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FM WASHINGTON

TO DESKBY 270930Z FCO

TELNO 472

OF 262250Z FEBRUARY 26

AND TO IMMEDIATE NIO(L), NIO(S)

INFO PRIORITY DUBLIN, UKREP BRUSSELS, CG NEW YORK, BIS NEW YORK

INFO SAVING OTTAWA, CANBERRA, WELLINGTON, ATLANTA, CHICAGO

INFO SAVING LOS ANGELES, SAN FRANCISCO, BOSTON, CLEVELAND, HOUSTON

1. Copy *Mr. Litterman*  
*Mr. Jay*  
*Mr. Christopher*

2. Back *File*  
*Done*  
*(initials)*

MY TELNO 460 AND TELECON CLARK (RID)/SHEINWALD: ANGLO/IRISH  
 AGREEMENT: PROPOSED US FINANCIAL ASSISTANCE

1. WENICK (EUROPEAN BUREAU, STATE) ASKED THE IRISH AMBASSADOR  
 AND MYSELF TO CALL THIS AFTERNOON. HE GAVE US DETAILS OF THE  
 ADMINISTRATION'S PROPOSAL WHICH CORRESPONDED TO THE INFORMATION  
 PRIVATELY MADE AVAILABLE TO US YESTERDAY (SEE MY TUR).

2. WENICK ADDED THE FOLLOWING GLOSSES. THE DRAFT BILL WAS  
 LIKELY TO BE PASSED BY THE WHITE HOUSE TO CONGRESS AT ANY TIME,  
 POSSIBLY AS EARLY AS TOMORROW. WE WOULD THEN BE GIVEN A TEXT OF  
 THE FINAL DRAFT WHICH WAS SUBJECT TO CHANGE UNTIL IT HAD ACTUALLY  
 LEFT THE WHITE HOUSE. APOLOGISING THAT HE WAS LETTING US HAVE  
 THE INFORMATION ON THE CONTENTS OF THE BILL SO LATE, WENICK SAID  
 THAT THERE HAD BEEN DIFFICULTY IN FINDING THE RIGHT LEGISLATIVE  
 BASIS FOR WHAT WAS PROPOSED AND THIS HAD LED TO UNFORESEEN DELAYS.

3. WENICK SAID THAT THE VARIOUS ELEMENTS OF THE PACKAGE WERE  
 DESIGNED TO PROVIDE SEED MONEY TO GET THE FUND GOING AS WELL AS  
 INCENTIVE PROGRAMMES TO STIMULATE PRIVATE SECTOR GROWTH. THE  
 NON-CASH COMPONENTS OF THE PACKAGE WERE MOREOVER IN LINE WITH THE  
 POLICIES OF THE ADMINISTRATION IN RESPECT OF ITS ENCOURAGEMENT OF  
 THE PRIVATE SECTOR.

4. I SAID THAT WE APPRECIATED THE EFFORTS WHICH THE ADMINISTRAT-  
 ION WERE MAKING OVER THE US CONTRIBUTION TO THE FUND. WE UNDER-  
 STOOD THE DIFFICULTIES BUT IT WAS NONETHELESS UNFORTUNATE THAT THE  
 STATE DEPARTMENT HAD NOT BEEN ABLE TO CONSULT THE IRISH AND  
 OURSELVES ABOUT THE DRAFT BILL BEFORE SENDING IT TO CONGRESS. IT  
 WOULD BE IMPORTANT TO ESTABLISH WHETHER IT WOULD BE POLITICALLY  
 SENSIBLE AND TECHNICALLY POSSIBLE TO APPLY ALL THE ELEMENTS OF THE  
 PACKAGE TO THE SITUATION ON THE GROUND, FOR EXAMPLE, THE HOUSING  
 GUARANTEE SCHEME. I KNEW THAT OFFICIALS WERE AVAILAEL IN LONDON  
 AND BELFAST TO COME TO WASHINGTON AT SHORT NOTICE TO DISCUSS THESE  
 MATTERS NOW THAT A DRAFT EXISTED. WENICK WELCOMED THIS. HE  
 SAID THAT IT MIGHT BE BEST TO ARRANGE A MEETING IN WASHINGTON ON  
 MONDAY OR TUESDAY OF NEXT WEEK (3 OR 4 MARCH), AND UNDERTOOK TO  
 BE IN TOUCH WITH ME ABOUT THIS TOMORROW (27 FEBRUARY). HE SAID  
 HE WOULD ALSO SHORTLY LET US HAVE A LIST OF POINTS ON WHICH FROM  
 THEIR SIDE THE ADMINISTRATION WOULD WELCOME CLARIFICATION FROM US.  
 PICKING UP MY REMARK ON THE HOUSING PROGRAMME, HE POINTED TO THE  
 FAVOURABLE REACTION BY UK REPRESENTATIVES WHEN  
 ASSISTANCE FOR HOUSING WAS MENTIONED AS AN ILLUSTRATION DURING  
 THE DISCUSSIONS HERE ON 13 JANUARY. MACKERNAN SAID THAT HE WAS  
 SURE THAT OFFICIALS FROM DUBLIN WOULD ALSO BE AVAILAEL TO TRAVEL  
 FOR A MEETING AT EQUALLY SHORT NOTICE ONCE A DATE WAS PROPOSED.

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5. MACKERNAN SAID THAT THERE MIGHT BE SOME CONCERN IN DUBLIN ABOUT THE PROPORTIONS OF THE DIFFERENT ELEMENTS MAKING UP THE PACKAGE, AND IN PARTICULAR THE RELATIVELY MINOR CASH ELEMENT. WENICK NOTED THIS COMMENT WITH THE OBSERVATION THAT CASH ITSELF DID NOT NECESSARILY SOLVE PROBLEMS AND THAT THE ESSENTIAL PURPOSE OF THE FUND WOULD BE TO HELP THE PRIVATE SECTOR HELP ITSELF. MACKERNAN ENQUIRED WHETHER THERE WAS ANY LANGUAGE IN THE DRAFT BILL ABOUT NON-DISCRIMINATION WHICH MIGHT USEFULLY HEAD OFF POSSIBLE PRESSURE FROM CONGRESS FOR THE INCLUSION OF REFERENCES TO THE MACBRIDE PRINCIPLES. WENICK SAID THAT THERE WAS NO LANGUAGE WHICH REFERRED TO NON-DISCRIMINATION DIRECTLY.

6. WENICK CONFIRMED THAT THE STATE DEPARTMENT WERE LIKELY TO BE CALLED TO TESTIFY TO A SUB-COMMITTEE OF THE HOUSE FOREIGN AFFAIRS COMMITTEE ON 5 MARCH (THE PRINCIPAL REPRESENTATIVE OF STATE WOULD PROBABLY BE MRS RIDGWAY). IN TESTIFYING OFFICIALS WOULD MAKE CLEAR THAT TECHNICAL DISCUSSIONS WERE TAKING PLACE WITH OURSELVES AND THE IRISH AND THAT JUXTAPOSITION OF THE ELEMENTS IN THE PACKAGE MIGHT NEED TO BE ADJUSTED DEPENDING ON THE RESULTS OF THESE DISCUSSIONS. WENICK ADDED THAT THE BILL WOULD IN ANY CASE BE DESIGNED TO ENABLE THE ADMINISTRATION TO JUGGLE BETWEEN THE VARIOUS ELIGIBLE CATEGORIES YEAR ON YEAR IN ORDER TO TAKE ACCOUNT OF DEMAND WITHIN NORTHERN IRELAND AND THE IRISH REPUBLIC.

JENKINS

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FCO PASS SAVING OTTAWA, CANBEPRA, WELLINGTON

LIMITED

RID  
NAD  
ECD(1)  
SPD  
PS  
PS/LADY YOUNG  
PS/PUS  
MR GOODALL  
MR RENWICK.

COPIES TO:

SIR. R. ARMSTRONG }  
MR MALLABY } CABINET  
OFFICE

MR BRENNAN }  
MR CHESTERTON } NIO (L)  
MR BELL }

(REPEATED AS REQUESTED)

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