHDC

TO AMEMBASSY DUBLIN PRIORITY

INFO AMEMBASSY MOSCOW PRIORITY

C O N F I D E N T I A L STATE 112702

RELEASED IN FULL

E.O. 12356: DECL: OADR

TAGS: PREL, EI, UR

SUBJECT: IRELAND OFFERS TO HOST SUMMIT

1. CONFIDENTIAL ENTIRE TEXT.

2. ON APRIL 10, IRISH AMBASSADOR MACKERNAN CALLED EUR  
DAS JAMES WILKINSON TO SAY THAT HE HAD BEEN INSTRUCTED  
TO CONFIRM THAT DURING THE RECENT GORBA HEV VISIT TO  
SHANNON AIRPORT, PRIME MINISTER HAUGHEY HAD OFERED  
IRELAND AS A POSSIBLE SITE FOR A U.S. - SOVIE SUMM T.  
DUBLIN HAD ASKED MACKERNAN TO STATE THAT THE GOI WOULD  
BE PLEASED AND HONORED TO PROVIDE APPROPRIATE FACILIT S  
SHOULD BOTH SIDES DESIRE TO MEET IN IRELAND. WILKINSON  
ACCEPTED THE INFORMATION WITHOUT COMMENT.

3. MACKERNAN ALSO NOTED THAT LITTLE OF SUBSTANCE HAD  
OCCURRED DURING THE SOVIET LEADER'S VISIT AND BRIEF  
TAKS. THERE HAD BEEN NO SPECIFICS, EVEN ON ECONOMIC  
AFAIRS, BUT THE IRISH WILL BE SENDING A HIGH LEVEL  
DELEGATION TO MOSCOW SHORTLY TO EXPLORE POSSIBILITIES  
FOR EXPANDING RELATIONS IN THIS AREA. BAKER  
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REVIEW AUTHORITY: Robert Homme, Senior Reviewer

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PAGE 01 DUBLIN 02011 311706Z  
ACTION ARA-00

INFO	LOG-00	ADS-00	INR-07	EUR-00	SS-00	OIC-02	CIAE-00
	DODE-00	H-01	IO-19	NSCE-00	NSAE-00	SSO-00	HA-09
	L-03	TRSE-00	PM-10	PA-01	OMB-01	INRE-00	USIE-00
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FM AMEMBASSY DUBLIN  
TO SECSTATE WASHDC IMMEDIATE 1872  
INFO EC COLLECTIVE  
AMEMBASSY MOSCOW

RELEASED IN FULL

C O N F I D E N T I A L DUBLIN 02011

E.O. 12356: DECL: OADR  
TAGS: PREL, EI, US, UR, NU  
SUBJECT: DEMARCHE ON BIPARTISAN ACCORD ON CENTRAL AMERICA

REF: (A) STATE 093892, (B) STATE 094212 (NOTAL)

1. (C--ENTIRE TEXT.)

2. SUMMARY. IRISH WELCOME THE BIPARTISAN ACCORD AND WOULD SUPPORT A FAVORABLE EC STATEMENT. HOWEVER, GOI WILL NOT ISSUE ITS OWN STATEMENT. CENTRAL AMERICA IS NOT ON THE AGENDA FOR THE GORBACHEV-HAUGHEY MEETING APRIL 2, BUT IN RESPONSE TO OUR REQUEST THE IRISH MAY RAISE NICARAGUA IN PASSING. END SUMMARY.

3. DCM CARRIED OUT DEMARCHE REQUESTED REFTELS WITH DFA POLITICAL DIRECTOR MURPHY IN TWO MEETINGS MARCH 29 AND 31. IN ADDITION TO MAKING POINTS REF A AND LEAVING COPIES OF THE AGREEMENT AND THE PRESIDENT'S STATEMENT, DCM UNDERLINED THE CONGRUITY OF CERTAIN ELEMENTS OF THE ACCORD WITH LONGSTANDING IRISH VIEWS ON CENTRAL AMERICA  
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AND URGED GOI TO ACKNOWLEDGE THEM WITH A STATEMENT OF SUPPORT. HE NOTED FURTHER SECRETARY BAKER'S CONVERSATION ON CENTRAL AMERICA WITH PRIME MINISTER HAUGHEY AND URGED THAT HAUGHEY RAISE THE ACCORD DURING GORBACHEV'S

REVIEW AUTHORITY: Robert Homme, Senior Reviewer

4. MURPHY WELCOMED THE ACCORD NOTING THAT IT GOES IN THE DIRECTION WHICH THE EC 12 HAVE LONG BEEN URGING. COUPLED WITH THE POTENTIALLY "HISTORIC" NICARAGUAN AGREEMENT ON MODALITIES FOR AN ELECTION AT THE TESORO BEACH MEETING, MURPHY OPINED THINGS WERE MOVING IN THE RIGHT DIRECTION FOR THE FIRST TIME IN A LONG TIME. HE GAVE SOME CREDIT TO THE SOVIETS WHO, IN HIS VIEW, HAVE BEEN CRITICAL OF SANDINISTA HANDLING OF HUMAN RIGHTS AND ECONOMIC ISSUES RECENTLY. WHEN PRESSED ON WHETHER THE GOI WOULD ISSUE A STATEMENT WELCOMING THE ACCORD, MURPHY DEMURRED. IRELAND PREFERRED NOT TO ISSUE A STATEMENT ON A REGIONAL DISPUTE IN WHICH THEY WERE NOT DIRECTLY INVOLVED, BUT WOULD SUPPORT A FAVORABLE EC STATEMENT IF PROPOSED BY SOMEONE ELSE.

5. WE PLACED CONSIDERABLE EMPHASIS ON HAUGHEY'S DISCUSSION WITH SECRETARY BAKER ON CENTRAL AMERICA AS THE BASIS FOR THE REQUEST FOR HAUGHEY TO RAISE CENTRAL AMERICA DURING GORBACHEV'S TWO-HOUR STOPOVER AT SHANNON AIRPORT APRIL 2. INITIALLY, MURPHY WAS NOT RECEPTIVE. HE SAID TIME WAS VERY SHORT, THE ONLY REGIONAL ISSUE ON THE AGENDA WAS THE MIDDLE EAST AND, MOST IMPORTANTLY, IRELAND HAD NO DIRECT INTEREST IN CENTRAL AMERICA. WE NOTED WE WERE NOT ASKING FOR A DETAILED DISCUSSION OF CENTRAL AMERICA, ONLY ACKNOWLEDGEMENT OF THE BIPARTISAN ACCORD AS A MOVE FORWARD AND THE NEED FOR THE SOVIETS TO BE HELPFUL, OR AT LEAST NOT BLOCK PROGRESS.  
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6. SUBSEQUENTLY, MURPHY TOLD US HE HAD DISCUSSED THE ISSUE WITH HAUGHEY WHO NOTED THE GOOD VISIT HE HAD IN WASHINGTON WITH THE PRESIDENT AND THE SECRETARY AND HIS DESIRE TO BE HELPFUL. HE INDICATED HE WOULD CONSIDER RAISING THE ISSUE IN THE CONTEXT OF THE SCHEDULED EXCHANGE ON THE INTERNATIONAL SITUATION. MURPHY TOLD US IF HAUGHEY DID MENTION THE ISSUE IT WOULD BE VERY BRIEFLY AND ONLY TO NOTE THE NEED FOR PROGRESS IN CENTRAL AMERICA AS PART OF THE WIDER EFFORT TO REDUCE INTERNATIONAL TENSIONS.

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ACTION EUR-00

INFO	LOG-00	ADS-00	AID-00	INR-07	CIAE-00	EB-00	DODE-00
	H-01	EXIM-06	NSAE-00	COME-00	LAB-04	CTME-00	TRSE-00
	ITC-01	OPIC-07	OMB-01	STR-17	INRE-00	SEC-01	AGRE-00
	FRB-01	USIE-00	JUSE-00	SP-02	C-01	E-01	T-01
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FM AMEMBASSY DUBLIN  
TO SECSTATE WASHDC 1596  
INFO EC COLLECTIVE

UNCLAS SECTION 01 OF 03 DUBLIN 01047

RELEASED IN FULL

BRUSSELS FOR USEC

PASS AGRICULTURE ELECTRONICALLY FOR T&C, DLP AND ERS

BATF FOR BUSEY

E.O. 12356: N/A  
TAGS: ECON, EFIN, EAGR, EI  
SUBJECT: FINANCE MINISTER ANNOUNCES 1989 BUDGET

1. SUMMARY: FINANCE MINISTER ALBERT REYNOLDS PRESENTED THE GOVERNMENT'S 1989 BUDGET TO THE IRISH PARLIAMENT (DAIL) ON JANUARY 25. THE BUDGET IS GENERALLY CONSIDERED TO BE A SAFE, CONSERVATIVE ONE WHICH BUILDS ON THE GOVERNMENT'S SUCCESS IN RECENT YEARS IN REDUCING THE EXCHEQUER BORROWING REQUIREMENT AND STABILIZING NATIONAL DEBT. MINISTER REYNOLDS ANNOUNCED MINOR CUTS IN TAXATION FOR THOSE IN THE STANDARD AND UPPER TAX BRACKETS, BUT OFFSET THOSE CUTS BY REDUCING SOME DEDUCTIONS, AND BY RAISING EXCISE TAXES ON BEER, ALCOHOLIC BEVERAGES, TOBACCO AND GASOLINE. EXCHEQUER BORROWING FOR THE YEAR IS ESTIMATED AT IP  
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1.057 BILLION. COMBINED WITH REYNOLD'S ESTIMATE OF REAL GNP GROWTH IN 1989 (3 PERCENT), EXCHEQUER BORROWING WOULD AMOUNT TO ABOUT 5.3 PERCENT OF GNP THIS YEAR, COMPARED TO AN UNDERLYING RATE OF ABOUT 6.1

REVIEW AUTHORITY: Robert Homme, Senior Reviewer

2. REACTION TO THE BUDGET MESSAGE HAS BEEN FAIRLY  
SUBDUED, PRIMARILY BECAUSE HELD NO REAL SURPRISES.  
POLITICAL POLLS TAKEN AFTER THE BUDGET ANNOUNCEMENT  
SHOWED THAT ALMOST 70 PERCENT OF THOSE POLLED BELIEVED  
THAT THE BUDGET WAS GENERALLY AS THEY HAD EXPECTED,  
AND 73 PERCENT INDICATED THAT THE BUDGET WOULD NOT  
BRING ABOUT A CHANGE IN THEIR LIVING STANDARDS. THE  
BUDGET ALSO SEEMS TO HAVE GIVEN A BOOST TO THE RULING  
FIANNA FAIL GOVERNMENT, WHICH NOW ENJOYS THE SUPPORT  
OF 54 PERCENT OF THOSE POLLED. GIVEN THE PUBLIC  
REACTION, IT SEEMS VERY UNLIKELY THAT THE BUDGET WILL  
PROVIDE OPPOSITION PARTIES ANY INROADS AGAINST THE  
GOVERNMENT OF PRIME MINISTER CHARLES HAUGHEY. END  
SUMMARY.

3. THE 1989 BUDGET ANNOUNCED BY FINANCE MINISTER  
ALBERT REYNOLDS ON JANUARY 25 OFFERED FEW SURPRISES.  
CONTINUING THE GOVERNMENT'S POLICY OF RECENT YEARS,  
THE MAIN THEME OF THE 1989 BUDGET IS REDUCING THE  
EXCHEQUER BORROWING REQUIREMENT AND STABILIZING THE  
NATIONAL DEBT. IN 1988, THE GOVERNMENT ENJOYED A  
LARGE MEASURE OF SUCCESS IN REDUCING ITS BORROWING  
NEEDS, THANKS TO A VERY SUCCESSFUL TAX AMNESTY (WHICH  
BROUGHT IN IP 500 MILLION), LOWER INTEREST RATES,  
LOWER THAN EXPECTED UNEMPLOYMENT AND GENERAL TAX  
BUOYANCY. IN EARLY 1988, THE GOVERNMENT ESTIMATED  
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THAT EXCHEQUER BORROWING WOULD AMOUNT TO ABOUT IP 1.477  
BILLION, OR ABOUT 8.2 PERCENT OF ESTIMATED GNP. BY  
THE END OF THE YEAR, THE ACTUAL FIGURES PUT EXCHEQUER  
BORROWING AT ONLY ABOUT IP 619 MILLION, OR ROUGHLY  
3.3 PERCENT OF GNP. EXCLUDING THE ONE TIME TAX AMNESTY  
RECEIPTS, BORROWING WOULD HAVE BEEN ABOUT 6.1 PERCENT  
OF GNP. HOWEVER, DESPITE THE SUCCESS ACHIEVED IN  
1988, THE NATIONAL DEBT STILL INCREASED BY IP 900  
MILLION DURING THE YEAR.

4. THE 1989 BUDGET ESTIMATES THE COUNTRY'S BORROWING  
REQUIREMENT AT IP 1.057 MILLION. COMBINED WITH  
ESTIMATED GNP GROWTH OF 3 PERCENT THIS YEAR, THIS  
FIGURE IS EXPECTED TO BE ABOUT 5.3 PERCENT OF GNP. THIS  
RESULT PUTS THE GOVERNMENT WELL WITHIN THE TARGET SET

UNCLASSIFIED U.S. Department of State Case No. F-2010-07900 Doc No. C17686408 Date: 09/04/2012  
IN THE PROGRAM FOR NATIONAL RECOVERY SIGNED WITH THE  
SOCIAL PARTNERS IN OCTOBER 1987, WHICH CALLED FOR AN  
EXCHEQUER BORROWING REQUIREMENT IN THE RANGE OF 5-7  
PERCENT OF GNP.

5. GIVEN THE GOVERNMENTS BUDGET SUCCESS IN 1988 AND  
THE GROWTH OF THE ECONOMY, IT WAS GENERALLY ASSUMED  
THAT MINISTER REYNOLDS WOULD HAVE A LITTLE MORE ROOM  
FOR MANEUVER IN THE 1989 BUDGET. HE RESPONDED BY  
REDUCING THE STANDARD TAX RATE FROM 35 PERCENT TO 32  
PERCENT, AND THE TOP RATE FROM 58 PERCENT TO 56  
PERCENT. THESE TAX REDUCTIONS ARE ESTIMATED TO REDUCE  
REVENUES BY IP 126 MILLION. THERE WERE NO CHANGES  
ANNOUNCED FOR CORPORATE TAXATION. HOWEVER, THE  
MINISTER SAID THAT THERE WOULD BE A REVIEW OF CORPORATE  
TAX POLICIES DURING THE 1990 BUDGET PROCESS. IN  
ADDITION REYNOLDS ANNOUNCED GENERAL INCREASES IN SOCIAL  
WELFARE PAYMENTS OF THREE PERCENT, WITH A SPECIAL 12  
PERCENT INCREASE FOR THE LONG-TERM UNEMPLOYED.

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PAGE 01 DUBLIN 01047 02 OF 03 141013Z  
ACTION EUR-00

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TO SECSTATE WASHDC 1597  
INFO EC COLLECTIVE



UNCLAS SECTION 02 OF 03 DUBLIN 01047

BRUSSELS FOR USEC

PASS AGRICULTURE ELECTRONICALLY FOR T&C, DLP AND ERS

BATF FOR BUSEY

6. CONCESSIONS IN THE BUDGET WERE OFFSET, IN LARGE MEASURE, BY INCREASES IN THE EXCISE TAX ON BEER (1 PENCE PER PINT), ALCOHOLIC BEVERAGES (2 PENCE PER GLASS OF SPIRITS AND 4 PENCE PER BOTTLE OF WINE), TOBACCO (4 PENCE PER PACK OF 20) AND GASOLINE (5 PENCE PER GALLON). TAKEN TOGETHER, THESE EXCISE TAX INCREASES ARE EXPECTED TO MEAN IP 28.5 MILLION IN ADDITIONAL REVENUE FOR THE GOVERNMENT. IN ADDITION REYNOLDS ANNOUNCED THE REDUCTION OF TAX DEDUCTIONS FOR MORTGAGE INTEREST AND LIFE INSURANCE PREMIUMS, A CHANGE WHICH HE SAID WOULD BRING IN NEW REVENUE OF IP 16.8 MILLION.

7. THE GOVERNMENT'S BUDGET PROVIDED FOR A MODEST 1.7 PERCENT INCREASE IN CURRENT SPENDING FROM 1988 ACTUAL SPENDING LEVELS, WHICH IN VIEW OF EXPECTED INFLATION

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PAGE 02 DUBLIN 01047 02 OF 03 141013Z

(ESTIMATED AT 2.75 PERCENT FOR 1989) MEANS A REAL DECREASE. CAPITAL SPENDING, ON THE OTHER HAND IS SLATED TO INCREASE BY ABOUT 6.2 PERCENT IN NOMINAL TERMS, A WELCOME PROSPECT TO THE BUILDING AND CONSTRUCTION INDUSTRY WHICH HAS SUFFERED IN RECENT YEARS FROM GOVERNMENT CUTBACKS IN CAPITAL SPENDING.

8. THE INCREASE IN THE CAPITAL EXPENDITURE BUDGET IS DUE PRIMARILY TO THE EXPECTATION OF ADDITIONAL STRUCTURAL FUND TRANSFERS FROM THE EUROPEAN COMMISSION IN 1989. IRELAND RECEIVED ABOUT IP 339.3 MILLION FROM THE EC STRUCTURAL FUNDS IN 1988, INCLUDING ABOUT IP 145 MILLION FROM THE REGIONAL DEVELOPMENT FUND. THE EC HAS ALREADY COMMITTED IP 125 MILLION FOR IRELAND IN 1989, AND ACCORDING TO MINISTER REYNOLDS, WILL COMMIT AT LEAST IP 75 MILLION MORE. CONSEQUENTLY, MINISTER REYNOLDS PROVIDED IN THE BUDGET FOR NEW PROJECTS WORTH IP 60.5 MILLION, INCLUDING IP 34 MILLION FOR ROAD IMPROVEMENTS, IP 10 MILLION FOR

UNCLASSIFIED U.S. Department of State Case No. F-2010-07900 Doc No. C17686408 Date: 09/04/2012  
SANITARY SERVICES, IP 11.5 MILLION FOR INDUSTRIAL  
PROMOTION AND MARKETING, IP 3.5 MILLION FOR TOURISM  
DEVELOPMENT, IP 1.5 MILLION FOR FISHERY HARBOR  
DEVELOPMENT. IN ADDITION, REYNOLDS ANNOUNCED SPECIAL  
GRANT ASSISTANCE OF IP 14.5 MILLION FROM THE EUROPEAN  
REGIONAL DEVELOPMENT FUND WHICH WOULD NOT INVOLVE  
EXCHEQUER EXPENDITURES.

9. OVERALL, GOVERNMENT EXPENDITURES ARE EXPECTED TO  
INCREASE FROM IP 9.369 BILLION IN 1988 (ACTUAL) TO  
ABOUT IP 9.596 BILLION IN 1989, AND INCREASE OF 2.4  
PERCENT IN NOMINAL TERMS. HOWEVER, CORRECTED FOR  
EXPECTED INFLATION, THE BUDGET REPRESENTS A SLIGHT  
DECREASE IN SPENDING OVERALL.

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PAGE 03 DUBLIN 01047 02 OF 03 141013Z

10. THERE WERE A FEW CHANGES AFFECTING AGRICULTURE.  
THE MINISTER RAISED THE VALUE ADDED TAX (VAT) REFUND TO  
FARMERS FROM 1.4 PERCENT OF SALES TO 2 PERCENT, AT A  
COST OF IP 12 MILLION. THIS REFUND COMPENSATES THE  
SMALLER FARMERS WHO ARE NOT REGISTERED FOR VAT AND  
THEREFORE ARE UNABLE TO RECLAIM VAT OF FARM EXPENSES.  
POORER FARM FAMILIES WILL ALSO BENEFIT FROM THE SPECIAL  
MEASURES FOR LOW INCOME FAMILIES. UNDER A PILOT SCHEME  
TO ENCOURAGE THE USE OF CALF TWINNING TECHNIQUES, A  
GRANT OF IP 20 PER TREATED COW WILL BE PAID UP TO A  
MAXIMUM OF 1000 COWS.

11. DESPITE THE CONCESSION ON VAT, FARMER  
ORGANIZATIONS' REACTION TO THE BUDGET HAS BEEN  
HOSTILE. THE IFA CHARGED THAT THERE WERE NO MAJOR NEW  
INITIATIVES TO STIMULATE AGRICULTURAL PRODUCTION AND  
THAT THE MINISTER HAD NOT GONE FAR ENOUGH ON THE VAT  
REFUND. THE RIVAL ICMSA STRONGLY CRITICISED THE  
MINISTER'S FIRM COMMITMENT NOT TO GIVE WAY ON ICMSA'S  
DEMANDS FOR A RETURN TO A LAND TAX OPTION FOR  
FARMERS, INSTEAD OF INCOME TAX ON ACCOUNTS.

12. GENERAL REACTIONS TO THE GOVERNMENT'S BUDGET HAVE  
RANGED FROM MUTED TO MILDLY FAVORABLE. ALMOST NO ONE  
DISAGREES WITH THE GOVERNMENT'S EMPHASIS ON  
CONSOLIDATING AND BUILDING UPON PAST SUCCESS IN  
BRINGING PUBLIC FINANCES AND DEBT UNDER CONTROL. THE  
SUCCESS OF THOSE EFFORTS HAVE PAID OFF RATHER WELL IN

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PAGE 01 DUBLIN 01047 03 OF 03 141012Z  
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	ITC-01	OPIC-07	OMB-01	STR-17	INRE-00	SEC-01	AGRE-00
	FRB-01	USIE-00	JUSE-00	SP-02	C-01	E-01	T-01
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TO SECSTATE WASHDC 1598  
INFO EC COLLECTIVE

UNCLAS SECTION 03 OF 03 DUBLIN 01047

BRUSSELS FOR USEC

PASS AGRICULTURE ELECTRONICALLY FOR T&C, DLP AND ERS

BATF FOR BUSEY

THE FORM OF REDUCED PUBLIC SECTOR BORROWING  
REQUIREMENTS, LOW INFLATION (2.1 PERCENT IN 1988),  
REDUCED INTEREST RATES, LOWER THAN EXPECTED  
UNEMPLOYMENT, STRONG EXPORTS, LARGE TRADE AND  
CURRENT ACCOUNT SURPLUSES, AND GOOD ECONOMIC GROWTH.

13. THERE IS ALSO GENERAL AGREEMENT THAT THE REDUCTION OF PERSONAL INCOME TAX RATES IS A STEP IN THE RIGHT DIRECTION, ALTHOUGH ONLY A SMALL ONE SO FAR. PRIME MINISTER HAUGHEY TOLD REPORTERS, A FEW DAYS AFTER REYNOLDS' BUDGET SPEECH, THAT THE GOVERNMENT WOULD INTRODUCE FURTHER TAX RATE CUTS NEXT YEAR, IF BUDGET TARGETS WERE MET IN 1989.

14. THE INCREASES IN SOCIAL WELFARE PAYMENTS, WHILE NOT THE BROAD ATTACK ON POVERTY IN IRELAND THAT SOME UNCLASSIFIED

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PAGE 02 DUBLIN 01047 03 OF 03 141012Z

HAVE ADVOCATED, IS GENERALLY CONSIDERED TO BE A POSITIVE DEVELOPMENT, GIVEN THE NEED FOR CONTINUED FISCAL AUSTERITY. THE 12 PERCENT INCREASE FOR THE LONG-TERM UNEMPLOYED WAS PARTICULARLY WELCOME TO THOSE WHO CHAMPION SOCIAL CONCERNS. IN RECENT MONTHS, BOTH THE IRISH CONGRESS OF TRADE UNIONS (ICTU) AND THE CATHOLIC CHURCH HAVE SPOKEN OUT ABOUT THE PLIGHT OF THE POOR IN IRELAND.

15. JOB CREATION HAS BEEN ANOTHER FAVORITE TOPIC OF UNION LEADERS IN RECENT MONTHS. MINISTER REYNOLDS SAID VERY LITTLE ABOUT THE SUBJECT IN HIS BUDGET SPEECH, INDICATING ONLY THAT A NUMBER OF CAPITAL PROJECTS FUNDED IN THE 1989 BUDGET WOULD HELP TO CREATE MORE JOBS. HOWEVER, PRIME MINISTER HAUGHEY SAID IN HIS SPEECH ON THE BUDGET (FEB. 1) THAT THE MEASURES INTRODUCED BY MINISTER REYNOLDS WOULD CREATE SEVERAL THOUSAND JOBS, AND THAT THE GOVERNMENT EXPECTED TOTAL EMPLOYMENT TO INCREASE BY 13,000 DURING 1989.

16. EMBASSY COMMENTS TO BE REPORTED SEPTTEL.  
HECKLER

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STATE PASS AGRICULTURE ELECTRONICALLY FOR O'MARA/ITP;  
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E.O. 12356: N/A  
TAGS: PREL, EAGR, EEC, EI  
SUBJECT: NEW IRISH COMMISSIONER FOR THE EEC

FOLLOWING TEL SENT ACTION SECSTATE, INFO EC COLLECTIVE  
22 NOV 88 BEING REPEATED FOR YOUR INFO:

QUOTE:

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STATE ALSO FOR EUR/NE AND INR/B

E.O. 12356: N/A  
TAGS: PREL, EEC, EI  
SUBJECT: NEW IRISH COMMISSIONER FOR THE EEC

1. THE LONG-ANTICIPATED ANNOUNCEMENT OF RAY MACSHARRY,  
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PAGE 02 DUBLIN 00603 271117Z

FINANCE MINISTER, TO BE THE NEW IRISH COMMISSIONER WAS  
MADE BY PRIME MINISTER HAUGHEY ON WEDNESDAY, 16  
NOVEMBER. THE IRISH GOVERNMENT HAS REASONS TO BELIEVE  
THAT MACSHARRY, WHO WILL BE REPLACING PETER SUTHERLAND,

REVIEW AUTHORITY: Robert Homme, Senior Reviewer

UNCLASSIFIED U.S. Department of State Case No. F-2010-07900 Doc No. C17686409 Date: 09/04/2012  
WILL RECEIVE EITHER THE AGRICULTURE OR THE STRUCTURAL  
FUND PORTFOLIO. IT IS EXPECTED THAT ALBERT REYNOLDS,  
MINISTER FOR INDUSTRY AND COMMERCE, WILL BECOME THE NEW  
FINANCE MINISTER.

2. BIO NOTE. MACSHARRY, AGED 50, IS THE HEIR-APPARENT  
TO PRIME MINISTER HAUGHEY AS LEADER OF FIANNA FAIL,  
STANDING HEAD-AND-SHOULDERS ABOVE THE OTHER CONTENDERS  
IN THE GOVERNING PARTY. INDEED, SO FIRMLY IS HIS  
EVENTUAL SUCCESSION SET IN THE PUBLIC MIND, THAT THE  
RECENT SERIOUS ILLNESS OF THE PRIME MINISTER PROVOKED  
A ROUND OF SPECULATION THAT MACSHARRY WOULD NOT BE GOING  
TO BRUSSELS AFTER ALL.

3. AS A SELF-MADE MAN (IN AGRICULTURAL SERVICES),  
LACKING A UNIVERSITY EDUCATION, MACSHARRY IS A HARD  
WORKER WITH THE REPUTATION OF A POWERFUL MEMORY. HE  
USES HIS STAFF WELL, TRUSTING IN THEIR ADVICE. HE HAS  
RECEIVED HIGH MARKS FOR ALL HIS MINISTERIAL STINTS,  
NOTABLY IN THE EEC CONTEXT AS AGRICULTURE MINISTER  
DURING THE 1979 IRISH PRESIDENCY. (HE WAS AN MEP  
1984-87.)

4. HIS POLITICAL CAREER, HOWEVER, HAS NOT BEEN  
WITHOUT DARK PERIODS. FIRST ELECTED TO THE IRISH  
PARLIAMENT IN 1969, HE MADE HIS CAREER MOVE, AS A  
JUNIOR MINISTER, BY OPPOSING HIS MINISTER IN THE  
SUCCESSION TO JACK LYNCH AS FIANNA FAIL LEADER IN 1979  
AND BACKING--ACTUALLY NOMINATING--THE EVENTUAL WINNER,  
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PAGE 03 DUBLIN 00603 271117Z

CHARLES HAUGHEY. HE HAS REMAINED CONSTANT TO HAUGHEY  
THROUGHOUT THE SUBSEQUENT CHALLENGES TO HIS LEADERSHIP.  
IN ONE SUCH CHALLENGE, HE WAS CAUGHT UP ON THE  
PERIPHERY OF A BUGGING SCANDAL. THOUGH HIS PERSONAL  
HONOR WAS VINDICATED, HE HAD TO RESIGN HIS FRONT-BENCH  
POST AND FOR FIVE YEARS DID NOT RETURN TO A LEADERSHIP  
POSITION UNTIL NAMED MINISTER FOR FINANCE IN MARCH  
1987. AS FINANCE MINISTER, HE HAS ENJOYED THE  
CONFIDENCE AND ESTEEM OF VIRTUALLY ALL THE PARTIES AS  
HE BROUGHT PUBLIC FINANCES BACK FROM THE VIRTUAL  
BANKRUPTCY OF THE MID-1980S.

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**"TREAT AS ORIGINAL"**

United States Department of State

Washington, D. C. 20520

89 FEB 28

07 FEB-17 0:20 AM

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**LIST**

# ACTION MEMORANDUM

FEB 17 1969

**TO: The Secretary**

FROM: EUR - Charles H. Thomas, Acting

SUBJECT: Appointment Request for Irish Prime Minister Charles Haughey

**REQUEST :**

That you receive Haughey in your office for 30 minutes.

TREAT AS ORIG TO FAIM

Dist to:

**PURPOSE:**

-- Haughey would like to get acquainted with you and to discuss Anglo-Irish efforts to address the problems of Northern Ireland.

RELEASED IN FULL

-- A meeting would also provide an opportunity for you to encourage Ireland to continue playing positive roles in Northern Ireland, the EC, and in the UN.

**BACKGROUND:**

Haughey will visit the U.S. March 15 - 17 at the invitation of the Speaker of the House of Representatives. The Prime Minister has indicated that he would like to call on you on March 16 and to present shamrocks to the President on St. Patrick's Day.

**TIMING:**

The Prime Minister would prefer to meet you  
on March 16. The call would last 30 minutes.

**LOCATION:**

**Your office.**

**PROPOSED**

## **PARTICIPANTS:**

**U.S.**

## Ireland

The Secretary  
Assistant Secretary  
Ridgway  
Ambassador  
Margaret Heckler  
Desk Officer for Ireland  
Kenneth Longmyer  
(Notetaker)

**The Prime Minister  
Ambassador MacKernan  
Under Secretary  
Padraig O'Huiginn  
DCM Martin Burke**

**DECONTROLLED**

**REVIEW AUTHORITY:** Robert Homme, Senior Reviewer

2890 098-1127

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- 2 -

MEDIA:

A photo opportunity at the beginning of the office call.

RECOMMENDATION:

That you agree to receive Prime Minister Haughey in your office on March 16.

Approve \_\_\_\_\_

Disapprove \_\_\_\_\_

Time \_\_\_\_\_

Attachment:

Biographic information on Charles Haughey

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- 3 -

Drafted: EUR/NE:KLongyer  
02/16/89 x76071 wl130d  
Cleared: EUR:MJWilkinson  
EUR/NE:VSGay  
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United States Department of State

Washington, D.C. 20520

UNCLASSIFIED

February 18, 1989

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MEMORANDUM FOR BRENT SC OWCROFT  
THE WHITE HOUSE

Subject: Appointment Request for Irish Prime Minister Charles Haughey

Irish Prime Minister Charles Haughey will visit the U.S. March 15 - 17 as the guest of Speaker of the House of Representatives Jim Wright. The Speaker will give a lunch for the Prime Minister on March 17. We understand that the Speaker plans to invite the President to join them. Mr. Haughey has indicated that he would like to make the traditional St. Patrick's Day call on the President on the morning of March 17 to present a bowl of Shamrocks and to discuss issues of mutual interest. The Prime Minister has also requested a meeting with Secretary Baker.

Receiving the Prime Minister would provide an excellent opportunity for the President to pay tribute to the friendship and ties which exist between Ireland and the United States, to affirm U.S. support for the Anglo-Irish Agreement, and to encourage Americans to reject organizations which support terrorism. Such a meeting would also provide an occasion to discuss bilateral issues including immigration.

*Melvyn Levitsky*

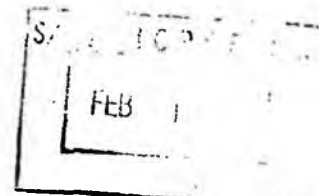
Melvyn Levitsky  
Executive Secretary

Attachments:

1. Biographic information on Prime Minister Haughey

REVIEW AUTHORITY: Robert Homme, Senior Reviewer

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Drafted: EUR/NE: KLongmyer *KL*

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Cleared: EUR: MJWilkinson.

EUR/NE: VSGray *VS*

EUR/NE: EMHeaphy *EH*

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United States Department of State

Washington, D.C. 20520

March 9, 1989

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MEMORANDUM FOR DAVID Q. BATES  
THE WHITE HOUSE

Subject: Weekly Cabinet Report -- Week of March 13

MAR 10 1989

THE WEEK AHEAD

SECRETARIAL ACTIVITIES

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- March 13. Secretary Baker meets with Israeli Foreign Minister Arens.
- March 13. Secretary Baker meets with Spanish Foreign Minister Ordonez.
- \*\*\* March 14. Secretary Baker testifies in open hearings before the House Appropriations Subcommittee on Foreign Operations (Obey) on the FY-90 Foreign Aid Appropriations.
- \*\*\* March 15. Secretary Baker testifies in open hearings before the Senate Appropriations Subcommittee on Foreign Operations (Leahy) on U.S. Foreign Assistance.
- March 15. Secretary Baker meets with Jamaican Prime Minister Manley.
- March 16. Secretary Baker meets with Irish Prime Minister Haughey.
- March 16. Secretary Baker meets with Australian Foreign Minister Evans.

LEGISLATIVE ACTIVITIES

- March 13. The House Appropriations Subcommittee on Commerce, Justice and State (N. Smith) holds open hearings on the Foreign Buildings Program. Assistant Secretary Robert Lamb testifies.
- March 13. The House Appropriations Subcommittee on Commerce, Justice and State (N. Smith) holds open hearings on International Organizations and Conferences. Deputy Assistant Secretary Shaw

Drafted: S/S-S: WJHaugh

ith testifies

REVIEW AUTHORITY: Robert Homme, Senior Reviewer

Cleared: S/S-S: MKloss

S: KGroomes

C: RNBurns

H: JMullins (draft)

Page 2  
Department of State

March 14. The HFAC Subcommittee on International Operations (Dymally) holds open hearings on Contributions to International Organizations. Ambassador Thomas Pickering testifies.

March 14. The Senate Appropriations Subcommittee on Transportation (Lehman) holds open hearings on Aviation Security. Ambassador Alvin Adams testifies.

March 14. The HFAC Task Force on Narcotics (L. Smith) holds hearings on Narcotics in Southwest Asia and the Middle East. Assistant Secretary Ann Wrobleski testifies.

March 15. The HFAC Task Force on Narcotics (L. Smith) holds open hearings on Narcotics in Southeast Asia and the Pacific. Assistant Secretary Ann Wrobleski testifies.

March 15. The House Appropriations Subcommittee on Foreign Operations (Obey) holds open hearings on FY-90 Security Assistance. Assistant Secretary Allen Holmes testifies.

March 15. The Senate Appropriations Subcommittee on Foreign Operations (Leahy) holds open hearings on Development Assistance. Alan Woods, Administrator of A.I.D., testifies.

#### EVENTS, MEETINGS

March 13-15. The International Civil Aviation Organization meets in Montreal to consider the shooting down of Iran Air 655.

#### UPDATE FROM PREVIOUS REPORTS

On March 9, Secretary Baker testified in closed hearings before the House Foreign Affairs Subcommittee on Commerce, Justice and State (N. Smith) on the FY-90 Department of State Funding Request.

Page 3  
Department of State

ON THE HORIZON

Nothing to report.

*Melvyn Levitsky*  
Melvyn Levitsky  
Executive Secretary



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United States Department of State

Washington, D.C. 20520



IG TO WH  
ST.:

89 MAR 14 A9:01

March 14, 1989

MEMORANDUM FOR BRENT SCOWCROFT  
THE WHITE HOUSE

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/LSC

Subject: Presidential St. Patrick's Day Statement

Attached is the State Department draft of the traditional Presidential St. Patrick's Day statement. This proclamation provides an excellent opportunity to affirm publicly Administration positions on several key issues, including U.S. support for the Anglo-Irish Agreement and the International Fund for Ireland, praise for Ireland's contributions to UN peacekeeping forces, and condemnation of terrorism. The statement will coincide with Prime Minister Charles Haughey's first call on President Bush.

*Melvyn Levitsky*  
Melvyn Levitsky  
Executive Secretary

Attachment:

As stated

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Drafted: EUR/NE:KLongmyer  
03/06/89 x76071 w0078s  
Cleared: EUR: MJWilkinson  
EUR/NE: EMHeaphy  
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MAR 15 1989

REVIEW AUTHORITY: Robert Homme, Senior Reviewer



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United States Department of State

MAR 2 1989

Washington, D. C. 20520

CONFIDENTIAL

BRIEFING MEMORANDUM

S/S 3/15

8905467  
MAR 14 1989  
7:04 PM

RELEASED IN FULL

TO: The Secretary

FROM: EUR - Rozanne L. Ridgway

SUBJECT: Meeting with Irish Prime Minister Haughey, Thursday  
March 16, Your Office, 9:30 - 10:00 a.m.

I. PURPOSE

- o Prime Minister Haughey would like to brief you on Anglo-Irish efforts to address the problems of Northern Ireland.
- o He would also like to express appreciation for U.S. support for these efforts and for U.S. contributions to the International Fund for Ireland.
- o We expect that Haughey will urge the Bush Administration to support continued contributions to the Fund.
- o He may use this occasion to encourage the Administration to seek allocations from Congress to enable the U.S. to meet completely our assessment for UN peacekeeping operations, especially UNIFIL.
- o Haughey will want your impressions of East-West relations and prospects for arms control.

II. KEY POINTS

- o Haughey is visiting the U.S. at the invitation of Speaker Jim Wright. The Prime Minister is taking advantage of the opportunity to discuss several key issues with you, the President, Secretary Brady, and Members of Congress.
- o This call provides an opportunity for you to brief Haughey on East-West issues, to express support for Anglo-Irish efforts to address the problems of Northern Ireland, and to encourage Ireland to support U.S. and U.K. efforts to prevent Libya from providing weapons and explosives to the IRA.

MICROFIL

MAR 24 1989

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DECL:OADR

REVIEW AUTHORITY: Robert Homme, Senior Reviewer

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- 2 -

III. PARTICIPANTS

o U.S.

The Secretary  
Assistant Secretary Ridgway  
EUR/NE Director Gray  
  
Ambassador Heckler  
Deak Officer Longmyer

Ireland

Prime Minister Haughey  
Noel Dorr  
Ministry of  
Foreign Affairs  
Ambassador MacKernan  
Padraic O hUiginn  
Secretary to the  
Prime Minister  
Martin Burke  
Political Counselor

IV. PRESS COVERAGE

o There will be a photo opportunity before the meeting.

V. SEQUENCE OF EVENTS

o You, Assistant Secretary Ridgway, and Ambassador Reed will meet the Prime Minister at the Diplomatic Entrance and escort him to the James Madison Room.

Attachments:

Tab 1 - Talking points.

Tab 2 - Biographic information on Prime Minister Haughey

Drafted: EUR/NE: KLongmyer  
03/14/89 x76071 w01155  
Cleared: EUR: MJWilkinson  
EUR/NE: VSGray  
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S/CPR: ABoone

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United States Department of State

Washington, D.C. 20520

March 16, 1989

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MEMORANDUM FOR BRENT SCOWCROFT  
THE WHITE HOUSE

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Subject: Irish Prime Minister Charles Haughey's Call on the President

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Attachments:

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1. Background notes

2. Talking points

3. Biographic information on Charles Haughey  
Noel Dorr, and Ambassador MacKernan

4. Participants

Drafted: EUR/NE:KLongmyer

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REVIEW AUTHORITY: Robert Homme, Senior Reviewer

**CONFIDENTIAL**

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Embassy of the United States of America

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'89 APR-18  
Dublin, Ireland

March 23, 1989

RELEASED IN FULL

The Honorable  
James Baker  
Secretary of State  
Department of State  
Washington, D.C. 20520

Dear Jim:

I am glad we finally had a few minutes together before your meeting with Prime Minister Haughey. I think the meeting went very well and know the Prime Minister and his entourage were very pleased by the reception they received in the State Department. I am convinced that the Irish tenure in the presidency of the EC next year can be useful to us and that they will be receptive to our efforts to keep the march toward 1992 on the right track.

It was great to see you in command of the State Department.

Very best wishes,

Margaret M. Heckler  
Ambassador

REVIEW AUTHORITY: Robert Homme, Senior Reviewer

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THE WHITE HOUSE  
WASHINGTON

April 5, 1989

Dear Mr. Prime Minister:

I was delighted to greet you and your colleagues during your visit to the White House on St. Patrick's Day. It's always a genuine pleasure to welcome friends on this happy occasion.

I valued our meeting on substantive issues affecting the welfare of our two countries, and I look forward to continuing our close working relationship.

Thank you very much for the magnificent Waterford crystal bowl filled with shamrocks. I'm truly grateful for this warm gesture of Irish-American goodwill. Barbara asks that I convey her special thanks for the beautiful Irish linens. She deeply appreciates your kind gesture.

With our best wishes,

Sincerely,

*George Bush*

His Excellency  
Charles Haughey  
Prime Minister of Ireland  
Dublin

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APR - 5 1989

SCANNED

APR 7 1989

REVIEW AUTHORITY: Robert Homme, Senior Reviewer

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United States Department of State

Washington, D.C. 20520

RELEASED IN FULL

SECRETARY JAMES A. BAKER

87 APR 26 10:00 PM

EVENT: Bilateral with Irish Prime Minister Charles Haughey  
DATE: Thursday, March 16, 1989  
TIME: 9:25 a.m. - 10:05 a.m.  
LOCATION: James Madison Room, Department of State

9:25 a.m. SECRETARY BAKER, accompanied by Ambassador Heckler, proceeds to Diplomatic Entrance via private elevator.

Met in lobby by:

Roz Ridgway

Ambassador Joseph Reed

9:30 a.m. Prime Minister Haughey arrives Department of State, Diplomatic Entrance.

9:30 a.m. SECRETARY BAKER, accompanied by Ambassador Reed, proceeds to curb to greet Prime Minister Haughey.

OPEN PRESS COVERAGE

NOTE

Mr. Haughey prefers to be addressed as Taoiseach (TEE-shuk), the Gaelic salutation.

SECRETARY BAKER, accompanied by Prime Minister Haughey, proceeds to 8th Floor via private elevator.

APR 28 1989

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APR 27 1989

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PRIME MINISTER HAUGHEY BILATERAL

PAGE 2

ELEVATOR MANIFEST

SECRETARY BAKER  
Prime Minister Haughey  
Ambassador Reed  
Karen Groomes  
DS (1)  
USSS (1)

ALL OTHERS WILL BE ESCORTED BY  
PROTOCOL OFFICER TO 8TH FLOOR VIA  
SEPARATE ELEVATOR.

9:35 a.m.

SECRETARY BAKER, accompanied by Prime  
Minister Haughey, arrives 8th Floor and  
proceeds to Benjamin Franklin Room for Photo  
Opportunity.

POOL PHOTO COVERAGE

SECRETARY BAKER, accompanied by Prime  
Minister Haughey, proceeds to James Madison  
Room for Bilateral.

CLOSED PRESS COVERAGE

PARTICIPANTS

US

SECRETARY BAKER  
Bob Kimmitt  
Bob Zoellick  
Roz Ridgway  
Margaret Tutwiler  
Dennis Ross  
Ambassador Heckler  
Kenneth Longmyer (Notetaker)

GOI

Prime Minister Haughey  
Ambassador MacKernan  
Mr. o hUiginn  
Mr. Dorr  
Mr. Burke

10:00 a.m. Bilateral concludes.

PRIME MINISTER HAUGHEY BILATERAL

PAGE 3

10:00 a.m. SECRETARY BAKER, accompanied by Prime Minister Haughey, proceeds to Diplomatic Entrance via private elevator.

ELEVATOR MANIFEST

Same as on arrival.

10:05 a.m. SECRETARY BAKER bids farewell to Prime Minister Haughey at limo.

OPEN PRESS COVERAGE

SECRETARY BAKER proceeds to office.

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DENNIS DECONCINI, ARIZONA, CHAIRMAN

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COMMISSION ON  
SECURITY AND COOPERATION IN EUROPE

237 HOUSE OFFICE BUILDING ANNEX 2  
WASHINGTON, DC 20515

(202) 225-1901

June 26, 1989

The Honorable James A. Baker, III  
Secretary of State  
U.S. Department of State  
2201 C Street, N.W.  
Washington, D.C. 20520

RELEASED IN FULL

Dear Mr. Secretary:

As Co-Chairman of the Commission on Security and Cooperation in Europe, I respectfully request authorization to travel with CODEL Pascell to Ireland and England during the period June 30 through July 6, 1989.

The primary purpose of the trip will be meetings with Prime Minister Margaret Thatcher in London and Charles Haughey, Prime Minister of Ireland, in Dublin. My spouse, Judy Hoyer, will accompany me for reasons of protocol.

The Commission requests the use of Congressional travel funds pursuant to Public Law 95-384, which was signed by the President on September 26, 1978. This authorization should cover military transportation, local transportation, per diem, a subsistence allowance over the maximum per diem rate, representational funds to host official events and other miscellaneous expenses. This request is made in accordance with Section 502(b) of the Mutual Security Act of 1954, as amended.

Sincerely yours,

STENY H. HOYER  
Co-Chairman

REVIEW AUTHORITY: Robert Homme, Senior Reviewer

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The Speaker's Rooms  
U.S. House of Representatives  
Washington, DC 20515  
June 29, 1989

JUN 29 1989

RELEASED IN FULL

Hon. James A. Baker, III  
Secretary of State  
Washington, D.C. 20520

Dear Mr. Secretary:

This will authorize Kevin Peterson, Assistant Sergeant-at-Arms and Pair Clerk to the Majority, to travel with CODEL Pascell to Ireland and Great Britain, June 30-July 12, 1989.

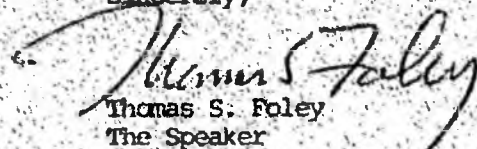
The purpose of the trip is to meet with Prime Minister Margaret Thatcher in London and the Prime Minister of Ireland in Dublin.

It is requested that the local currencies for per diem and transportation including local transportation be made available in accordance with Section 502(b) of the Mutual Security Act of 1954 as amended by Public Law 95-384. A subsistence allowance is authorized in accordance with Department of State regulations. Mr. Peterson will be returning to the United States by American flag carrier, economy class.

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Thank you for your assistance, and best wishes.

Sincerely,

  
Thomas S. Foley  
The Speaker

cc: Hon. Donn Anderson, Clerk, U.S. House of Representatives

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BACKGROUND NOTES

o The Anglo-Irish Agreement

- In 1985, Prime Minister Thatcher and Prime Minister FitzGerald signed the Anglo-Irish Agreement which gave Ireland the right to consult in the affairs of Northern Ireland.
- The Unionist (Protestant) majority in Northern Ireland strongly opposed the Agreement.
- Despite continued Unionist opposition, Ireland and the UK are using the Agreement to address the social, economic, political, and security needs of Northern Ireland.

o The International Fund for Ireland

- In 1986, Ireland and the UK created the International Fund for Ireland to promote economic development and reconciliation in Northern Ireland.
- At the initiative of Congress, the U.S. pledged \$120 million to the Fund. The U.S. contribution enabled the Fund to get on its feet and to begin operations.
- Since the U.S. had fully met its commitment to the Fund, the Reagan Administration did not seek an allocation for the Fund for FY 89 or 90. Nevertheless, Congress earmarked not less than \$10 million for the Fund for FY-89.
- Ireland, the UK, and some members of Congress want the Bush Administration to seek allocations for the Fund for FY-90 and beyond.
- It is the opinion of The Department of State and the Agency for International Development that the U.S. should not make new financial commitments to the Fund.

PORTIONS ILLEGIBLE

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- 2 -

o Fair Employment

- The Catholic minority of Northern Ireland has traditionally suffered from a lack of equal opportunity, especially in employment. Today, despite efforts to overcome the effects of past and present discrimination, Catholics do not yet enjoy full equality at the workplace.
- With encouragement from Ireland, the British government continues to strengthen legislation to promote fair employment.
- Some Americans are trying to promote fair employment in Northern Ireland by seeking federal, state, and local laws to force companies active in Northern Ireland to support the MacBride Principles, a set of guidelines requiring such firms to practice equal opportunity and affirmative action.
- Like all major political parties in Northern Ireland, (the pro-terrorist Sinn Fein is the exception) the U.S. has opposed American laws to compel firms to subscribe to the MacBride Principles.

o UN Peacekeeping

- Ireland is a major contributor to UN peacekeeping operations, especially in Lebanon where 26 Irish servicemen have lost their lives.
- The failure of many UN members, including the United States, to pay their full peacekeeping assessments has forced Ireland and other troop contributors to assume part of the financial burden of keeping their troops in the field.
- In September, Secretary Shultz told Irish Foreign Minister Lenihan that the U.S. would try to persuade Congress to budget full funding for peacekeeping in 1990. He also said that we hoped to work out a plan for paying arrears, probably over a five year period.
- We expect the U.S. assessment for UNIFIL to be approximately \$44 million for FY 90. But we have requested only \$30.1 million from Congress.
- Haughey hopes to hear from the President that the U.S. will meet its assessment.

Anglo-Irish Cooperation

- The U.S. fully supports the efforts of Ireland and the UK to work together to address the problems of Northern Ireland.
- What are your priorities for Anglo-Irish cooperation?
- What are the prospects of persuading the Unionists to meet with you and with the Nationalist leaders of Northern Ireland to find solutions to Northern Ireland's problems?
- What are the keys to eliminating sectarian violence and other forms of terrorism in Northern Ireland?

The International Fund for Ireland

- The U.S. is pleased by the Fund's creation, and we are happy that we were able to meet our commitment to the Fund.
- We were pleased that the UK decided to contribute to the Fund and hope that others will also.
- We believe that success in creating jobs and demonstrating that economic development promotes reconciliation will create additional international support for the Fund.

Fair Employment

- The U.S. supports fair employment and equality of opportunity in Northern Ireland.
- However, we oppose American legislative efforts to force companies in Northern Ireland to comply with the MacBride Principles, because we do not believe these efforts would be effective.
- Moreover, such American laws could inhibit much needed investment in Northern Ireland.
- I want you to know, however, that we will continue to support strongly efforts by the UK to strengthen its fair employment legislation.

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o Peacekeeping

- The U.S. deeply appreciates Ireland's contributions to UN peacekeeping, especially in Lebanon.
- Because of budgetary considerations, we have been unable to pay our full UNIFIL obligations. We hope to pay our assessments in the future.

o Terrorism

- We are distressed by sectarian violence and other forms of terrorism.
- As you know, the U.S. has made the suppression of international terrorism a major goal of our foreign policy.
- Consequently, we have urged Americans to reject terrorism everywhere.
- We applaud Ireland's efforts against terrorism and urge you to continue your efforts to rid the world of this plague.



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TALKING POINTS FOR CHARLES HAUGHEY

o BILATERAL ISSUES

- We very much enjoyed your visit to the U.S. in March.
- The President appreciates your letter informing him of your conversation with General Secretary Gorbachev.
- I understand that Foreign Minister Lenihan has returned to the hospital. Please tell him that I wish him an early and complete recovery.

o INTERNATIONAL ISSUES

- The President asked that I call you today to discuss our shared concerns in Central America.
- We share Ireland's commitment to true democracy in Nicaragua and want to make the Esquipulas/El Salvador peace process work.
- We believe that with concerted international action this can actually come to pass.
- Ireland will have opportunities to further the peace process in Central America as Ireland moves into the EC leadership.
- Two events will color the prospects for fair electoral arrangements in Nicaragua. President Ortega's trip to Europe, including Dublin, and the Swedish pledging conference for Nicaragua called for mid-May.
- President Ortega wants to obtain new European aid and demonstrate international approval of his election reforms. However, in recent weeks the internal opposition in Nicaragua has offered a reasonable series of proposals to President Ortega. He, however, has refused to negotiate with them and put forth his own electoral law reform proposals which would leave the Sandinista government in control of the electoral commission and the entire election process.
- The Nicaraguan Democratic opposition hopes for the solidarity and understanding of the European democracies.

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- Consideration of additional European aid to Nicaragua at this time would tell the Sandinistas that they might succeed in avoiding the serious steps to which they have committed themselves.
- I hope you will raise these matters in your discussions with other European leaders and directly with President Ortega.
- In addition, since Ortega has thus far refused to heed private advice, we think it important that you and other key European leaders make it clear publicly that Ortega has not made satisfactory election reforms, but must negotiate such reforms directly with the internal opposition.
- Election reforms are critical. Our new policy is designed to end confrontation and provide a democratic opening. We need your help to keep positive possibilities alive.
- We strongly oppose PLO membership in UN agencies. We ask that the Irish delegation be instructed to support any effort to postpone action on such membership should the issue arise at the World Health Assembly in May.

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